Business as Usual?
Local Conflicts and Global Challenges in Northern Australia

Edited by Rod Dixon
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Local Conflicts and Global Challenges
in Northern Australia

A Collection of Papers presented at a Conference,
Challenges of the North, held in Darwin, 28–29 April 2000
convened by

The Hon Warren Snowdon, MP

Edited by Rod Dixon

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INTRODUCTION

WARREN SNOWDON AND JO FOX

While the economics and policies affecting regional areas in Australia have changed markedly over the past few years, there has been very little change in the everyday realities of life in northern Australia. As one of the contributors to this volume notes, northern Australians remain united in ‘a shared poverty’. That is, people permanently residing in northern regions — whether pastoralists or Traditional Owners — enjoy only a very small share of the wealth that is generated here. Meanwhile, disempowerment is apparent everywhere in policy development and policy outcomes. How then do we, who reside in the northern Australia, take control of these policy processes, achieve improved policy outcomes and increase the wealth and social cohesiveness of our region?

The conference Challenges of the North held in Darwin, 28 – 29 April 2000, sought to stimulate debate on these and other issues confronting northern Australians, as well as giving consideration to how northern Australia might position itself to take advantage of the ‘new economy’. The conference attracted a diverse range of contributions on topics from telecommunications and transport to land management and local government.

This publication attempts to integrate these contributions, to help focus future policy discussion, while at the same time stimulating debate on how the policy making process itself might be reframed. Public policy must address the needs of people where they are and not where they appear to be. That is, public policy must be generated from within the regions and within communities — not by bureaucracies set far away from the realities of everyday life in northern Australia. This emerges as a consistent theme in the papers that follow.
Integrated Regional Development

Much has been made of the crisis in regional and remote Australia, as is evident from, for example, the Howard Government’s convening of the Regional Summit in 1999 and subsequent forums this year. However, in many cases, the challenges facing northern Australia differ significantly from those confronting regional areas in other parts of the continent. Many communities in the North lie off major transport routes and lag on many conventional indicators of well-being such as income, employment and access to services, whereas many communities in other areas of Australia experience good access to services, strong social institutions that enable communities to manage change effectively, high quality living environments, strong employment and excellent lifestyles.

There is little understanding of the locational disadvantages experienced by the residents of northern Australia and the costs that this disadvantage imposes on them and the communities in which they live.

This suggests the need for an alternative public policy approach in the North to mitigate the uneven development that results from current market driven approaches – an alternative policy approach that fully comprehends the peculiar circumstances and the special needs that exist in our region.

Regional policy currently operates across the three tiers of government – Local, State/Territory and Federal. This invariably means constantly changing and often conflicting policies and funding priorities, making regional policy a complex arena that is often the subject of disputed priorities. Regional development requires a whole of government approach yet, with this background, perhaps one of the most important and most difficult aspects of regional policy is the ability to guarantee its consistency and sustainability.

Increasingly, the lead-government in regional development policy is the Federal government. This necessarily flows from the following –
• The constitutional responsibilities of the Commonwealth government and its historical funding role;

• The operation of the Commonwealth Grants Commission (CGC) which provides general revenue assistance to the States and Territories primarily through Financial Assistance Grants (FAGs) and unquarantined Australian Health Care Grants (HCGs) in accordance with the principles of horizontal fiscal equalisation. That is, funding to each State or Territory reflects a set of criteria or relativities which include the per capita expenditure required to provide an average level of services, the ability of the State or Territory to raise revenue, and the per capital level of specific purpose payments on health, welfare, etc. The Federal government is, as a necessary consequence, a key player in regional development;

• Control of tertiary education, which is among the most important determinants of human and social capital development, and an area in which regional Australia is distinctly disadvantaged. Human capital refers to knowledge, skills and understanding. Social capital refers to a community’s pool of social skills and organisational structures and depends on the community’s knowledge and information. These factors are fundamental in enabling regions to take advantage of economic opportunities, in particular those of the ‘new’ economy which increasingly defines wealth in these terms;

• Responsibility for, and the funding of, the Aboriginal and Torres Strait Islander Commission (ATSIC), which, as an elected body representing Indigenous people through a regional council structure, exerts considerable influence over the development, prosperity and well-being of Aboriginal communities. The relative abundance of Indigenous communities and the high proportion of Indigenous peoples as a proportion of the general population of northern Australia, means that ATSIC exerts considerable influence over regional development in northern Australia;

• Federal control of the social security system influences income and employment, and consequently spending, in regional areas.
Changes to the social security system, including changes to the structure of delivery of employment and training programs, can have significant effects on regional development;

- Primary responsibility for infrastructure, such as telecommunications and transport infrastructure, has traditionally rested with the Federal government through, for example, its ownership of Telstra, its responsibility for national highways, its untied road grants to local government, as well as its revenue raising through fuel taxes. Telecommunications, in particular, provide a cornerstone of the ‘new’ knowledge-based economy. Transport and technological infrastructure, as has been noted, both in this forum and in reports such as the Human Rights and Equal Opportunity Commission Inquiry into Remote and Rural Education (HREOC, 2000), are critical to ensuring access to education by remote students. Indeed, telecommunications is often referred to as the ‘saviour of bush education.’ However, as HREOC (2000; 18–26,44–45) points out, continual problems with faulty infrastructure and poor quality phone lines, indeed the lack of any phone lines in some remote areas, make Open Access education impossible. Poor roads in many parts of remote northern Australia provide an additional barrier to accessible education;

- Control or influence over the national economy and Australia’s international trading relations;

- Increasing regulation of the environment through both the Foreign Affairs power, exercised in response to international treaty obligations, and by primary land management funding to communities and organisations through environment programs such as the Natural Heritage Trust.

These responsibilities require Federal governments to develop long-term, integrated policies for regional development. But despite an increasing awareness of the need for reform in this area, demonstrated through forums such as the Regional Summit as well as in numerous regional development conferences around Australia, regional development policy remains ad hoc and seriously lacking in coordination.
Regional policy also needs to hook into the new knowledge-based economy. There is a growing awareness that remoteness of itself need not be an obstacle to development in the promised new world of 'interconnectedness'. The problem lies in developing the mechanisms through which regional areas may harness the economic opportunities presented by this 'new economy' – as pointed out in several of the contributions to this volume. These mechanisms have to be flexible. They need to accommodate diversity and differences in local and regional social and economic structures across northern Australia. Public policy must come to terms with and reflect these differences.

**Regional Governance**

A different approach to directing policy and deciding on the allocation and funding of services is required if northern Australia is to take advantage of changes to the economy. Government programs need to be structured around local delivery mechanisms that are effective on the ground, and reflect the needs and aspirations of people where they are, not where the bureaucratic systems believe them to be. Regional governance and partnerships between communities, industry and government are required to effect this change. Regional agreements – a negotiated financial and administrative arrangement between communities and government for a simplified whole-of-government approach to program funding and delivery – are one mechanism that could give program flexibility and allow heightened responsiveness to local needs.

The Commonwealth’s ability to make regional agreements succeed in the North is enhanced by the existing role of ATSIC which can underpin and support a variety of agreement types. Marion Scrymgour, in this volume, discusses the success of the Katherine West Health Board, an early example of how regional agreements covering health services can deliver real outcomes on the ground, while maintaining the imperative of local control.

Regional agreements also have the capacity to be highly cost effective. Presently, a plethora of departments and organisations, representing all levels of government, provide services to hundreds of Indigenous communities across northern Australia. A regional approach to service
delivery has the capacity to provide a framework for co-ordination and integration of these services, and significantly for regional bodies to determine what services are provided and by whom. Regional agreements can also provide the means for funding levels for these services (Financial Assistance Grants) to be determined at a regional level, through a transparent Grants Commission process. As a corollary, this may involve the provision of funding for these services directly from the Commonwealth to regional bodies, rather than through State and Territory Treasuries.

More importantly regional agreements can redistribute existing political and economic power to a more local level. While this has particular resonance for Indigenous Australians, it does also have wider application to all communities in the North in providing a unique capacity to address the current disadvantages that many of these communities experience.

However, it is important that the process be driven from within northern Australia. How 'regions' are determined and constructed and whether regional organisations are formed broadly or around discrete areas of service delivery, such as health, education or housing, are all decisions to be taken within the regions, together with decisions on the role that ATSIC might play through its existing regional structures. But for any of this to occur, there must be long term policy and financial commitments from, at least in the first instance, the Commonwealth government. Ideally State and Territory governments will, in time, seek to become parties to any regionally based agreements on service delivery.

Another option is the development of 'Regional Authorities' where communities that choose to participate, work together under the umbrella of an 'authority'. Such authorities could be empowered to negotiate with government for the delivery of services.

Regional agreements may also take the form of multiple land use agreements, as discussed in papers in this volume by Holmes, Whitehead and Stafford Smith. Environmental capacity in northern Australia is a substantial limiting factor to any framework for regional development. Furthermore, mechanisms to enable sound multiple land use are also required, given the highly charged political arena of land
use conflicts and disputes in our region. All levels of government need to give political and funding commitment to negotiating regional land use agreements rather than continuing to contest land use issues in the courts. These multiple land use agreements could become the basis for regional development in northern Australia for both the ‘old’ and the ‘new’ economy with its emphasis on services such as tourism and recreation.

Transparency and Accountability in the Use of Grants Commission Funding

A major concern of the conference was the apparent lack of transparency and accountability by State and Territory governments in the use of funds allocated by the Commonwealth Grants Commission (CGC) under the highly regarded principle of horizontal fiscal equalisation.

While the CGC allocates money to States and Territories on this principle, there is no requirement that these funds are spent according to the same equalisation criteria. Distribution of Commonwealth funds across the North, in particular the Northern Territory, appears highly inequitable. Moreover, it is clear from publicly available information, that the Northern Territory routinely appropriates a significant proportion of monies provided by the Commonwealth for specific purposes, such as education and health, for its own purposes via the imposition of excessive ‘on-costs’. For example, a recent report on Aboriginal education in the Northern Territory, *Learning Lessons*, found that the Northern Territory government levied ‘on-costs’ of 46.1% for funding it received as part of the Commonwealth Indigenous Education Strategic Initiatives Program (IESIP). Other jurisdictions levy on-costs on IESIP of between 4% and 18.6%. The appropriation of excessive ‘on-costs’ from Commonwealth government funded programs is, apparently, considered ‘normal procedure’ by the Northern Territory Treasury.

There is a need for thorough review of funding arrangements between the Commonwealth and the States and Territories to ensure that specific purpose funding is used for the purpose for which it is granted. In addition, there is a need for a review of the manner in
which untied funds, allocated by the Commonwealth, are spent and accounted for. The CGC is an appropriately independent vehicle to be given the responsibility of monitoring and reporting the use of Commonwealth sourced payments to State and Territory governments.

The CGC’s assumption of such a role could help ensure transparency and accountability in the use of Commonwealth funds and make a significant contribution to the more equitable provision of services and infrastructure to all regions of northern Australia.

Funding of local government in the North, in particular the Northern Territory, also raises serious concerns. Currently, the allocation of Federal Assistance Grants is based on per capita funding – regardless of the challenges of distance, lack of infrastructure etc, that exist in northern Australia. In consequence, grants to the Darwin City Council for 1999/2000 amounted to only $1,338,046 whereas Ballarat, with a comparable population, received $6,256,000, or almost 5 times more. Similarly Alice Springs received $914,686 whereas Whyalla, with a comparable population, received $2,724,105, or 3 times more. In other States there is adequate local government revenue to help alleviate shortfalls. For example, in Queensland, the greater revenue from Brisbane helps cover the lesser revenue and greater needs of Roma. In the Northern Territory, where the source revenue base for many local government bodies is negligible, these funding allocation inequities are exacerbated.

It is clear that the per capita funding of local government by the Commonwealth Government must be reviewed and a needs-based funding formula introduced.

As several contributors to this volume argue, the current misallocation of Commonwealth sourced financial resources constitutes a major impediment to development in northern Australia. Mark Stafford Smith, in his paper, recommends that current Grants Commission analyses should be complemented by resource inventories and regional indices that permit detailed cost-benefit analysis to ensure resource uses are both sustainable and actually represent the optimal application of publicly-owned resources.
Human and Social Capital Development

Education is both a human right in itself and a necessary means of realising other human rights. Education therefore must be accessible to all without discrimination. Education is also a critical means of developing human and social capital for regional communities – yet northern Australia remains significantly disadvantaged in this area.

Currently rural and remote students constitute around one-third of school students, yet account for only 17% of tertiary students (HREOC, 2000:11). However this disadvantage is not just limited to tertiary education. Secondary schools are generally less readily accessible and available in northern Australia. For example, in the Northern Territory there are only 29 secondary schools, most of which are located in urban areas (HREOC, 2000, 14). This particularly disadvantages Indigenous students. Only 87.6% of Aboriginal boys in the Northern Territory participate in the compulsory years of schooling with participation in post-compulsory schooling dropping to 28.2% for Aboriginal boys and 39.7% for Aboriginal girls.

Achieving better educational outcomes requires not only enhanced and accessible educational infrastructure but an infrastructure and curriculum relevant to the needs and aspirations of the communities concerned. For example, many parents are understandably reluctant to send their children away from their existing social and cultural milieu to a major centre, such as Darwin, for schooling. A fundamental objective ought then to be the provision of educational facilities as close as possible to students’ home communities and families. For example, the provision of in situ secondary and post school facilities with some hostel accommodation, strategically located across northern Australia has been canvassed. It is also appropriate to contemplate alternate means of service provision, for example, mixed modes of delivery through videoconferencing and Internet based learning, which in turn requires functioning communications infrastructure and appropriate educational and peer support programs.

The potential for technology to reduce remote students’ isolation and lack of access to information is enormous. Currently due to the high costs and relative absence of appropriate telecommunications infrastructure, the gap is actually widening between city students and
rural and remote students. The enormous need of rural and remote students for access to telecommunications infrastructure for educational purposes, places increased emphasis on the Federal government to ensure that Universal Service Obligations are met by Telstra or other telecommunications providers.

There is no reason why the provision of education services should not also be the subject of regional agreements between funding agencies, regional communities and education service providers. Innovation in service delivery is the key to the provision of services that will provide Australians living in the North with the same opportunities available to other Australians. Communications technology is one area that can significantly enhance access to services.

Transport and Telecommunications

Developments in telecommunications plus related patterns of investment by public and private agencies are crucial to regional well being. Northern Australia must urgently skill itself to take advantage of the new digital revolution. A key to this is the existence of adequate and affordable high quality telecommunications infrastructure across the region, requiring a significant political and resourcing commitment by the Commonwealth. A significant Indigenous initiative is the development of the Outback Digital Network, with its vision of delivering ‘connectivity’ to every part of northern Australia.

Finally, the issue of transport infrastructure remains one of the most outstanding and urgent issues in northern Australia. The recent commitment to the Darwin to Alice springs railway is welcome news, however, to satisfactorily address deficiencies on broader transport issues is a long-term cost to the community. It is a cost that could be alleviated by a conscious decision to accept a short-term financial cost for a long-term financial and social gain. The Federal government needs to ensure that there are adequate funds and programs in place to provide roads, not just along major transport routes but also connecting remote communities.
Conclusion

There is increasingly widespread frustration at the failure of Australian public policy to meet the particular needs of northern Australia. It is apparent that if the disadvantage suffered by many people in northern Australia is to be satisfactorily addressed and the potential of this vast part of Australia is to be fully realised, then there needs to be a paradigmatic change in Australian public policy. There is also the added challenge of identifying new economic and social opportunities so as to gain a strategic foothold in the ‘new economy’. Failure to accept this challenge will widen the already existing divide between the services and opportunities available to those whose home is northern Australia and those whose home lies in the south east of this continent. The challenge to those responsible for public policy in our community is to change the way in which policy is developed and administered for northern Australia. This change must ensure that policy making, and the resources required to implement policies, are more firmly located in the communities of our region.

* * *

This Conference was the work of many people. These include Carol Bourke and Brett Walker; Dr Christine Fletcher of the North Australia Research Unit (NARU) who was instrumental in facilitating the Conference; and Janet Sincock, Laura Juratowitch and Rod Dixon from NARU who pulled this volume together. Finally, I extend my sincere appreciation to all the speakers, the majority of whom provided their own funding to present at the conference.

References

OverView

Rod Dixon

Northern Australia enters a new millennium and a 'new' economy burdened by contested worldviews of growth and development, anachronistic regimes of resource use, an unevenly developed infrastructure unequal to the demands of the 'new' economy and outdated political conflicts over the ownership and allocation of resources. Collectively these factors challenge northern Australia's social cohesion, resource sustainability, and capacity for strategic repositioning in the global economy.

At the same time, as Holmes and other contributors to this volume note, worldviews and political discourses based on the recognition of plural meanings are emerging in the North, in part as a consequence of the region's transition from a 'productionist' economy, valorising 'growth' and 'development', to a 'post-productionist' economy, with a reduced emphasis on primary commodity production. This economic transition is reflected in the increasing recognition of Indigenous rights and interests in lands and seas; a reduced emphasis on exclusive possession and, largely pastoral, monocultures, in favour of plural tenures and multiple resource uses; the development of sustainable resource practices; and the emergence of new, pragmatic, economic, political and social partnerships between formerly competing interests. These developments, in turn, threaten to make redundant existing political discourses, based on 'irreconcilable' conflicts over the ownership and use of old 'productionist' economy resources.
This transition, in northern Australia’s economic base, is also accompanied by a renewed emphasis on local democracy and ‘region building’ manifest in demands for the decentralisation of decision making and Indigenous self-governance; for equitable access to government funding and services for the task of ‘region building’; and, in particular, for equitable access to the telecommunications infrastructure and education and training services critical to northern Australia’s engagement with the new global economy.

These are the recurring themes of the papers which follow.

Contested Worldviews of Growth and Development

In their contributions, Eckersley (Chapter 2) and Havnen (Chapter 3) examine notions of ‘economic growth’ and ‘development’, which permeate most external and internal discussions of northern Australia but which now appear problematic. In particular, Eckersley questions whether conventional models of ‘economic growth’ have actually led to improvements in ‘quality of life’.

Eckersley argues that ‘growth’ as currently measured and derived, largely through increased income and personal consumption, coupled with governments’ preoccupation with the rate of growth rather than the content of growth, have operated to increase inequality within and between nations and regions. Such growth is environmentally unsustainable and, contrary to its central objective, is not making people ‘happier’ – at least, not in already ‘rich’ nations.

Havnen argues that ‘growth’ and ‘development’, as currently construed, are not necessarily ‘progressive’ and in northern Australia have been pursued largely to the exclusion of Indigenous interests. If ‘development’ is intended to realise ‘all human rights and fundamental freedoms’ – as the United Nations suggests – then, Havnen argues, it must first foster and promote civil society, encourage inclusiveness in political and decision-making processes, recognise the right of Indigenous peoples to self-determination and ensure resource and environmental sustainability.
Despite a century of 'economic growth' and 'development', Indigenous people in northern Australia remain seriously disadvantaged on all social indicators and a major Indigenous political objective remains equitable access to government funds and services to meet the most basic human needs.

One of Eckersley's major arguments is that 'increased income matters to subjective well being when it helps people meet basic needs' but the contribution of growth to quality of life thereafter, is more complicated and certainly 'not linear.'

The implication is that if we want to improve the happiness of the population as a whole we'd be better off focussing on the worst off.

Eckersley's message for northern Australian governments appears to be that funding for 'growth' and 'development' will achieve maximum benefit when concentrated on the region's most disadvantaged - the Indigenous population.

Catherine Hull (Chapter 4) reminds us how northern Australia has benefited through application (via the Commonwealth Grants Commission) of the principle of horizontal fiscal equalisation which ensures the in principle provision of services to the citizens of Australia on an equitable basis. According to Hull's calculations, fiscal equalisation has ensured that northern Australia, currently with 5.3 of the nation's population, receives 8.4 per cent of the Commonwealth's total general revenue and specific purpose funding, in recognition of specific difficulties and higher costs of service provision in the North. Significant factors in determining these higher funding levels are size, location, cultural difference and the disadvantage of the Indigenous population.

Yet while northern governments are allocated additional funding to ensure equal services to all its citizens, there is no guarantee that northern governments actually utilise the additional grants to provide these services, at least in respect of untied Financial Assistance Grants (FAGS) and the new GST revenues.

In many instances, as Havnen, Gerritsen, Anderson and other conference participants noted, funding allocated on the principle of horizontal fiscal equalisation has been diverted away from basic
services for the most needy, constituting, in effect, an institutionalised abuse of the equalisation principle within northern Australia.

For McClelland (Chapter 5) 'The Abuse Gap' is not in the application of funding within northern Australia but in northern Australia's share of national tax collections relative to service delivery responsibilities — a problem which he believes will be ameliorated by the introduction of the GST. With States and Territories receiving all of the GST revenues, McClelland writes, the States 'will have access to a broad based tax which is expected to grow more strongly (generally in line with the economy) than Financial Assistance Grants (escalated by population and inflation).'

McClelland dismisses concerns about equity in favour of 'baking a bigger cake so that the cake has the capacity to provide larger slices for everyone.' McClelland's ingredients for northern Australia's future growth include the 'Asian Economic Miracle', oil and gas discoveries and the defence build up, which, he believes, collectively have rendered the question of northern sustainability 'irrelevant'. In particular, he cites, as guarantees of 'future sustainability', the development of physical infrastructure (the new port, the railway and roads) augmenting Darwin's geographical location as 'the gateway to Asia'; world class reserves of oil and gas in the seas to our north which hold the prospect of Darwin's development as a significant oil and gas industry centre; and relocation of units of the defence forces to Darwin and Katherine, accompanied by infrastructural investment, a defence population of 10 500 (including dependents) and incorporation of Darwin within the broader strategic thinking of Australia. Outside of these 'mega developments', McClelland reports 'Tourism mostly booms, pastoral industries trundle, service industries in Darwin trundle along but perhaps may boom. [And] One cannot rule out the Territory as a centre for hi-tech industries.' Where development is uneven or 'stopping or slowing down', McClelland cites 'Aboriginal land rights, native title and assorted environmental concerns' as the major inhibitors (but see Wand, Epworth and others below).

Bannister (Chapter 6) provides more information on one of the 'mega developments' cited by McClelland — the proposed AustralAsia Railway, a $1.23 billion development project (60 per cent private — 40
per cent publicly financed), designed to bridge the 1,410 km rail gap between Alice Springs and the new $100 million Darwin port development. The ‘strategic vision’ that accompanies the railway, dating back to 1858, is of an ‘essential growth corridor’ through the centre of Australia to international markets in south-east Asia and beyond. At the same time, the project is designed to provide transport infrastructure for the projected Ord Stage 2 development, the oil and gas developments in the Timor Sea, the Gulf of Carpentaria mineral province and various South Australian manufacturing and resource developments. In addition, the project will provide ‘a high volt long haul secure land transport system and act as a force multiplier’ for Australia’s defence forces.

According to Bannister, the railway project is expected to generate significant local and national benefits, with an estimated $600 million added to Australia’s GNP during the 2 year construction period and $4.5 billion in net present value over 25 years plus an estimated 7,000 jobs nationally by 2001–2002. The Northern Territory is projected to benefit by $200 million over the construction period and $3 billion over 25 years with 1,300 jobs peaking in 2001–2002, leading to an additional 5,200 jobs 15 years later in response to increased economic activity. Alice Springs will provide the principal logistic and supply base, Tennant Creek and Katherine key construction facilities with Darwin serving as construction headquarters. The involvement of major international interests in the consortium is expected to generate future regional opportunities for Northern Territory and South Australian businesses.

‘There will be a particular focus on Aboriginal business and employment and training’ while, according to Bannister, the project will be environmentally beneficial – contributing to reduced carbon dioxide emissions of 5 million tonnes over a 50 year operational period on the transfer from road transport to rail transport.

With the rail link and port in place, the expectation is that many of the economic disadvantages deriving from distance will be overcome – that Darwin will cease to be ‘marginal’ from the eastern seaboard and become instead a central place or ‘hub’.
Lewis (Chapter 7) reviews some of the global factors and technological developments that qualify McClelland's and Bannister's views. Northern Australia remains highly reliant on primary industry, which has been subject to long term decline in the terms of trade, accompanied by a more recent decline in prices for minerals and energy. He notes that, worldwide

Finished goods and primary commodities are in relative although not absolute decline. Goods-related services, such as retail and wholesale are experiencing moderate increases. However, the big expansion is in person and knowledge related services...

Lewis asks

How does the North of Australia fit in with the new knowledge based economy? At first glance one would have to say, not very well. The dominance of primary commodities in economic output is a feature of northern Australia and primary commodity production is very much 'old' economy.

According to Lewis, northern Australia lacks much of the knowledge and information industry infrastructure required for strategic repositioning in the new economy. This has been aggravated by the move to centralise public resources and services in the more populous centres of regional Australia.

Consequently, in northern Australia, 'remoteness' remains a major indicator of comparative disadvantage, particularly in access to education and training, to labor market outcomes and to economic opportunities. These disadvantages are dramatically accentuated in the case of remote Indigenous communities. In an economy that increasingly defines wealth in terms of knowledge and information and a labour market that demands increasingly sophisticated skills, these disadvantages are, as Lewis notes, of major concern.

At the same time, disadvantage through 'remoteness' is precisely what new technologies and new technology-based economies have the capacity to overcome. Already, as Lewis notes, in some parts of Australia, new technologies are challenging old formulas of disadvantage caused, for example, by remoteness from labor markets.
In Queensland, the public service is experimenting by providing jobs to people on remote outback stations linked to Brisbane on the Internet.

Paradoxically, for governments and commercial service providers, at the precise moment they quit the field, ‘remoteness’ is no longer available as an explanation for the absence of services – and certainly not of the education and training and information services required to help remote regions participate in the new economy. ‘Clearly’ Lewis concludes, ‘investment in education and training will be crucially important in northern Australia’s development.’ Equally important will be the provision of the digital ‘pipes’ required to deliver opportunities to otherwise ‘remote’ communities.

So what is the condition of these pipes?

Infrastructure Unequal to the New Economy

Campbell (Chapter 8) finds that in northern Australia inadequate telecommunications infrastructure, a large remote dwelling population and ‘extreme weather’ conditions exacerbate disadvantages in the connection and repair of phone services in comparison to other parts of Australia.

Statistics for the December 1999 quarter published by the Australian Communications Authority reveal the Northern Territory as ‘the worst in Australia in terms of access to infrastructure and fault repairs for basic voice grade lines of standard telephone service.’

For people in urban areas close to infrastructure basic voice grade lines are capable of providing adequate data capacity. But ‘further out along the Customer Access Network, the quality deteriorates. For those in remote areas who have non-wire access... it can be so slow as to be practically useless.’

Meanwhile, take up of the industry standard ISDN by residential consumers has been negligible in Australia.

A recent bandwidth inquiry found that networks generally have more than enough capacity for our
present and foreseeable future needs. The problem is that this does not reach all of us.

Campbell concludes

There is no such thing as an Aboriginal telephone. However remote and seasonally occupied areas are particularly poorly serviced, while the National Farmers Federation is doing very nicely. Equity demands a revision of such priorities.

Without adequate communications infrastructure, many Indigenous organisations express concern that Aboriginal marginalisation resulting from past dispossession of ‘old economy’ resources, will be repeated in respect of the resources of the ‘new economy’.

Dutchak (Chapter 9) reports on the development of the Outback Digital Network (ODN), an umbrella Indigenous organisation funded under the Commonwealth Government’s ‘Networking the Nation’ program, comprising the Tanami Network, Top End Aboriginal Bush Broadcasting Association (TEABBA), Tennant Creek Regional Infrastructure Program (TRIP), Broome Aboriginal Media Association (BAMA) and Balkanu (Cape York Development Corporation) and covering communities scattered across remote Western Australia, the Northern Territory and Queensland.

ODN began operations in 1999 and has been exploring narrow and broadband applications, including email, Internet and video-conferencing, with trials linking Alice Springs, Tennant Creek, Katherine, Darwin and Borroloola. It has completed a scoping study of potential content service providers and attracted corporate sponsorship from Australian and multinational bodies. Dutchak’s message is that Indigenous organisations and northern Australians’ generally must urgently skill themselves to take advantage of the new digital revolution.

Arbon (Chapter 10), finds in the new world of ‘inter-connectedness’, remote communities deprived of even basic telecommunications. In the ‘new borderless world’, she finds national and state training authorities seeking to limit education and training activities to internal state borders. In the ‘new economy of ideas’, she finds innovation and creativity stifled by inflexible DETYA policies and guidelines. In a
world that recognises diversity as the wellspring of innovation, she finds pressure to ‘standardise’ in an effort to minimise costs.

As a result, little room is left for innovation or creativity to address the multiplicity of issues that are confronted daily in this complexly layered and inter-connected world.

Nonetheless, Indigenous organisations in northern Australia have recognised and are actively seeking to take advantage of the economic and educational potential of new digital technologies. Despite limited funding, Arbon at Batchelor Institute has developed a basic infrastructure of Community Study Centres in remote communities equipped with phones, faxes and computers (12 in the last year) which she hopes to staff when adequate funding becomes available.

Anachronistic Regimes of Resource Use

As the new economy redefines the sources of wealth from commodity production to intellectual property manufacturing, what is the future of northern Australia’s traditional resources – soils, waters, grasses, minerals, seas? And what is the relevance of public policies and political debates associated with the contested ownership of these ‘old economy’ resources?

Holmes (Chapter 11) notes displacement over the past two decades of pastoral land use as ‘the highest and best use’ of the resources of the northern rangelands.

Globally, this shift in resource values has been described as a transition from a ‘productionist’ era, in which commodity outputs were universally given value, to a ‘post-productionist’ era in which emerging amenity values are increasingly important.

Holmes defines amenity values as those values directly satisfying human needs and wants, other than material needs. In the rangelands, these new values embrace Aboriginal traditional and contemporary uses, biodiversity conservation, preservation of cultural and natural heritage, tourism and recreation, among others.
Characteristic of the transition from productionist to post productionist values is the transition from private ownership/exclusive possession and unitary uses/monocultures to recognition of plural interests and multiple uses (see Holmes Table I).

Holmes surveys two contrasting northern regions to illustrate his argument – the Barkly, in which productionist values remain entrenched and the Gulf, where they are in the process of being superseded.

Ninety eight per cent of the Barkly remains under mainly absentee-owned private pastoral lease with a continuing strong reliance on commodity outputs. Holmes characterises Barkly stations as 'economic enclaves' disconnected from the Northern Territory economy, sourcing most of their inputs from the east, inhibiting regional growth by the absence of local multipliers, and divorced from their regional context and the wider Northern Territory society by their incapacity to accommodate or adapt to the changing balance of local interests, including non-pastoral values. While Barkly stations share many of the negative characteristics of fly-in fly-out mining ventures, the latter are increasingly required to accept specific responsibilities to their regional populations and environments, while the former remain immune. As a consequence, Holmes writes

> regions such as the Barkly Tablelands and Victoria River District will remain bereft of conventional rural and urban services, and of the workforce to sustain such services, while the station system continues in its present form.

He concludes that such stations are anomalous in an era when greater regional integration is likely to yield significant benefits.

The Gulf Region, on the other hand, is marked by the persistent transfer of pastoral lands to other forms of ownership or tenure such that pastoral lands now cover only 55% of the district.

Moreover, in the Gulf

> resource values are highly focussed in circumscribed locales, notably estuarine, riverine, riparian and other wetland zones and lands immediately adjacent, which are
of prime interest not only to pastoral and conservation interests, but also to Aboriginals and to a new wave of resource users, including most forms of tourism and recreation activities: fishing, boating and other water-based recreation, camping, walking, wildlife observation and so on.' Here land tenures and uses 'will increasingly be required to provide an appropriate balance between diverse interests, most notably Aboriginal, pastoral, conservation and tourism interests.

While exclusive possession and unitary uses – notably pastoral monocultures – have characterised the productionist period, post-productionism, the era into which northern Australia is now moving, is characterised by the recognition of plural interests and multiple resource uses. In the post-productionist period, exclusive possession and unitary application of large areas of land will, Holmes argues, inhibit other potentially more productive and sustainable uses of the region's resources.

Holmes conceives the current exclusive possession by pastoral leases being relinquished in the face of multiple interests with their own needs and demands – to be replaced by a set of core management areas 'capable of supporting investment in managed herds, which could be held in long term leases, with near exclusive occupancy rights for the lessees' plus additional 'grazing rights to at least some adjacent lands, held either for conservation or multiple use purposes, and could well negotiate some rights on Aboriginal-owned lands.' This resembles the tenure system available to ranchers in the western USA, 'most of whom have significant capital investment on a freehold home ranch, together with extensive seasonal grazing rights on adjoining Federal lands, which are available for multiple use.'

Holmes recommends a similar arrangement to meet

the growing demands of footloose enterprises requiring specified rights of access and use but not needing rights of exclusive possession.....These multiple-use lands need to be strategically located to satisfy the diverse demands of tourism ventures as well as individual users, while also being available for low intensity pastoralism
and Aboriginal uses, where appropriate. Licenses and permits would be issued for any form of commercial use, with clear specification of rights and duties. Some licensed users may have day-to-day custodial responsibilities.

In the current process of rethinking northern tenures, Whitehead (Chapter 12) calls for a coupling of land allocation to stewardship of biological diversity/wildlife habitats within allocated lands and the rejection of artificial distinctions between living things . . . that are commonly used (natural resources on which sustainable development can be based) and those that are to be protected (biological diversity) and, by implication, defended against use.

According to Whitehead, current land allocation systems are largely indifferent to individual wildlife species on allocated lands unless they conform to one of two categories — either (1) species integral to a particular land use and therefore to be conserved (eg, grasses for pastoral grazing) or (2) species that are rare and endangered and therefore to be protected. However, Whitehead argues, in the rangelands, species loss is a subtle process and not always or necessarily signaled by gross changes in the physical appearance of the landscape. While regulations seek to protect the rare and endangered they, ironically, overlook the wider ecological function of common species in providing food or shelter for many elements of the native biota. This ecological function ‘can unravel well before their losses begin to cause breakdown in the physical structure of the landscape and its geochemical function.’

If a native animal is dependent on a particular species of grass for food during part of the seasonal cycle, and that species is preferentially grazed or especially susceptible to damage, then the dependent fauna may suffer badly, even though they appear to be occupying a relatively intact landscape.

Currently, land allocations give no responsibility for species protection to the landholder, apparently assuming them incapable of good decision making. Instead, Whitehead argues, current regulations
‘erect impenetrable bureaucratic barriers between [landholders] and their interaction with the living things on the areas they manage.’ Whitehead calls for a review of such ‘incompatible and outmoded regulatory frames’ and the introduction of new regimes where ‘Land allocation decisions would explicitly recognise that responsibility for the status of wildlife went with the title’. He cites a South African example where ‘tenure’ is defined to include

all aspects of ownership, proprietorship and rights of access. They suggest that sustainable programs result when (i) access rights are well defined, (ii) there is an ability to enforce those rights, and (iii) the unit of management and accountability is small and functions efficiently. Australia’s regulatory regimes fail these tests on all counts...

In contrast, according to Whitehead, Indigenous resource management systems provide a northern Australian model of stewardship of all components of the ecosystems which they manage. His message, that ‘dependence on a wide range of resources encourages managers to avoid the poor outcomes associated with untrammelled, one-dimensional use’ echoes Holmes’ discussion of the transition from exclusive possession and unitary land uses in the northern rangelands.

Whitehead’s depiction of Indigenous resource management is perhaps somewhat idealised since, as Tilmouth (Chapter 13) indicates, Indigenous land owners are, in many cases, subject to the same resource regulatory regimes which Whitehead critiques. As Tilmouth notes

This regulatory system is imposed by government agencies which permit Aboriginal communities little or no input into the process of drawing up the regulations. These communities, because of their position within a ‘donor-recipient’ process, have little, and at times no understanding of the discussions or processes upon which government agencies base their policies and the decisions that have flowed from these processes.

According to Tilmouth, Indigenous resource management practices require formal recognition as ‘productive activity' and
financial support from government agencies to try and put back into our dislocated society, the social fabric and the cultural activities that sustain the community and govern the use and control of land.

We have to recognise that social and cultural practices, such as looking after sacred sites, are extremely important to us because they provide us with economic and social goods. An Aboriginal elder looking after a sacred site means that the community is strong because you have ceremonies going, you have language, you have a whole range of other things.

These cultural activities can and have to be funded as they do produce legitimate social and economic goods and services.

Tilmouth looks forward to, not just the recognition of Indigenous knowledge in the development of resource regimes but, its application by Aboriginal people to the development of new systems and technologies that, in turn, may provide new directions for land use in northern Australia.

**Devolving Authority and Empowering Regions – the Continuing Critical Role of Horizontal Fiscal Equalisation**

A widely noted paradox of globalisation is a contemporaneous resurgence of the local. As central government retreats from the regions in apparent response to ‘global forces’ and neo-liberal ideologies, Gerritsen (Chapter 14) finds local government remaining as ‘the only organised institutional capacity ... in the smaller regional towns and cities.’ It is local government, Gerritsen argues, that must now take to itself the task of ‘region building’ where governments have all but laid aside the task of nation building.

To meet this challenge, Gerritsen argues:

> What is currently required is to adapt the existing plethora of regional economic development theories and
techniques into a holistic framework capable of being manipulated and applied by individual local government leaderships in their strategic economic planning. Implicit to their task is the assumption that local governments, notwithstanding their narrow financial resource base, will have to become the architects of their communities' economic development.

This in turn, involves a 'profound reconceptualisation' of the role of local government in regional Australia on two grounds:

- 'That local government would not just be a local service organising and supervising agency but would eschew its political dependence upon State (and sometimes Federal) government and assume control over the direction of local community development':

- That local government's direct role in planning community development is justified by 'the currently relatively neglected historical principal of horizontal equalisation. In other words, the claim for any reconceptualisation of the role of local government rests upon reiterating an equity-based principal that has been fundamental to our federation since 1934.'

According to Gerritsen, 'However you look at it, this approach involves a radical departure from current policy orthodoxy, focused as that is upon the mutually contradictory amalgam of social capital theory – which reduces to small scale multiple Specific Purpose Programs without any over-arching coherence – and National Competition Policy.'

Stafford Smith (Chapter 15) agrees that 'In Outback Australia, as elsewhere in the world, regions are increasingly being required to plan their own futures in partnership with all tiers of government. To fulfil these new responsibilities, regional communities need rights and resources.' He concurs with Gerritsen that this involves the right to determine regional futures and the resources needed to develop and implement regional plans. This, in turn, raises the issue of how the necessary resources (particularly 'public investments') should be allocated within and between regions. Within regions, the evidence points to the effectiveness of 'bottom-up' planning to determine
investment targets, given the scarcity of resources and the many competing interests. The issues of allocation between regions is harder to determine. Here, Stafford Smith argues, the Commonwealth Grants Commission's system for allocating resources for human-related services requires a complementary process for allocating and managing natural resources – namely, the collection of inter-disciplinary (economic, social and environmental) baseline data that, in turn, permits the integrated cost-benefit analyses required for effective public investment strategies. For example, in the rangelands, the pastoral industry which manages over half the surface area is worth around $1 billion a year to Australia, tourism in the rangelands is worth about $2 billion, mining is worth about $10 billion while public investment 'must exceed $5 billion.' The rangelands are also the site of severe land degradation, estimated to cost the economy $200-300 million per year, much of which is attributable to pastoralism. This raises the issue of how much public investment should be directed to pastoral land use, where, and to what effect, and whether alternative uses of these resources might better serve the public interest.

In support of his argument, Stafford Smith presents a case study of how public investment might be better directed to a more rational and effective use and management of rangeland resources by the application of 'evidence based criteria'. He argues that similar analyses could be applied to public investment in regional infrastructure, to subsidies to industry, LandCare priorities, the purchase of Indigenous lands, priorities for development, etc.

The information thereby accumulated would permit policy makers – at the national, regional and local level – to simulate credible outcomes of alternative investment scenarios – to feed into what is ultimately a value-laden debate on investment priorities. These scenarios, developed through interdisciplinary effort, would take into account

alternative demographic projections, linked to material flows (water, nutrients, energy), resource use (efficient and waste), economic outputs (equity, local retention and regional multipliers), social vitality (community well being) and environmental sustainability. [They] should provide the envelopes of limits and opportunities for
different regions given different investment levels, recognising the special features of inland and remote Australia... And [their] vision should be to meet the challenge of helping all the inhabitants of northern Australia through the development process with fewer errors than have been made elsewhere.

Whitehead concludes

Although our current knowledge is never perfect, we could do a reasonable job of this with a little synthesis now. We could do it, but we generally don’t. Obviously it doesn’t substitute for the political process, but it could help to provide transparency in the establishment of the baselines for negotiations, just as the various Grants Commissions do now for human-related services.

Unlike many of the preceding contributors, Anderson (Chapter 16), is somewhat sceptical of the renewed interest in ‘regionalisation’ particularly as a priority agenda item for Indigenous people in northern Australia. She is especially sceptical of current top-down ‘regionalisation’, as manifest in the Northern Territory Local Government Reform Process of amalgamating individual community and outstation councils into larger councils under Northern Territory Local Government legislation. Having observed ‘regionalisation’ under various guises she writes ‘no one specific process or methodology has emerged over the years to demonstrate that regionalisation, within the parameters of planning, has provided the effective mechanism for community development that it was at first considered to be.’ Nor has it resulted in the promised co-ordination and co-operation between different levels of government and their agencies. A major failure has been both in resourcing and political commitment.

Anderson, speaking of the Anangu of Central Australia, argues that regional co-operation is an already well established aspect of Indigenous organisation.

Co-ordinated and co-operative events amongst our communities, organised over vast distances for extended periods of time do occur..... but the parameters of its
effectiveness are vastly different to those as articulated by government or other such proponents of regionalisation.

She provides two case studies of Anangu regional organisation — the association of Wangka Kutju (‘One United Voice’) and the formation of the Combined Aboriginal Nations of Central Australia (CANCA) at Kalkaringi in 1998. Both movements derived their legitimacy from a series of law meetings held in Central Australia and represent instances of ‘consensual and voluntary association’ to resist arbitrary governmental actions designed to deprive Indigenous people of their rights.

According to Anderson, the history of struggle has taught Anangu ‘that regionalisation does not come first.’ Rather, Anangu have learned that it is upon the full recognition of their rights that they must place the major emphasis in the future. For without such recognition, they . . . will always be negotiating from an unequal position and will forever be obliged to accept conditions, which they know will simply not work in their communities.

With the primary recognition of these rights, Anderson concludes, Indigenous people will finally be free to address issues such as regionalisation as matters for their own determination rather than as externally set and often short term, repetitive and unresolved agenda — as the past history of regional development has proven to be (see also Gerritsen, Chapter 14).

Scrymgour (Chapter 17) presents a case study of Indigenous regional organisation — the Katherine West Health Board — currently tackling the problems of co-ordinating the delivery of health services to Indigenous communities ‘divided’ by language, past conflicts, cultural practices and geographical distance. The Katherine West Health Board comprises representatives of all the region’s communities. It operates as a purchasing agency for health services for its region using a funding pool comprising contributions from the NT Government equal to the operational costs of its remote clinics plus a share of the NT public health and administration budget — and contributions from the Federal government in the form of the Katherine-West region’s
'cashed out' entitlements to the Medical Benefits and Pharmaceutical Benefits Schemes (MBS/MPS).

According to Scrymgour, factors critical to the Board's success include matching the size of the region to the size of the task, actively involving all stakeholders in the region (including the non-Aboriginal population) in the direction of its activities, and developing regional strategies with combine economic and community development in achieving positive health outcomes. The additional resources released through the cash-out of MBS/MPS benefits have increased funding to the region which would otherwise not have been available. This cash out recognises that for every $1 spent on MBS/MPS for non-Aboriginal people, only 27 cents is spent for Aboriginal people – given the scarcity of doctors and pharmacies in remote areas. However, Scrymgour echoes Arbon's concern that funding remains based on equivalent usage by the 'average Australian' and consequently fails to recognise the specific size of the task (given disease incidences up to 20 times those of the 'average Australian') plus the additional costs of remoteness.

The Board is currently moving from purchase of services to their direct provision by trained Indigenous staff. It represents a potentially important development in the devolution of governance to the regions.

Outdated Political Conflicts

The growing change in wealth creation from 'commodity production' to the less tangible products of the information age – 'intellectual property manufacturing' and service industries – has rendered many of the conflicts over ownership or use of 'old economy' resources (land, waters, minerals, etc) somewhat redundant. Yet these conflicts, already being abandoned in progressive sectors of Australian economy and society, continue to inform contemporary political and public policy debate in northern Australia.

The final three contributions to this volume concern efforts to transform these old conflicts into new pragmatic, working relationships.
Epworth (Chapter 18), calls for a transition to new paradigms governing how resource developers, governments and traditional owners relate to each other. He believes that most northern Australians would agree to, and could benefit equally from, policies that seek to increase the wealth of the North, increase people’s capacity to control their own lives and improve the social cohesiveness of the region. To achieve such policies, he argues, requires an end to the patron-recipient colonial relationship of governments to the peoples of northern Australia, to be replaced by ‘locally centred partnerships in development.’

We need to develop new paradigms that centre the responsibility and the benefits [of ‘development’] in the North. A new land ethic needs to be developed which promotes sustainability and appropriate use. The role of the people of the North as principal managers of the region’s biodiversity needs to be advanced. The benefits of existing industries and the role of governments in supporting them need to be reassessed. The role of Aboriginal people in the economy needs to be rewritten. The perceptions held by the wider Australian population of the North as an unpeopled domain, a ‘wilderness’, needs to be corrected. And relationships among the people of the North need to be strengthened.

Epworth suggests the Cape York Heads of Agreement, the Cape York Partnerships program and the Cape York Tenure Resolution Group as three examples of formerly conflicting interests working in partnership to achieve policy solutions developed ‘in place’, which fully meet his development criteria of (i) increasing the wealth held locally, (ii) empowering local people and (iii) increasing regional cohesiveness.

Peter Opio–Otium (Chapter 19) echoes Epworth’s concern to rewrite the role of Indigenous people in their relationships with both government and resource developers. He argues for Indigenous community government to play a more active role in facilitating local partnerships with Industry, complemented by Industry playing a more active role in the development of social capital and economic opportunities within local Indigenous communities.
Paul Wand (Chapter 20) considers such partnerships critical to the ‘enlightened self-interest’ of modern corporations, which are required to satisfy triple or quadruple ‘bottom lines’ of responsibility to shareholders, to the community, to the environment and to the health and safety of their employees. With the passage of the Native Title Act, Wand argues, Indigenous people have been legally recognised as important stakeholders in the resource development process. The pragmatics of business dictate that companies, seeking to develop resources on Indigenous lands, must develop community partnerships that will ultimately help gain comparative advantage over other mining companies, ensure exploitation of the resource in a sustained manner and maximise profits for company shareholders.

Conclusion

Eckersley notes, at the beginning of this volume, that ‘The forces driving social change in Australia, and hence determining our future, derive ultimately from our worldview.’ Various contributors (Eckersley, Havnen, Holmes, Lewis, Epworth) suggest that the dominant worldview in northern Australia has been a ‘productionist’ worldview, valorising ‘economic growth’ and ‘development’ measured by increased income and consumption, achieved through a specific, often unsustainable, regime of natural resource exploitation directed at maximising commodity production. In recent times, much of the political and public policy debate in northern Australia has centred around Indigenous and environmentalist contestation of this worldview and its application to the northern rangelands.

Contributors to this volume, however, have also noted a transition underway as Australia engages with the new economy with its relatively reduced emphasis on commodity production. In particular, Holmes notes the increasing valorisation of ‘amenity values’ (values directly satisfying human needs and wants, other than material needs). He notes – ‘These new values embrace Aboriginal traditional and contemporary uses of resources, biodiversity conservation, preservation of cultural and natural heritage, tourism and recreation, among others.’
Associated with this, Holmes notes a transition from the current exclusive possession and unitary use of large areas of the rangelands towards the recognition of multiple interests with their own needs and demands – and the possibility of tenures recognising plural interests in land and resource use, multiple or hierarchical tenures, etc.

This transition is likely to assist in the resolution of – if not render redundant altogether – resource conflicts formerly regarded as irreconcilable within the terms of the old ‘productionist’ paradigm.

Additionally, contributors such as Gerritsen, Epworth, Scrymgour, Wand and Opio–Otlim, have identified changing aspects of social organisation and governance, attributable to global forces and the new economy, including

- a renewed emphasis on local/regional governance;

- a new emphasis on partnerships between government, paragovernmental and non-governmental organisations in regional governance;

- new forms of social and economic organisation based on networking logic, alliances, joint ventures, creative partnerships, etc.

One outcome of these developments will almost certainly be new opportunities for Indigenous self-governance and administration, (foreshadowed by Scrymgour’s Katherine-West Health Board case study), as well as new economic alliances between formerly competing interests, such as resource developers and Indigenous organisations (as suggested by Wand and Opio–Otlim).

This new or renewed emphasis on local, regional and Indigenous self-government underscores, as Gerritsen notes, the critical role of horizontal fiscal equalisation in providing the resources needed for ‘region building’ and the equally critical role of the Commonwealth Grants Commission in the equitable allocation of such resources. In this regard, Stafford Smith argues for an increased role for the Grants Commission, or some comparable body, in the development and application of methodologies governing ‘public investment’, more broadly defined to include all the costs and benefits (including environmental) of specific regional resource allocations. Snowdon in
his Introduction argues for the more extensive application of 'regional agreements' providing direct Commonwealth-to-region funding leading to the local or regional design and delivery of public services.

Lewis, Dutchak and Arbon suggest that critical to 'region building' in the new knowledge economy will be the existence of adequate and affordable high bandwith telecommunications networks and highly developed education and training systems acting as sources and conduits of creativity and innovation, particularly if, as Storper suggests, comparative advantage in the new economy will go to firms, sectors, regions and nations which can learn faster or better .... become competitive because their knowledge is scarce and cannot be immediately imitated by new entrants or transferred via codified and formal channels to competitor firms, regions or nations (Storper 1998, 250).

This suggests a re-evaluation of current definitions of economic infrastructure beyond the roads, railways, ports, dams and irrigation projects so highly regarded by governments and bureaucracies still beholden to the old 'productionist' worldview.

As all the contributors to this volume attest, northern Australia is in a period of rapid change. Yet for many of our political leaders and bureaucrats, it appears to be 'business as usual.'

For Anderson, 'business as usual' means Indigenous groups forced to expend their energy and resources in unending battles with governments and bureaucracies for access to the most basic citizenship entitlements. In stark contrast, the New Zealand government has recently granted Maori preferential access to a portion of the spectrum, a key factor of production that will provide Maori with a strategic footing in the new economy. Meanwhile, northern Australian governments remain locked in struggle with Indigenous peoples over the resources of the old economy. The effect, Anderson suggests, is to distract Indigenous groups from, among other things, strategic consideration of possible future engagement with the new economy. Yet failure to gain strategic advantage in this economy will inevitably contribute to further Indigenous marginalisation and a new cycle of Indigenous disadvantage.
Ironically, as Epworth points out, these old struggles also have the effect of locking the wider northern Australian society into increasingly futile conflicts over increasingly significant resource allocations and uses. "Our leaders' Eckersley argues 'are telling us and themselves – the wrong stories. And so we are getting the wrong policies.' Meanwhile critical opportunities to strategically reposition our region and its peoples within the new economy may be being lost.

Reference

Introduction

For some reason, southern views of northern Australia always seem to be associated with ‘development’. The conference program suggests this is also true of the North’s view of itself. The key, as the program acknowledges, it what we mean by ‘development’. And that, in turn, depends on our Weltanschauung – the worldview or world philosophy that determines what we believe and what we do. This is the perspective on Australia’s development and future that I want to offer in this paper.

In essence, I will argue that our Weltanschauung is increasingly incoherent, even dysfunctional, in that it is inequitable, unsustainable, and failing its core objective of increasing well-being or quality of life (QoL) – at least in countries, like Australia, that are already rich. I will only touch on the first two issues, and concentrate on QoL, but let me stress all are inter-related.

Worldviews are an extremely hard issue to address because, like other aspects of culture, they comprise deeply internalised beliefs about what is important, right and good, and so how we should live and for what we should strive. These beliefs become unquestioned assumptions.
Progress

The modern Western worldview is dominated by notions of progress, especially material progress – defined as a rising standard of living, and measured as growth in (per capita) Gross Domestic Product (GDP). Economic growth is the driving dynamic of modern societies. Current government policy is underpinned by the belief that wealth creation comes first because it increases our capacity to meet other social objectives. This is a model of progress as a pipeline: pump more wealth in one end and more welfare or well being flows out the other.

By this standard, Australia has done and is doing very well. So too has the world by and large. Australians are, on average and in real terms, about five times richer now than at the turn of the last century. If we maintain economic growth at over four per cent a year – the Commonwealth Government’s stated target – we will be twice as rich as we are now in about 20 years time, and ten times as rich as we were 100 years ago.

World per capita income has increased eight-fold since 1820. But, according to an analysis by Angus Maddison for the OECD, growth has been much faster in the West than in ‘the Rest’: since 1820, per capita income has risen 13-fold in Western Europe and 17-fold in Western offshoots (eg, USA, Australia), but only 3-fold in Africa, which is now at about the level of Western Europe in 1820. The result is that the ratio of average income in the richest nation to that in the poorest, which was about 3:1 in 1820, is now more than 70:1.

This widening gap is linked to the issue of ecological sustainability: along with population growth, the biggest causes of environmental degradation are extreme poverty in the poor world and excessive consumption in the rich. The World Wide Fund for Nature’s Living Planet Index, based on an assessment of forest, freshwater and marine ecosystems, declined by about 30 per cent between 1970 and 1995, meaning, ‘that the world has lost nearly a third of its natural wealth in that time’. While obviously only a crude indicator, the trend, if not the magnitude of the change, is consistent with the picture painted by a wide range of environmental indicators. WWF also says that, globally, consumption pressure, a measure of the impact of people on
natural ecosystems based on resource consumption and pollution data, is increasing by about 5 per cent a year. At this rate, consumption pressure will double in about 15 years.

It is easy to get numbed by statistics on global environmental issues, but there is one set that, being at least consistent with global warming theory, highlights some of the costs. The year 1998 was the warmest on record. It was also the worst year yet for climate-related disasters. The Red Cross estimates 57,500 people died and 335 million lost their homes, or their livelihoods, or their crops, or their livestock, or their hopes. The estimated cost was more than $50 billion. While most of the cost has been borne by developing nations, Australia and other industrial nations are by no means immune to these calamities.

If the disasters are indeed linked to global warming, the figures are a graphic illustration of the impacts of environmental issues on people’s QoL. One of consequences of these impacts will be that more and more of world GDP will be devoted to fixing up such impacts: that is, trying to protect and maintain the QoL we have, not improve it.

So these are two of the problems with a worldview that defines progress by equating more with better: inequity and unsustainability. The third issue, which I want deal with in more detail and is the focus of my current research, relates to whether economic growth, as conventionally measured, actually improves QoL — directly, here and now.

Growth and Quality of Life

International comparisons show a close correlation between per capita income and many indicators of QoL, but the relationship is often non-linear: increasing income confers large benefits at low income levels, but little if any benefit at high income levels. Furthermore the causal relationship between wealth and QoL is often surprisingly unclear.

William Easterly, at the World Bank, recently analysed 95 QoL indicators covering seven areas — individual rights and democracy, political instability and war, education, health, transport and communication, class and gender inequality, and ‘bads’ such as crime and pollution – over a time period from 1960 to 1990. He wanted to
see if, as he expected, ‘life during growth gets better’. Consistent with other research, virtually all the indicators showed QoL across nations to be positively associated with per capita income.

Easterly then analysed the data further to take account of various ‘country effects’. As he says, ‘we do not want to know if life improves when Togo becomes Denmark; we want to know if life improves when a poor Togo becomes a richer Togo’. To his surprise, he found growth had an impact on QoL that was significant, positive and more important than exogenous shifts for only a few of the 95 indicators (exogenous shifts are the changes in an indicator over time when income is held constant). While Easterly speculates that the most plausible explanation is that there are long and variable time lags that prevented the detection of the ‘true’ relationship between growth and improvements in life, he admits disappointment: for the large majority of indicators, he was unable to detect a medium-run improvement in life due to growth. Life is getting better, he says, not primarily because of growth, but because of time.

Personal Quality of Life

QoL is subjective as well as objective; it reflects how people think and feel about their lives as well as the social conditions in which they live. Subjectively, a better life is related to a happier or more satisfying life. The 19th century utilitarian philosopher, Jeremy Bentham, defined a good society as that which delivers the greatest happiness to the greatest number.

Some of the strongest evidence in favour of modern life and continuing material progress is that research suggests most people today are pretty happy most of the time; the vast majority of people say they are happy and satisfied with their lives. Furthermore, people in rich countries tend to be happier than people in poor countries. However, the associations between wealth and well being are much weaker for subjective measures of QoL than for objective measures. One of the most striking findings of research into subjective well being is the often small correlation with objective resources and conditions. (Subjective well being is equated here with personal QoL, and includes life satisfaction and happiness.) One recent estimate is
that external circumstances account for only about 15% of the differences in well being in a population.

Another striking finding is that the proportion of people in developed nations who are happy or satisfied with their lives has remained stable over the past several decades that it has been measured (about 50 years in the US and about 20 years in Australia, on the data I have seen), even though we have become, on average, much richer. Only in the poorest countries is income a good indicator of subjective well being. In most nations the correlation is small, with even the very rich being only slightly happier than the average person. That people in rich countries are happier than those in poor nations may be due, at least in part, to factors other than wealth, such as literacy, democracy and equality.

It seems that increased income matters to subjective well being when it helps people meet basic needs; beyond that the relationship becomes more complicated.

There is no simple answer to what causes happiness. Instead, there is a complex interplay between genes and environment, between life events and circumstances, culture, personality, goals and various adaptation and coping strategies. The evidence suggests that people adjust goals and expectations and use illusions and rationalisations to maintain over time a relatively stable, and positive, rating of life satisfaction. In other words, life satisfaction is held under homeostatic control rather like blood pressure. This does not mean that social, economic and political developments do not affect well being, but that the relationship between the objective and subjective realms is not linear.

For example, Bob Cummins, at Deakin University, has shown that under normal conditions there is only a very weak relationship between income or health and subjective well being. However, under adverse conditions such as sustained financial hardship or chronic, serious ill health, homeostasis breaks down and well being falls to below-normal levels. The implication is that if we want to improve the happiness of the population as a whole, we’d be better off focusing on the worst off.
I wish I had time to digress here to describe how the importance of illusions to happiness raises the fascinating question of whether there are hazards in over-emphasising happiness because of the risk that our illusions will divorce us too much from the realities of life. A recent literature review cites a range of research that links subjective well being to positive illusions such as self-deceptions, excessive optimism and over-estimated personal control. It seems, then, that life demands we maintain a balance between a realistic and fantastic view of ourselves. We should be sceptical of any notion that doing ‘the right thing’—for oneself, for others, or for society as a whole—is always compatible with wanting to be happier.

To sum up so far, there are several related aspects of the measurement of subjective well-being that present a problem for its use as an indicator of progress—of whether life is getting better or worse: the relative stability of subjective well-being despite dramatic social, cultural and economic changes in recent decades; the complex, non-linear relationship between objective conditions and subjective states; and the positive biases in measures of subjective well-being partly because of the illusions they draw on. In other words, the measures represent a ‘buffered’ view of reality and so present a false, or at least incomplete, picture of social conditions and trends.

Social Quality of Life

There is another way to measure people’s perceptions of QoL: ask them, not about their own lives, but about QoL in their community or nation, of how they think people in general are faring. This polling of social QoL is part of my current work. Apart from being framed in social, rather than personal terms, another distinction about these social QoL questions is that they ask about trends, not states. This is more appropriate for measuring progress. To take the proverbial glass of water, we are not asking people to say how full it is, which raises tricky issues of benchmarks for comparison, but whether the level is rising or falling.

These subjective measures of social QoL appear to have been used much less often than personal measures such as life satisfaction and
happiness. In marked contrast to studies of how people feel about their own lives, polls of how they feel about social trends yield much more negative findings. A June 1997 national poll found that 52% of Australians believed 'the overall quality of life of people in Australia, taking into account social, economic and environmental conditions and trends' was getting worse. Only 13% thought life was getting better (33% said it was staying about the same). In a May 1999 poll, the proportion of people saying life was getting better increased to 24%, the percentage saying it was getting worse fell to 36%, while the percentage saying it was staying about the same rose to 38%.

Implicit in notions of progress is that young people are the major beneficiaries. However, public perceptions of trends in young people's QoL are particularly negative. In an informal 1999 poll of almost 100 teachers in ACT colleges (years 11–12), 59% said that overall QoL in Australia was getting worse; 81% said that the social and emotional well being of young people in Australia was getting worse.

In a 1999 US poll of how life in America today compared with the 1950s, only 44% said life was better (although consistent with what I have said, most thought life for them personally was better today). Teenagers were one of two groups (the other being farmers) for whom a clear majority of Americans (56%) thought life today was worse (33% better). Life for children today also rated poorly, with 44% saying it was worse (46% better).

In a second question in the 1999 Australian poll, people were asked 'in about what decade do you think overall quality of life in Australia has been at its highest': only 24% said the 1990s (the same proportion that said life was getting better). A similar proportion chose the 1980s and 1970s, with the 'vote' then declining through the 1960s, 1950s, and before the 1950s. There was a good fit between how people answered the two questions, with most of those who chose the 1990s as the best decade also thinking life was getting better, and most of those who thought the 1970s or earlier were the best time, thinking life was getting worse.

While the Australian polls do not offer an explanation for the improvement in public mood in the past 2–3 years, the result is consistent with other recent survey findings. Electoral anger and
resentment, pronounced in the mid-1990s, appear to have abated, turning instead into indifference. We have seen, during the years spanned by the surveys, the rise and apparent demise of One Nation, for example. The public standing of different occupations suggests that trust in those with financial and political power and influence – politicians, lawyers, business executives, bank managers and journalists – bottomed in 1997–98 and is now rising again.

Social researcher Hugh Mackay says in his 1999 report on the nation’s mind and mood that superficially Australians are quite chirpy, but the mood is fragile and co-exists with a pessimism that still runs deep in the national psyche. He attributes the better spirits to a tendency to disengage from a difficult and complex national agenda and focus on the personal domains of life (suggesting a rise in the indicator is not necessarily a good thing for society); an adaptation to the changes reshaping Australian society; the long-awaited pull of the new millennium as a celebratory event (if so, the extent of the lift could be short-lived); and Australia’s continuing strong economic performance. These trends could explain, not only the overall lift in social QoL, but also a widening income gap in perceptions, with those who are well-off showing less concern for the worse-off, better able to enjoy the ‘good life’, and reaping more benefits from the economic changes taking place.

In contrast to the positive bias in person QoL measures, the social QoL results may be negatively biased. In fact, some of my international colleagues with whom I have been discussing these issues are sceptical about the value of the measures, saying they simply reflect the media’s focus on bad news. It is true perceptions of social QoL could be affected by media representations of society – or maybe a tendency for people to take improvements in QoL for granted and to focus instead on aspects of life that have deteriorated or have not met expectations, which keep rising.

Nevertheless, there is evidence that perceptions of social QoL are grounded in changes in the nature of modern life, both fundamental and specific, objective and subjective. Perceptions about social QoL appear to be fundamentally about values, priorities and goals – both personal and national – and the degree of congruence between them. The research suggests a deep tension between people’s professed
values and the lifestyle promoted by modern Western societies. I believe this tension will be a defining dynamic of life in Australia and other developed nations over the next few decades.

Surveys show many people are concerned about the greed, excess and materialism they believe drive society today, underlie many social ills, and threaten their children’s future. They are yearning for a better balance in their lives, believing that when it comes to things like freedom and material abundance, we don’t seem to ‘know where to stop’ or now have ‘too much of a good thing’. And remember we are not talking of a static situation: if we continue to growth the economy at the present rate, and this growth continues to be derived mainly from increased personal consumption, our lifestyle will become twice as ‘excessive’ within about 20 years. Given a 4% growth rate is the Government’s stated ‘over-riding aim’, this gives us an idea of the extent of the social tension that exists between personal values and social goals.

Beyond the abstract moral issues, surveys also reveal more tangible dimensions to people’s concerns about ‘progress’ and its impact on QoL, both personal and social. People feel under more stress, with less time for families and friends; families are more isolated and under more pressure; the sense of community is being lost; work has become more demanding and insecure; and the gap between rich and poor is growing. All these concerns are linked, directly or indirectly, to the ‘growth priority’.

There are other streams of research that also raise, although more indirectly, questions about contemporary social conditions and trends and whether they represent ‘progress’. For example, US researchers have shown that people for whom ‘extrinsic goals’ such as fame, fortune and glamour are a priority in life, tend to experience more anxiety and depression and lower overall well being than people oriented towards ‘intrinsic goals’ of close relationships, self-acceptance and contributing to the community. Referring to ‘a dark side of the American dream’, the researchers say that the culture, in some ways, seems to be built on precisely what turns out to be detrimental to mental health.
Similarly, new Australian research has found consumerism and materialism are positively correlated with depression, anxiety and anger; materialism is also negatively correlated with life satisfaction. While these associations do not prove that materialism and related values cause deterioration in well being, they do suggest their cultural promotion is not conducive to it. The cause-effect relationship is likely to be complex and two-way. In any event, these findings are hard to reconcile with the belief that material progress in already rich nations is improving QoL.

To sum up again, it seems that social QoL measures reflect social and cultural conditions and trends that measures of personal well-being tend to mask, although people’s views are influenced by personal attributes and circumstances and relatively short-term shifts in national affairs and public mood. While people’s perceptions of social QoL may be distorted by media and other influences, the evidence suggests the perceptions are not distant and detached, but reflect deeply felt concerns about modern life.

Conclusion

To conclude, modern notions of progress centre around economic growth – especially the rate of growth, rather than its content. I want to stress the importance of this issue of rate versus content. Economic activity spans a spectrum from very beneficial to very harmful. At present, government policies give priority to the rate of growth, but leave the content largely to the market and consumer choice. Most economic growth is derived from increased personal consumption, despite the evidence of its individual, social and environmental costs. We need, individually and collectively, to be more careful and selective about what economic activities we encourage and what we discourage. While such suggestions are often dismissed as ‘social engineering’, this criticism ignores the extent to which our lifestyle is already being ‘engineered’ by marketing and advertising.

The problems with growth, as it is currently measured and derived, are that: it is increasing inequality among nations; it is environmentally unsustainable; and contrary to its central objective, it does not seem to be making people happier, at least in nations that are already rich; it
may be making us unhappier. This should not be interpreted as an attack on economic and technological development as such, but as a critique of the ends towards which it is being directed, and the manner in which this is being done.

The pursuit of progress needs, then, to take many things into account: economic gains must be assessed against environmental losses; issues of equity between and within nations and generations need to be addressed; measures of personal happiness and subjective well-being should be weighed against perceptions of social conditions and trends; and a path of progress that is appropriate and beneficial at one stage of human development can be inappropriate and costly at another. At a time when governments the world over seem to be captive to an ideology of growth, this is an important message to heed.

At the most fundamental level, these issues need to be incorporated into a new Weltanschauung, a new view of the world and our place in it, a new framework within which to make choices and decisions, personally and politically, as citizens and consumers, parents and professionals. My sense is that if we removed growth – becoming ever richer, regardless of where and how – as the centrepiece or cornerstone of our worldview, all things would fall into place, the tensions would be resolved, a sense of coherence and balance would be restored.

This sounds much simpler than it is. There is a huge systems inertia that resists this change. As I said at the outset, worldviews tend to be ‘transparent’ or ‘invisible’ to those who hold them because of the deeply internalised assumptions or myths from which they are constructed. And if individuals find change hard, institutions find it even harder, running along grooves cut deep by past and present ways of doing things.

Both the necessity and ability to change become more clearly apparent if we look at other times of social upheaval. The great social and political movements of the 19th Century shattered many assumptions of what was considered ‘normal’ at that time: epidemics of typhus and cholera, child labour, the owning of human life, appalling working conditions. For much of the 20th Century, some GDP growth was traded off for a shorter working week and a shorter working life.
There can be no grand plan for achieving the transformation necessary. It is essentially a dynamic and organic process, springing from a million sources in a thousand different ways. I believe the process is already under way, but these processes are always messy, difficult, disturbing and protracted, the eventual outcome always unclear. Attempting to short cut the process tends to result in dangerous and simplistic – and ultimately counter-productive – solutions.

The task to transform our worldview so as to change society is hard and unrelenting. Ultimately it comes down to a question of personal conviction: of admitting the truth about ourselves to ourselves – individually and collectively; and applying this truth in our lives and in our work.

Postscript

In retrospect, having heard the papers that followed mine, I wish I had spoken at the end of the conference, not at the beginning. If I had, my paper would have been different. I can appreciate that for many people, especially Indigenous Australians, grappling with the harsh realities of the challenges of the North, my perspective is abstract, academic waffle, too remote from the issues they confront. To those people, I apologise.

However, just about everything I have heard at the conference has affirmed, at least to me, the essential truth of my argument that we need to change our view of the world if we are to change what happens in Australian society, including here in the North. Indigenous people know, in ways that I can not even begin to imagine, that the Western worldview is just one view of the world, not the view. They know better than most that ultimately what matters to us are the stories we tell ourselves about ourselves: who we are, where we have come from, why we are here.

One speaker said the issues facing us come back to politics. This is true, but it must be a very broad definition of ‘politics’, one that goes beyond policies, programs and funds. ‘Politics’ must link back to the stories that define our worldview. As things are, our leaders are telling us – and themselves – the wrong stories. And so we are getting the wrong policies.
References


Discussions on ‘northern’ and ‘remote’ Australia often conjure up images of vast open spaces, areas of country which are perceived as ‘pristine’, ‘untouched’, a ‘wilderness’ and ‘last frontier’. Simultaneously – and paradoxically – the Northern Territory government in particular, goes to great lengths to portray this part of northern Australia as a modern ‘settled’ harmonious, multicultural society, with a laid-back lifestyle, and a wealth of opportunity for people who choose to be entrepreneurial.

Underlying both these images is a history of frontier expansion similar to that of other northern regions around the world. That history is the history of Indigenous people and their resistance against intrusion by non-Indigenous people seeking to exploit the region’s natural resources (in pastoralism, fishing, oil and gas exploration, mineral development, etc).

It is common knowledge to many Aboriginal people in the Northern Territory and in Western Australia and Queensland that massacres took place in very recent times – and that many of those killings grew out of conflicts over land and resources. And it seems to me that those conflicts remain today. They certainly have not gone away.

Again discussions of northern Australia often focus on the need to foster and encourage that well-used concept ‘development’. I am not particularly convinced that many of us understand what we mean by
‘development’. Nor, I think, has there been any real critical analysis of what kind of ‘development’ is required to create a sustainable future for all of us who live here. I think ‘development’ has also been too narrowly focused on economic outcomes with too little attention paid to those factors which will enhance and not destroy the social fabric of our society.

In this context, I would like to quote to you from the United Nations Declaration on the Right to Development and how the United Nations interpret that right. The declaration says –

Every human person and all peoples are entitled to participate in, contribute to and enjoy human rights and enjoy economic, social and cultural and political development in which all human rights and fundamental freedoms will be realised.

Some very critical issues specific to our northern regions need to be addressed in the light of that particular definition of the ‘right to development’.

Firstly, there is the issue of participation in political and decision-making processes. I think the experience of many of us who live in the Northern Territory has been one of oppression. It has been an oppression by the majority, or majoritarian rule, by a government that is neither transparent nor accountable and a government that, I do not believe, acts in the best interests of all of its people.

Secondly, I think there is a need to review our existing institutions and governance arrangements to actively foster and promote civil society as fundamental to the process of ‘development’ – if development is indeed to realise ‘all human rights and fundamental freedoms’.

Thirdly, I think there needs to be an express recognition of the rights of Indigenous people to maintain our own distinct cultural identity, including the full right of self-determination within the overall ‘right to development’.

Fourthly, the ‘right to development’ should incorporate the protection of our resources and the environment.
Fifthly, there needs to be equity in the distribution of public funds and there needs to be equality of access to government services.

It is frequently argued that economic growth is good in itself because it brings increased access to health care, food and shelter, either directly through employment and increased income, or indirectly through the improvement and extension of facilities to more people.

The argument is also made that economic growth or 'development' ultimately leads to the protection of economic rights, such as the right to an adequate standard of living and the right to 'development'. I would argue, however, that the reality for Indigenous people is actually quite different. And I think that there are probably three reasons for this. The first is the type of 'development'. Many of the major development projects and public works such as the constructions of mines, dams, roads, etc, have been undertaken with scant regard for Indigenous people, much less the likely social impact of these developments on the people who are going to be most directly affected. People have unquestionably been dispossessed of their lands and their sites desecrated in the name of 'development'.

Secondly, the basis for development decisions by government and multi-nationals are based almost exclusively on financial considerations, mainly profits, to the exclusion of social and cultural considerations important to Indigenous people.

And thirdly, all development does not necessarily promote economic growth and economic rights because there are in fact different types of economic growth.

The United Nations Human Development Report for 1995 discusses the question of damaging forms of economic growth. It found that damaging economic growth includes growth which does not translate into jobs, which is not matched by the spread of democracy, which ignores or undermines separate identity, which despoils the environment and where most of the benefits are seized by the rich. I think a classic example of such damaging economic growth is the Ok Tedi mine. This mine was developed in the late 1970s soon after independence in Papua New Guinea. The newly elected government was under enormous pressure from institutions such as the World Bank and the International Monetary Fund to achieve economic
prosperity and to demonstrate an entrepreneurial environment for this development project. Each day, for the last 20 years, the mine operators have dumped some 80 thousand tons of tailings and 100 thousand tons of mined waste directly into the Ok Tedi River. That river flows into the Fly River which, in turn, flows into the Torres Straits and the tip of the Barrier Reef. The Ok Tedi River is now choked with sediments and the environmental impact threatens the food security of the local people. This surely cannot be construed as 'good economic growth'.

Finally, I would like to make the point that, the North is not just a place from which the rest of Australia's raw materials are sourced. It is, first and foremost, our permanent home. We do not have anywhere else to go. Indigenous people, prior to the expansion of non-Indigenous settlement, had a self-sufficient economy largely based on the harvesting of renewable resources. Currently in the North, Indigenous people comprise a significant percentage of the region's population. In the Northern Territory, Aboriginal people comprise approximately 28 per cent of the population, in the Kimberley about 45 per cent and in the Gulf Region of Queensland, about 51 per cent. We are not just another minority group.

Living alongside this permanent and not insignificant Indigenous population is a sizeable non-Indigenous or ‘settler’ population. The major rationale for this group moving to our region is to find work either in extractive industries, government agencies or the defence forces. A section of this population tends to monopolise economic and political power for the duration of their stay.

Despite our permanence and representation in the region's population, Indigenous peoples do not share equitably in political power or in the benefits of economic growth. And deprived of political power, Indigenous people have had little involvement in determining the shape and direction of economic growth and ‘development’. In this context, I think it needs to be understood and accepted that the aspirations of Indigenous people and the aspirations of the settler population are not necessarily the same. In fact Indigenous aspirations, of getting back ‘country’, living on ‘country’ and determining our own destiny are often seen as ‘impediments to development’ as defined by the settler population. But must their concept of ‘growth’ and
‘development’ also necessarily be our concept of ‘growth’ and ‘development’.

As an Indigenous person living in these remote regions, I would like to make an appeal to many of the non-Indigenous people who come to the North. I think the unfortunate experience tends to be that once non-Indigenous people arrive, they get a very negative perception of who we are as a people and what our aspirations are. And they have no understanding at all of our particular cultural beliefs or the need for us to be recognised not as a distinct minority, but as a distinct people. As a consequence, the non-Indigenous population tends to be hostile to the specific needs of Indigenous people and have kept in power governments equally hostile to the recognition of these needs. At the same time, they have allowed funds provided to meet Indigenous needs, under the principle of horizontal fiscal equalisation, to be skewed by governments into projects that enhance the social and economic condition of already affluent parts of the region. As a consequence, instead of equity there is a widening gap; instead of social harmony there is growing disharmony and conflict. These conflicts will continue to emerge until such time as there is recognition of the specific rights of the long terms residents of the region, a genuine commitment to a more constructive and harmonious political process and an end to the institutionalised abuse by State and Territory governments of the principle of fiscal equalisation.
GOVERNANCE AND THE ECONOMIC STORY OF THE NORTH

CATHERINE HULL

This paper examines the share of Commonwealth Government funding that is provided for northern Australia. It explains how intergovernmental arrangements influence the distribution of:

- Commonwealth General Revenue Grants to the States and Territories;
- Commonwealth Specific Purpose Payments (SPPs) to the States such as Schools grants, grants for health and welfare purposes and grants for Indigenous Australians; and
- Commonwealth Grants for Local Government.

For each type of Commonwealth funding, the paper attempts to estimate the amounts presently ‘going to’ the North and to answer the question of whether northern Australia is receiving an equitable share. The further important questions of whether the funding is spent in an equitable manner and whether it achieves equitable outcomes are left for others.

1 In the rest of this paper, the word State(s) includes the Australian Capital Territory and the Northern Territory unless the context indicates otherwise.
Commonwealth General Revenue to the States

Arrangements

General Revenue Assistance to the States has, in recent times, comprised Financial Assistance Grants (FAGs) and unquarantined\(^2\) Australian Health Care Grants (HCGs), Special Revenue Assistance (SRA) and National Competition Payments (NCPs). In 1999-2000, SRA comprised payments to the ACT to assist its transition to self-government and normal State-like arrangements. These payments were recommended by the Commonwealth Grants Commission. NCPs were provided in accordance with the Agreement to Implement the National Competition Policy and Related Reforms. A State’s payment was conditional on compliance with the obligations of the Agreement.

The bulk of the General Revenue Assistance (some 98 per cent of the total) was paid as FAGs and HCGs. The remainder of this part of the paper relates to these and ignores the distribution of SRA and NCPs.

The total amount of FAGs and HCGs (some $23 billion in 1999-2000) was, in theory at least, agreed at Premiers’ Conferences. In practice, the Commonwealth made an offer and the States argued about its adequacy. In recent years, the total amount has been maintained in real per capita terms and real questions exist about the equity of this. The total pool of funds was distributed on the basis of relativities, or shares, recommended by the Commonwealth Grants Commission.

In the future, after some transitional arrangements, the Commission’s relativities will continue to be used to distribute the combined pool of Goods and Services Tax Revenue and Health Care Grants under *A New Tax System (Commonwealth-State Financial Arrangements) Act 1999*. This Act requires that the relativities be calculated, as they have been in the past, in accordance with horizontal fiscal equalisation principles.

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\(^{2}\) A small amount of HCGs are not included in the pool of general revenue assistance to be distributed using the Commission’s relativities.
The principle of fiscal equalisation used by the Commission is that:

State governments should receive funding from the Commonwealth such that, if each made the same effort to raise revenue from its own sources and operated at the same level of efficiency, each would have the capacity to provide services at the same standard\(^3\).

Box 1 explains how the relativities are used.

The application of the principle of fiscal equalisation results in general revenue grants being distributed unevenly, in per capita terms, as shown in Figure 1. This is because the relativities reflect differences, beyond the States’ control, in:

- per capita expenditure required to provide average levels of service;
- per capita capacities to raise revenue from State sources at average rates of tax; and
- per capita shares of Commonwealth SPPs.

The Commission’s methods for calculating revenue capacities and costs of service provision were decided during its 1999 Review\(^4\) of methods. These are used to update the relativities annually.

Differences in capacity to raise revenue due to inherent economic characteristics of States are calculated for all State taxes, including payroll tax, mining revenue, land tax, motor vehicle taxation and so on. The differences are calculated by applying average State revenue policies to a State’s actual revenue base.

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\(^4\) Ibid, Chapter 3.
### Box 1. How the Commission’s Relativities are Used

The per capita relativities calculated by the Commission are used to distribute financial assistance and unquantified health care grants to the States (the GST Revenue and Health Care Grants in the future). Commonwealth Treasury applies the Commission’s per capita relativities to population estimates provided by the AHS to calculate weighted populations. A State’s share of weighted population is calculated by dividing its weighted population by the Australian weighted population. A State receives a share of the funds equal to its share of weighted population. The following table reproduces the calculation from Federal Financial Relations 1999-2000, Budget Paper No 3.

<table>
<thead>
<tr>
<th></th>
<th>NSW</th>
<th>Vic</th>
<th>Qld</th>
<th>WA</th>
<th>SA</th>
<th>Tas</th>
<th>ACT</th>
<th>NT</th>
<th>Aust</th>
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<tr>
<td>Estimated population '000</td>
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<td>4736.9</td>
<td>3537.3</td>
<td>1879.5</td>
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<td>470.0</td>
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<td>0.86184</td>
<td>1.06687</td>
<td>0.94793</td>
<td>1.20680</td>
<td>1.60905</td>
<td>1.10270</td>
<td>4.84429</td>
<td>na</td>
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<tr>
<td>Weighted population '000</td>
<td>5798.6</td>
<td>4082.4</td>
<td>3561.6</td>
<td>1781.6</td>
<td>1809.0</td>
<td>756.3</td>
<td>342.6</td>
<td>944.0</td>
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</tr>
<tr>
<td>Share of weighted population (%) b</td>
<td>30.4</td>
<td>21.4</td>
<td>18.7</td>
<td>9.3</td>
<td>9.5</td>
<td>4.0</td>
<td>1.8</td>
<td>4.9</td>
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</tr>
<tr>
<td>Amount of general revenue assistance c</td>
<td>6974.2</td>
<td>4910.1</td>
<td>4283.7</td>
<td>2142.9</td>
<td>2175.8</td>
<td>909.6</td>
<td>412.1</td>
<td>1135.3</td>
<td>22943.7</td>
</tr>
</tbody>
</table>

(a) Projected populations as at 31 December 1999, prepared by AHS

(b) The per capita relativities for 1999-2000 as adopted at the 1999 Premiers’ Conference

(c) The product of the first and second rows

(d) State weighted population as a percentage of total Australian weighted population. Although shown to one decimal place, unrounded percentages are used in the ensuing calculation

(e) The application of each State’s unrounded share of weighted populations to the pool of $22,943.7 million

Source: Commonwealth of Australia, Federal Financial Relations 1999-2000, Budget Paper No 3, Table 12, p.30
Figure 1 General Revenue Grants \(^{(a)}\) to the States 1999–2000

\[(a)\] FAGs and unquarantined HCGs

Differences recognised in the costs of providing services such as schools, hospitals and police include those due to the different economies of scale facing the States in their operations, the different spread of their populations, the different physical environments they face and the different characteristics of their populations in terms of age and sex, Aboriginality and non-English speaking backgrounds. The cost factors calculated are based on what States actually spend on average, applied to a State’s own characteristics.

The actual amounts of SPPs made available to a State to meet the costs of providing these services are also taken into account.

How much goes to the North?

Relativities are calculated on a whole of State basis and it is not easy to quantify the amount of general revenue funding that the Commission has assessed that a particular geographical location or part of a State needs to provide a standard level of service. It is not clear either that it is appropriate to do so. General revenue funding is made available to State governments on an untied basis and they have
no obligation to spend the funds according to the basis on which the need was assessed. State politicians must make their own judgements about what their electorates want. This is the basis of democracy and fiscal federalism.

However, the costs of service provision and the revenue raising capacities assessed by the Commission, take into account the characteristics of all areas of States so that the amount of funding made available for the North can be estimated. Table 1 shows the General Revenue Grants made available to all States in 1999-2000, based on the relativities the Commission recommended in the 1999 Review of Relativities. It shows that New South Wales, Victoria and Western Australia receive less than their population shares and the other States receive more.

Table 2 shows a very rough estimate of funding available for the North in 1999-2000. It shows that the North had 5.3 per cent of the population and it received 9.3 per cent of the grants. For the purposes of the calculation, the population of northern Australia was defined as the whole population of the Northern Territory and the populations of Queensland and Western Australia above the Tropic of Capricorn. Figure 2 illustrates how 'the North' was defined. The funding for the North was calculated as the per capita grants made available for Queensland, Western Australia and the Northern Territory multiplied by the relevant populations. Thus, it includes the total grant paid to the Northern Territory and a population share of the grants paid to Queensland and Western Australia.

Clearly the above calculation underestimates the grants made available to provide services in the North. It is unrealistic to assume that the amount needed in the northern parts of Queensland and Western Australia to provide Australian standard services would be equal to the cost of providing them to the populations resident in Brisbane and Perth. It is more likely that a higher per capita amount would be required because of certain characteristics of the North which increase the costs of providing services in these areas. These cost disadvantages (or 'disabilities' in Commissionese) are recognised in the Commission's assessments.
### Table 1 General Revenue Grants\(^{(a)}\) to the States 1999–2000

<table>
<thead>
<tr>
<th></th>
<th>NSW</th>
<th>Vic</th>
<th>Qld</th>
<th>WA</th>
<th>SA</th>
<th>Tas</th>
<th>ACT</th>
<th>NT</th>
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<tbody>
<tr>
<td>$m</td>
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<td>49101</td>
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<td>2175.8</td>
<td>909.6</td>
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<td>$ per capita</td>
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<td>1036.56</td>
<td>1211.014</td>
<td>1140.14</td>
<td>1451.50</td>
<td>1935.32</td>
<td>1326.36</td>
<td>5825.04</td>
</tr>
<tr>
<td>Grant Share %</td>
<td>30.4</td>
<td>21.4</td>
<td>18.7</td>
<td>9.3</td>
<td>9.5</td>
<td>4.0</td>
<td>1.8</td>
<td>4.9</td>
</tr>
<tr>
<td>Population share %</td>
<td>33.8</td>
<td>24.8</td>
<td>18.5</td>
<td>9.9</td>
<td>7.9</td>
<td>2.5</td>
<td>1.3</td>
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<tr>
<td>Difference %</td>
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<td>+0.2</td>
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<td>-1.6</td>
<td>+1.5</td>
<td>+0.2</td>
<td>+3.9</td>
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\(^{(a)}\) FAGs and HCGs.


### Table 2 Estimated Financial Assistance Grants for Northern Australian, 1999–2000

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<td>Relevant populations '000</td>
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<td>77.8(^{(a)})</td>
<td>194.9(^{(b)})</td>
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<td>% of State grants</td>
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<td>4.1</td>
<td>100</td>
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<tr>
<td>% of population</td>
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<td>4.1</td>
<td>100</td>
<td>5.3</td>
</tr>
</tbody>
</table>

\(^{(a)}\) Total Statistical Division populations north of the Tropic of Capricorn 1996 Census.

\(^{(b)}\) Projected estimated population as at 31 December 1999.

Source: Commonwealth Grants Commission.
Cost Disadvantages of the North

The cost differences recognised by the Commission in its assessments include:

- socio-demographic composition, which takes account of differences in the characteristics of State populations (such as age, sex, Aboriginality and income) on the demand for and unit costs of State services;

- administrative scale, which allows for the differences in the extent to which States can achieve economies of scale in their central office functions and whole of State services;

- input costs, which allow for differences between States in the price of labour, office accommodation and electricity;

- urbanisation, which allows for differences in the demand for or cost of services arising from the concentration of population in urban centres of various sizes;

- economic environment, which allows for the effects on the demand for State government services arising from the size or
complexity of State economies or because it is uneconomic for the private sector to provide services in some parts of States;

- dispersion, which reflects the effects of the geographic distribution of populations within each State on the cost of services;

- isolation, which allows for the higher costs in some States arising from their economic and geographical isolation from the main interstate sources of supply in south-eastern Australia;

- service delivery scale, which measures the effects on costs of differences between States in the number of small population centres and the resulting differences in the proportion of services provided from small outlets where the staff to client ratios are relatively high; and

- physical environment, which measures mainly the effects of climate on maintenance costs and depreciation.

Not all of these direct funds to the North, but a large number of them do. Table 3 provides a summary of the grants redistributed across the States by the Commission’s assessments in the 1999 Review. It shows that the recognition of the cost differences arising from socio-demographic composition moves $346.9 million into the Northern Territory and $490 million away from Victoria.

Dispersion, land rights and native title cost influences exhibit a clear north-south divide, with the grants to all the northern States being increased and those to the southern States reduced because of these cost differences. Other factors, such as socio-demographic composition, service delivery scale, and physical and economic environment also increase the grants to the northern States (as well as some to the southern States) and others such as urbanisation lead to reduced grants for the northern States. Some examples are discussed below.
| Table 3 Contribution of Categories and Selected Cost Factors to 1999 Review Distribution |
|---------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                  | NSW    | Vic    | Qld    | WA     | SA     | Tas    | ACT    | NT     | Total[^{a}] |
| Socio-demographic composition              | $-166.7$ | $-490.0$ | $205.9$ | $87.5$ | $2.9$  | $75.6$ | $-62.2$ | $346.9$ | $718.9$ |
| Urbanisation                                | $93.8$  | $47.5$  | $-75.3$ | $18.3$ | $14.0$ | $-33.2$ | $0.3$   | $-28.8$ | $155.6$ |
| Administrative scale                        | $-231.1$ | $-134.4$ | $-66.4$ | $35.1$ | $51.5$ | $101.0$ | $107.9$ | $136.2$ | $431.9$ |
| Input costs                                 | $184.5$ | $-33.9$ | $-154.4$ | $25.1$ | $-57.6$ | $-7.5$  | $17.4$  | $26.3$  | $253.4$ |
| Dispersion                                  | $-90.7$ | $-137.0$ | $53.6$  | $99.0$ | $-24.2$ | $-6.4$  | $-13.6$ | $119.2$ | $271.8$ |
| Service delivery scale                      | $-47.7$ | $-48.8$ | $11.9$  | $21.2$ | $9.4$  | $13.5$  | $-10.3$ | $50.8$  | $106.8$ |
| Economic environment                        | $-108.4$ | $-33.6$ | $9.2$   | $68.3$ | $7.4$  | $14.3$  | $-11.1$ | $53.9$  | $153.1$ |
| Physical environment                        | $-51.6$ | $-34.1$ | $3.9$   | $23.4$ | $46.4$ | $-3.2$  | $-1.4$  | $16.5$  | $90.2$  |
| Isolation                                   | $-55.2$ | $-39.8$ | $-28.3$ | $24.9$ | $-10.2$ | $9.9$   | $-0.2$  | $99.0$  | $133.8$ |
| Land rights and native title                | $-7.8$  | $-6.2$  | $2.1$   | $3.5$  | $-1.8$ | $-0.8$  | $-0.5$  | $11.5$  | $17.0$  |
| Cross-border                                | $-35.9$ | $12.3$  | $-1.4$  | $-0.1$ | $0.6$  | $-1.6$  | $25.6$  | $0.6$   | $39.0$  |
| National capital                            | $-3.6$  | $-2.6$  | $-2.0$  | $-1.0$ | $-0.8$ | $-0.3$  | $10.5$  | $-0.1$  | $10.5$  |
| Road stock                                  | $20.2$  | $-62.7$ | $-21.3$ | $37.0$ | $-1.5$ | $2.5$   | $-8.9$  | $34.6$  | $94.4$  |
| Expenditure relativities(b)                 | $237.3$ | $-173.0$ | $-147.4$ | $5.5$  | $-6.4$ | $0.1$   | $-71.0$ | $154.8$ | $397.8$ |
| Other(c)                                     | $69.2$  | $-39.5$ | $15.4$  | $39.1$ | $7.1$  | $-11.1$ | $0.1$   | $-80.4$ | $131.0$ |
| Total                                        | $-193.6$ | $1176.0$ | $-194.3$ | $450.2$ | $36.7$ | $153.0$ | $-17.2$ | $941.2$ | $1581.2$ |

[^a]: Total amount redistributed — equals the sum of the positive (or the negative) items in each row.

[^b]: In Debt Charges and Superannuation.

[^c]: Includes interactions.

**Dispersion**

The Commission assessments recognise that the geographic distribution of populations within each State have an effect on the cost of services. In general, States spend more per capita to provide government services to a dispersed population than to a compact urban population. Higher costs in the more distant parts of States include those for communication, travel, freight and employee benefits such as locality allowances. The dispersion factors allow for such effects on State expenditures by recognising that these costs are a function of the distance between where people live and their State capital city, the nearest regional centre and the nearest urban centre. Sometimes costs are assumed to relate to the size of the population in remote areas and to the different mixes of inputs, particularly high cost technologies, which are used in providing services to remote areas. Reflecting the more expensive mix of inputs commonly used in dispersed areas increased the cost factors for Queensland, Western Australia and the Northern Territory.

Figure 3 shows that the dispersion factor redistributes grants from the southern States to the northern States, with Queensland, Western Australia and the Northern Territory receiving more than an equal per capita share by the amounts shown.

**Land Rights and Native Title**

These factors are based on actual expenditures. The land rights factors are assessed to take account of the additional costs incurred by the Northern Territory as a result of the Commonwealth *Aboriginal Land Rights (NT) Act 1976*. Since no other State incurs similar costs, the disability is based on the actual costs incurred by the Territory. The native title factors reflect differences between States in their average annual expenditure associated with the administration of native title claims in the years 1995-96 to 1997-98. Figure 4 illustrates the effect on State grants of these factors.

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5 Some higher expenditures due to urbanisation are recognised in the urbanisation factors. See Table 3.
Figure 3 Redistribution Efforts of Dispersion Factors


Figure 4 Redistributive Effects of Land Rights and Native Title Factors

Socio-demographic composition

The socio-demographic factor recognises that the demand for and the cost of providing services differs with State population characteristics. Depending on the service being assessed, some or all of the following characteristics of the population may be taken into account:

- age;
- sex;
- income status, or socio-economic background;
- English fluency;
- regional location; and
- Aboriginality.

For example, in the Government Primary Education category, the Commission had evidence that States on average spend 1.45 times more to provide services to low socio-economic Indigenous persons, resident in remote areas, who had low fluency in English, than they did to provide the same services to non-low socio-economic status, non-Indigenous, non-remote persons who were fluent in English. 99 percent of the first group lived in the North, compared with less than 25 percent of the second group.

Higher cost weights are also applied to Indigenous persons living in remote and non-remote areas in many other assessments, including those in the Health and Welfare and Law and Order areas. This is because States tend to spend more to provide the average level of service in these areas to these population groups. Because Indigenous people comprise 10 per cent of the population of the North (and the majority of these live in remote areas) compared with 2 per cent of the total Australian population, grants for the North are increased to allow Australian standard services to be provided.

Figure 5 illustrates the grant redistribution caused by the inclusion of allowances for socio-demographic costs in the Commission assessments.
**Figure 5** Redistributive Effects of Socio-demographic Composition Factors

![Bar chart showing redistributive effects](image)


**Physical environment**

A good example of a factor which recognises the higher costs in the North of the physical environment is the asset life factor in the Depreciation assessment. It takes account of differences in the physical environment that cause asset lives to differ in different parts of Australia. The factor is calculated by applying to populations resident above the Tropic of Capricorn weights of 1.20 for buildings and other construction and 1.15 for plant and equipment. This recognises that assets built or used in this area have a shorter useful life than those in the rest of Australia. Because only Queensland, Western Australia and the Northern Territory have any population in these areas, this factor moved grants to the North and away from the southern States.
Are Commonwealth General Revenue Grants to the States Distributed Equitably?

The Commission believes that it attempts to fully recognise the higher costs of providing services in the North in its relativities. Because the Commonwealth uses the Commission’s relativities to distribute financial assistance and health care grants, it can be concluded that these are distributed on an equitable basis – a basis which allows State governments to provide Australian standard levels of service without needing to raise different levels of revenue.

Commonwealth Specific Purpose Payments to the States

Arrangements

The Commonwealth provides Special Purpose Payments (SPPs) to the States to achieve particular Commonwealth or agreed national policy objectives. Thus, in most cases, conditions are attached to the payments and they are referred to as ‘tied grants’, made available under Section 96 of the Constitution. There are around 120 SPPs for current and capital purposes related to particular functional areas, such as education, health, housing, social welfare, transport and local government. They can be classified into three groups:

1. SPPs to the States - payments, such as those for government schools and housing programs which are made direct to State governments and represent around 61 per cent of total SPPs;

2. SPPs through the States - payments to State governments to be passed on to local government, other bodies (such as non-government schools and universities) and individuals, representing about 37 per cent of total SPPs; and

---

6 This states that the Parliament may grant financial assistance to any State on such terms as it sees fit.
3. SPPs made direct to local government for childcare and aged and disabled persons' homes and hostels, representing about 2 per cent of total SPPs.

SPPs are reviewed every year in the Budget context. Indexation and distribution arrangements differ for each SPP. Government schools grants are largely distributed on a per student basis, with additional per student payments for students with special characteristics, such as Aboriginality or remoteness. Home and Community Care grants are funded on a matching basis and other payments are made on the basis of applications for funding, such as the Natural Heritage Trust of Australia. In 1999-2000, SPPs, excluding Health Care Grants, were estimated to total $11.3 billion.\(^7\)

Table 4 shows the estimated distribution of SPPs among the States in 1999-2000 and Table 5 shows the amounts available for the North. It shows that the North has 5.3 per cent of the population and it receives 6.5 per cent of SPPs, largely because of the Northern Territory's very healthy per capita share.

Without a detailed analysis by SPP, it is impossible to judge whether SPPs are distributed on a fiscal equalisation or other equitable basis. However, we know that not all cost differences between States are recognised in the distributions of most SPPs and thus they are unlikely to be distributed on the basis of horizontal equalisation.

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### Table 4  Total Specific Purpose Payments to the States, Excluding Health Care Grants, 1999–2000

<table>
<thead>
<tr>
<th></th>
<th>NSW</th>
<th>Vic</th>
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<th>Tas</th>
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<tr>
<td>$m</td>
<td>3639</td>
<td>2561</td>
<td>2010</td>
<td>1323</td>
<td>951</td>
<td>362</td>
<td>245</td>
<td>257</td>
<td>11349</td>
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<td>$ per capita</td>
<td>564.48</td>
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<td>770.21</td>
<td>788.54</td>
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<td>Relative to Australian average</td>
<td>0.95</td>
<td>0.91</td>
<td>0.96</td>
<td>1.18</td>
<td>1.07</td>
<td>1.29</td>
<td>1.33</td>
<td>2.22</td>
<td>1.00</td>
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</table>

Table 5  Estimated Specific Purpose Payments for Northern Australia, 1999–2000

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<th>Qld</th>
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<th>Northern Australia</th>
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</thead>
<tbody>
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<td>77.8(a)</td>
<td>194.9(b)</td>
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</tr>
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<td>populations '000</td>
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<td>% of SPPs</td>
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<td>100</td>
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<tr>
<td>% of population</td>
<td>21.1</td>
<td>4.1</td>
<td>100</td>
<td>5.3</td>
</tr>
</tbody>
</table>

a) Total Statistical Division populations north of the Tropic of Capricorn 1996 Census.

b) Projected estimated population as at 31 December 1999.

Source: Commonwealth Grants Commission.

The Commonwealth Grants Commission’s
Indigenous Funding Inquiry

In fact, the Commonwealth Grants Commission has specifically been asked to report on the distribution of the Commonwealth Government’s funding for Indigenous Australians – not only through SPPs but also from other sources including Commonwealth own-purpose outlays. In general, the inquiry is intended to provide information that will assist the Commonwealth Government to answer the question of whether resources are presently distributed equitably. The terms of reference ask the Commission to provide advice to the Commonwealth Government by 28 March 2001 on how to better target resources it makes available for services for Indigenous people on the basis of need.
Broadly, the tasks of the inquiry include:

- measuring the relative needs of Indigenous people in each region for specified services;
- understanding what funds are used (or available) to meet those needs; and
- considering how the regional distribution of Commonwealth resources for each service could be amended to better accord with the needs.

Needs are being interpreted as those of Indigenous people in each area (region) relative to Indigenous people in other areas (regions). The Commission is not asked to measure the total needs of Indigenous people or their needs relative to the non-Indigenous population.

The terms of reference ask the Commission to concentrate on needs in the areas of health, housing, infrastructure, education, training and employment.

The approach to the measurement of needs is still under consideration. Initially, the Commission will attempt to develop separate indicators for each function, designed to measure differences between the regions in:

- the status of the Indigenous population in relation to the function (that is, outcome measures);
- the demand by the Indigenous population for services;
- the supply, and accessibility, of services to the Indigenous population; and
- the costs of providing services.

Clearly, the measures of need developed will not be based on the principle of equalisation, but on measures of the needs of communities for services – what they have compared to other communities and what they need to bring about more equitable access to services.

From this work, judgements will be possible about whether the existing distributions of resources reflects need or whether the resources for Indigenous people could be more equitably distributed.
Commonwealth Grants to Local Government

**Arrangements**

The Commonwealth provides local government financial assistance grants and local government untied road funding to the States under the *Local Government (Financial Assistance) Act 1995* as an SPP for on-passing to local government (some $1.3 billion in 1999-2000). The total amount is determined by the Commonwealth Treasurer and is increased annually by the movement in general revenue grants provided to the States.

The interstate distribution of the financial assistance grants is on an equal per capita basis. The road funding is distributed between the States on the basis of criteria established under the *Australian Land Transport Development Act 1988*.

State Grants Commissions determine the intrastate distribution of both of these payments to local governments. The distributions must be made in accordance with the National Principles which require

(i) FAGs to be allocated:

- as a minimum grant to all councils which is not less than 30 percent of the total funds distributed on an equal per capita basis;

- the remainder on the basis of horizontal equalisation and effort neutrality (individual council policies should not influence their grants);

- to recognise the needs of Aboriginal and Torres Strait Islander people; and

- to take account of other grant support received by local councils, such as through SPPs; and

(ii) the identified road component to be allocated on basis of relative needs of councils for expenditure on roads and to preserve its road assets.

The interstate distribution on an equal per capita basis and application of these principles means that the distribution of Commonwealth
grants to local governments does not achieve horizontal fiscal equalisation among local councils across Australia or within any one State. Work undertaken by the Commonwealth Grants Commission in 1991 suggested that a very different distribution to equal per capita would be required if State grants were allocated on the basis of the fiscal equalisation principle. The guaranteed minimum grant means that, within a State, equalisation cannot be achieved because councils with no relative needs, or with more revenue than they need to fund standard service provision, still receive funding. As a result the needs of other councils cannot be met and they are not funded to enable them to provide standard services.

**How Much Goes to the North?**

The interstate distribution of local government grants is shown in Table 6. Table 7 shows the estimated amount going to the North on an equal per capita basis.

Table 8 shows the actual amounts going to local governments in the North – those in the Northern Territory and in Queensland and Western Australia above the Tropic of Capricorn. Comparing the actual results of the distributions recommended by Local Government Grants Commissions with those estimated on a per capita basis suggests that the latter approach significantly underestimates the funds going to the North – the north of Queensland receives an additional 12 per cent of the grant (for a smaller share of the population) and the north of Western Australia, an additional 15 per cent. This reflects the cost disadvantages for the North assessed by Grant Commissions.

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6 In Queensland, the proportion of the population in statistical divisions largely above the Tropic of Capricorn is larger than in councils. In Western Australia, it is smaller.
### Table 6  General Purpose Grants for Local Government, 1999-2000

<table>
<thead>
<tr>
<th></th>
<th>NSW</th>
<th>Vic</th>
<th>Qld</th>
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<td>Grants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$ per</td>
<td>63.38</td>
<td>62.70</td>
<td>66.38</td>
<td>77.09</td>
<td>60.37</td>
<td>90.21</td>
<td>86.58</td>
<td>92.87</td>
<td>66.23</td>
</tr>
<tr>
<td>capita</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

### Table 7  Estimated Government General Purpose Grants for Local Government, Northern Australia, 1999–2000

<table>
<thead>
<tr>
<th></th>
<th>Qld</th>
<th>WA</th>
<th>NT</th>
<th>Northern Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ per capita</td>
<td>66.38</td>
<td>77.09</td>
<td>92.87</td>
<td>72.25</td>
</tr>
<tr>
<td>Relevant populations '000</td>
<td>747.8(a)</td>
<td>77.8(a)</td>
<td>194.9(b)</td>
<td>1020.5</td>
</tr>
<tr>
<td>$m</td>
<td>49.6</td>
<td>6.0</td>
<td>18.1</td>
<td>73.7</td>
</tr>
<tr>
<td>% of State grants</td>
<td>21.1</td>
<td>4.1</td>
<td>100.0</td>
<td>5.8</td>
</tr>
<tr>
<td>% of population</td>
<td>21.1</td>
<td>4.1</td>
<td>100.0</td>
<td>5.3</td>
</tr>
</tbody>
</table>

(a) Total Statistical Division populations north of the Tropic of Capricorn 1996 Census.

(b) Projected estimated population as at 31 December 1999.

Source: Commonwealth Grants Commission.

### Table 8  General Purpose Grants for Northern Australian Councils, 1999–2000

<table>
<thead>
<tr>
<th></th>
<th>Qld</th>
<th>WA</th>
<th>NT</th>
<th>Northern Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>$m</td>
<td>79.1</td>
<td>27.8</td>
<td>18.1</td>
<td>125.0</td>
</tr>
<tr>
<td>$ per capita</td>
<td>116.4</td>
<td>342.5</td>
<td>94.4</td>
<td>131.3</td>
</tr>
<tr>
<td>% of State grant</td>
<td>33.6</td>
<td>19.1</td>
<td>100.0</td>
<td>9.8</td>
</tr>
<tr>
<td>% of population(a)</td>
<td>19.5</td>
<td>4.4</td>
<td>100.0</td>
<td>5.0</td>
</tr>
</tbody>
</table>

(a) 1997 populations of Councils on or north of the Tropic of Capricorn.

Are Commonwealth Grants to Local Government Distributed Equitably?

The 1991 work of the Commonwealth Grants Commission suggested that the interstate distribution on an equal per capita basis did not result in fiscal equalisation as defined by the Commission. This work would need to be updated and improved to enable firm conclusions to be drawn, because in 1991 the Commission was confronted by major data inadequacies.

We can also say that the intrastate distribution of funds to local governments within a State is not on a fiscal equalisation basis because of the minimum grant requirement. But it is not possible, without further work, to say whether either the distribution to councils in the North compared with those in the South, or even the distribution to those in the North, is equitable. Work on whether the distribution to northern councils is equitable using other measures is presently being undertaken by Dr Chris Berry of the Western Australian Local Government Grants Commission.


The Commission will also be doing further work in this area. Section 17 of the Local Government (Financial Assistance) Act 1995 requires that a review of the Act be undertaken by 30 June 2000 and Terms of Reference for the Commission are currently being negotiated. As a minimum, the Act requires an evaluation of:

i. the effectiveness of the [present] arrangements in relation to ensuring that the allocation of funds for local government purposes is made on a full horizontal equalisation basis as mentioned in paragraph 6(2)(a) of the Act;

ii. the impact of the Act on the raising of revenue by local governing bodies and on the assistance provided by the States to local governing bodies;

iii. the implications of any changes in the functions or responsibilities of local governing bodies; and
iv. the eligibility for assistance under the Act of bodies declared by the Minister under Section 4 to be local governing bodies.

The Commission will not be required to make recommendations on the interstate funding distribution, a responsibility it has under the Commonwealth Grants Commission Act 1973, or on the quantum of funds available under the Local Government Act. It will need to comment on whether the present arrangements are resulting in the distribution of Commonwealth funds on a horizontal equalisation basis.

COMMONWEALTH FUNDS FOR THE NORTH

Table 9 provides a summary of total Commonwealth general revenue and specific purpose funding to the States and local government provided to Northern Australia. It is an underestimate but shows that 5.3 per cent of the population receive 8.4 per cent of the grants. In other words, Northern Australia receives more than its population share, largely because most the funds (FAGs and HCGs to the States) are distributed on the basis of fiscal equalisation and the higher costs of service provision are recognised in the allocation. Figures 6 and 7 illustrate this.

The picture would change if the cost disadvantages of the north of Queensland and Western Australia could be properly accounted for. It would change further if the Commonwealth funding provided to Australia’s northern external territories – the Cocos (Keeling) Islands and Christmas Island – and their populations were added. The Commission estimated that some $44 million should have been spent by the Commonwealth Department of Transport and Regional Services to provide Australian standard State services and local government grants to these Territories (total service costs, not just Commonwealth grants). As the population of the IOTs is 2100, this represents a per capita expenditure of $21000, compared with $3000 per capita for the rest of the North. As a result, 5.3 per cent of the population would receive almost nine per cent of the funding.
Figure 6  Commonwealth Grants for the North

- Financial Assistance Grants to the States
- SPPs
- Local Government Grants
- Total

$ million

QLD  WA  NT  Northern Australia
Figure 7 The North’s Share of Grants and Population

![Pie charts showing grants and population distribution between North and South]

Table 9 Commonwealth Grants for Northern Australia, 1999–2000

<table>
<thead>
<tr>
<th></th>
<th>Qld</th>
<th>WA</th>
<th>NT</th>
<th>Northern Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue Grants to the States ($m)</td>
<td>905.6</td>
<td>88.7</td>
<td>1135.3</td>
<td>2129.6</td>
</tr>
<tr>
<td>SPPs ($m)</td>
<td>424.9</td>
<td>54.80</td>
<td>257.0</td>
<td>736.7</td>
</tr>
<tr>
<td>Local Government Grants (Table 8) ($m)</td>
<td>79.1</td>
<td>27.8</td>
<td>18.8</td>
<td>125.0</td>
</tr>
<tr>
<td>Total ($m)</td>
<td>1409.6</td>
<td>171.3</td>
<td>1410.4</td>
<td>2991.3</td>
</tr>
<tr>
<td>% of total grants</td>
<td>21.6</td>
<td>4.7</td>
<td>100.0</td>
<td>8.4</td>
</tr>
<tr>
<td>% of population</td>
<td>21.1(a)</td>
<td>4.1(a)</td>
<td>100.0(b)</td>
<td>5.3</td>
</tr>
</tbody>
</table>

(a) Calculated using total Statistical Division populations north of the Tropic of Capricorn 1996 Census.

(b) Calculated using projected estimated population as at 31 December 1999.

Source: Commonwealth Grants Commission
'THE ABUSE GAP'

TIM MCCLELLAND

The three questions which this paper addresses are:

- Is Commonwealth funding in northern Australia equitable?
- Is the North sustainable?
- How will the GST impact on our existing quality of life?

Is Commonwealth Funding in Northern Australia Equitable?

Catherine Hull's paper has given us a snapshot of how Commonwealth funds are distributed between the States and Territories and to Local Government. The distribution is based on the principle of horizontal fiscal equalisation. Quoting from my Northern Territory Treasury brief: 'Fiscal equalisation is regarded as the glue that binds the Federation together'.

More than any other single factor, fiscal equalisation is the principle which guarantees a fair go, in terms of the availability of government services to the people in every region of Australia.

Obviously there is nothing inequitable about the distribution of Commonwealth untied funding to northern Australia or any other part of Australia. The distribution is based on a principle which has equity
as its foundation stone. But to get a true perspective of the equity or not of Commonwealth funding in northern Australia, we have to take a step further back.

The Commonwealth Grants Commission advises the Federal Government on the distribution of untied funds to the States. In other words, the Commonwealth Grants Commission advises on how the funds' cake is going to be sliced up. But who decides on the size of that cake?

If there is any inequity, this is where the inequity occurs. It is not a question of Commonwealth funding to northern Australia not being equitable. It is the bigger picture fact, that the Commonwealth funding to the States is not equitable.

I have a short presentation at this point, prepared by Treasury, which I have called 'The Abuse Gap'. I expect some of you may become emotional as this tale of infamy, selfishness, misplaced priorities, bullying, financial snobbery and abuse unfolds. Do not be ashamed to cry. Letting your emotions show can be a form of therapy. But whatever you do, please do not physically attack any representatives of the Commonwealth Government who may be in the room. Stern glances and a refusal to help them at the tea breaks will be quite sufficient. After all they do control the purse stings.

Ladies and Gentlemen and Commonwealth representatives, I present 'The Abuse Gap'. Rated MA by the Australian Censorship Board – 'Marvellously Authoritative'.
'The Abuse Gap'

**Figure 1** Revenue, Own-Purpose Outlays and Grants.

In summary, Figure 1 shows that:

- Commonwealth Revenue and Own-Purpose Outlays have grown faster than grants to the States;
- State Own-Source Revenue has grown faster than Commonwealth Grants to the States;
- Commonwealth Own-Purpose Outlays have grown at a marginally higher rate than State Outlays;
- The growth in State Outlays has been funded through increased effort in State Own-Source Revenue.

There is an earlier story to tell here. How did the Commonwealth come to control the lion's share of national tax revenues?
Figure 1A  Historical Summary of Vertical Fiscal Imbalance (VFI)

History of VFI

- 1901  - the constitutional divide
- 1942  - Commonwealth assumes all income tax powers
- 1949/69 - High Court rulings on definition of excise
- 1997 - High Court ruling on Business Franchise Fees

The story essentially unfolds in three parts:

1. the exclusion of the States under the Federal Constitution from the power to raise revenue from customs and excise;

2. the States' handover of income tax powers to the Commonwealth, as an emergency measure in the time of war; and,

3. the post Second World War trend of High Court rulings to widen the definition of 'excise'.

The unequal distribution of revenue raising powers between the Commonwealth and the States has a technical name, Vertical Fiscal Imbalance.
Figure 1b  Vertical Fiscal Imbalance

The Commonwealth raises approximately 80% of national revenue (i.e., the sum of Commonwealth and State revenue) compared to only 20% for the States.

Although the Commonwealth raises 80% of national revenue it only accounts for about 60% of government expenditures. While the States only raise about 20% of national revenue, they are responsible for about 40% of government expenditures.

Hence the requirement for the Commonwealth to provide a large slice of the revenue required by the States.
The Commonwealth control the lion’s share of national tax revenue. It can be seen from Figure 1c that the States are primarily responsible for funding the two most important and costly of Government services – Health and Education.

Before the advent of the Goods and Services Tax (GST), the States have not had access to a wide-based tax with a natural propensity for growth.

Although the States have been largely responsible for the increase in national revenue collections, over time they have received a declining share of national revenue.
Figure 2 State and Commonwealth Own-Source Revenue Collections as a proportion of GDP
Figure 3 shows that:

- State Own-Source Revenue represents an increasing proportion of total State Revenue; and

- the total share of National Revenue provided for State purposes has diminished from 45% to 41% since 1983/84.
If State Outlays had grown at the same rate as Commonwealth Outlays, since 1983/84, State Outlays would have been over $4.3 billion, or 5.7% greater in 1998/99.

In summary, the distribution of Commonwealth funds to northern Australia is equitable. But in a way the question is a trap. It is not really Commonwealth funds which are being distributed to the States. It is a share of national tax collections, raised in all States, the responsibility for the distribution of which has fallen to the Commonwealth. It is apparent that the States as a whole, including the two Territories, are receiving too small a share of national tax collections, in relation to their service delivery responsibilities. That is where there is a measure of inequity in Commonwealth State financial relations.
Is the North Sustainable?

This is the sort of question, I might have expected NARU seminars to be wrestling with 20 years ago. Surely it is not an issue now!

Twenty years ago Government expenditure and the public service was the engine for growth in the Territory.

The public service was the biggest employer by far. Large amounts of money were being borrowed by Government in order to be invested in social and economic infrastructure.

As recently as 10 years back, there might have been some reasonable conjecture about whether the North could be sustained indefinitely by government subsidies. The Territory was remote, isolated, relatively infertile and it is far too hot for half of the year. What has happened to prove the doubters wrong? What has transformed the ugly duckling into a swan?

In the event three major happenings have changed the outlook for the Northern Territory. Any one of these would have made redundant the question: is the North sustainable? Taken together, they make the question irrelevant.

The Asian Economic Miracle

The strength of the Asian economy was no doubt well established in 1980. It took a little longer for the implications of this to pervade the Australian polity.

Asia is now established beyond question as one of the three economic powerhouses of the world’s economy, which comprise: Europe, North America and Asia.

This has huge implications for Northern Australia in general and Darwin in particular. Darwin’s location has been transformed from somewhere at the ‘back of beyond’ to something akin to the front door. Next time they change the slogan on the car licence number plates ‘NT Outback Australia’ could be changed to ‘NT Gateway to Asia’.

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There may be a few ups and downs in this development. There has been a recession in the Asian economy, a spot of bother in East Timor, a few wrinkles in Malaysia. The big truth will not change. The Asian economy is a powerhouse and Darwin is on its doorstep. Basically, nothing will reverse, stifle, or stuff up that fact in our life time. Darwin occupies a position of supreme geo-economic importance for Australia.

This is a product of good fortune and has nothing to do with any brilliance or planning on the part of the NT Government. Nevertheless, the Government is doing its best to facilitate and capitalise on the situation. The Government has built a new port, it has put a huge effort into the Alice Springs to Darwin railway, it has built good roads. In general it has sought to equip the Territory with the economic and social infrastructure to take advantage of the impressively good hand which fate has dealt.

Oil and Gas

Then we have the discovery of world class reserves of oil and gas in the seas to the north. Several oil fields are operational, much exploration activity is underway, oil drilling rigs are a common sight in Darwin’s harbour, and an offshore oil base is being developed at East Arm. At least two mammoth projects involving LPG gas are in the offing. One is in the $10 billion range, the other around $4 billion. There is every prospect that Darwin may develop into a significant centre for the oil and gas industry, rather like Aberdeen in the north of Scotland.

Again this is not the product of brilliant government. Rather it is manna from heaven. But it is real, none the less. The only question mark involves the timing. The gas reserves exist, the market for that gas will exist, Darwin is a natural centre for servicing the offshore oil and gas industry and the obvious location at which to bring the gas onshore.

The visionary gas pipeline which was constructed in the 1980s to transport gas from Central Australia to Darwin, may one day be used to pump gas in the other direction, as part of a network serving South Australia and the Eastern seaboard from northern Australia.
The development of mining onshore in the Territory has not been so easy. Aboriginal land rights, native title and assorted environmental concerns have either stopped or slowed down both the exploration for and the exploitation of minerals. Despite the fact that some regions of the Territory are highly prospective for minerals, very few mineral reserves have been discovered or new mines opened, since the Land Rights Act came into operation.

This is a problem for the Territory, but only a short term problem. The minerals in the ground will not rust, dissolve, disappear or lose their value. The minerals in the ground are like money in the bank for the future.

Incidentally, the Territory also has plenty of water, sun and huge tides. So whatever new energy source should replace carbon fuels in the future, the Northern Territory has solar power, tidal power and anything to do with water, well covered.

Defence

The third major development for the Northern Territory in general and the Top End in particular, has been the build up of the Defence Force in the Darwin–Katherine region as part of the relocation of units of the Defence Force from the south-eastern seaboard to the north of Australia.

This movement began in earnest when Kim Beazley was the Defence Minister in the Hawke Government. The good sense, and even vision, of this movement was vindicated during the East Timor Crisis. It is difficult to imagine that Australia could have launched this peacekeeping exercise so speedily and efficiently, without the presence of a significant slice of the Defence Force based at Robertson Barracks, etc. We also have the airforce at Katherine and a steady build up of the navy at Larrakeyah.

All of this has had a major impact on the Northern Territory economy, in terms of investment in infrastructure. Robertson Barracks is a veritable new town. It has led to a considerable increase in population. With dependants, the Defence Force represents a population of about 10 500. Also the existence of a large Defence Force presence in
Darwin is a tangible indicator of the increasing relevance of Darwin in the strategic thinking of Australia.

Darwin as a Defence Force town adds to the irrelevance and outdatedness of the question ‘Is the North sustainable?’.

The three factors taken together: the importance of the Asian economy and market to Australia, the offshore oil and gas reserves and the movement of Defence Forces to Northern Australia, all represent guarantees of Darwin’s future. They will not be reversed.

As I have said before, these developments are not the product of a brilliant government. They override politics. But it is helpful that Government sees itself as a facilitator, determined to maximise the benefits which flow from these enormous slices of good fortune.

Alongside these mega developments, other parts of the Northern Territory economy trundle along or boom. Tourism mostly booms, pastoral industries trundle, service industries in Darwin trundle along but perhaps may boom. One cannot rule out the Territory as a centre for hi tech industries.

GST

The conference outline poses the question: how will the GST impact on our existing quality of life?

I will try to address the question in three parts:

1. in the context of the GST as a necessary reform to the national tax system. ‘The tax we had to have’;
2. in the context of Commonwealth/State financial relations; and,
3. in terms of its impact on quality of life issues in the Territory.

Why the Commonwealth Had to do Something

- Wholesale Sales Tax is applied only on goods not on services
- Higher growth in service industries has been largely untaxed
• Low growth in the goods sector, so tax rates would have to rise dramatically to maintain revenue

• Exports were taxed, making Australia less competitive

• Only six countries have Australia’s wholesale tax system – Botswana, Ghana, Jordan, Pakistan, Solomon Islands and Swaziland.

Key Elements

• Abolish Commonwealth wholesale sales tax

• 10% Tax on goods and services – except basic food, health, education and exports

• Lower personal income tax – <30% income tax rate for 80% of Australians

• Pension increases + 4%

• Significant reduction in diesel excise for heavy vehicles

• Fundamental change to Commonwealth–State financial relations; States and Territories to receive all GST; capacity to abolish some State and Territory taxes.

Key Results

• Individuals will bear the cost but will be compensated – Objective: no-one worse off (taxes down, pensions up, business tax reform)

• Fairer incidence of tax burden – on services as well as goods

• Administrative burden – at least for a time (huge education program to overcome this)

• Some things up, some things down in price

• Expect greater economic growth

• CPI expected to rise between 2% – 3% – greater effect in the early part of the year (following 1 July)
• A robust and growing tax base for States and Territories.

Cost of living

• Inflationary costs should be no greater in the Territory than elsewhere
• possibly less, due to high freight component in Territory prices
• one-off increase in prices to be offset by tax cuts and increased welfare benefits.

Commonwealth-State Financial Relations

As noted earlier, the introduction of the GST will represent a fundamental change to Commonwealth-State financial relations:

• States and Territories will receive all of the GST revenues;
• the GST will give the States the capacity to abolish a range of State taxes.

It will mean that for the first time since they gave away their income tax raising powers to the Commonwealth in 1942, the States will have direct access to a robust and growing tax base.

• The States should be materially better off under the revised arrangements for Commonwealth/State financial relations. This is primarily because the GST will provide the States with access to a broad-based tax which is expected to grow more strongly (generally in line with the economy) than Financial Assistance Grants (escalated by population and inflation) and the State taxes to be abolished.
Figure 5 (expected growth scenario) demonstrates the initial improvement in the States’ share of national revenue once the new arrangements commence in 2000–01. Although the financial arrangements do not improve the budget positions of the States in the early years, the States increased share of national revenue results from a reduction in Commonwealth revenue, thereby increasing the States’ share of national revenue in 2000–01.

Quality of Life Issues

Rising above the detailed implications of the GST, the big picture is that the GST is being introduced because the Federal Government of the day believes that the new taxation system will be good for Australia, good for the Australian economy and good for Australians.

Contrary to occasional perceptions, Governments do like to be popular. Being popular helps immeasurably to win elections. For good
or ill, the will to win elections is the most powerful ideology in
Australian politics. Governments do not have any ambition to
introduce wildly unpopular measures, designed to make large sections
of the electorate worse off.

The present phony war period, before 1 July 2000, has similarities to
the period of Y2K scare mongering which preceded 1 January 2000.
All sorts of soothsayers and dooms-dayers had a field day. Dire
predictions swept the nation that small businesses who had not spent
enough money on engaging Y2K consultants would go out of business.
I went to a lunch time talk, only a few weeks before the new
millennium day, when someone who was billed as one of the world’s
top futurologists, claimed that the effects of the Y2K bug were being
grossly underestimated. Come the day, come the anticlimax. Nothing
happened. Nothing more went wrong than on an average wet Sunday
afternoon. So I expect it will be on 1 July.

Critics do tend to look at the introduction of the GST in static terms.
They place little sections under the microscope to see if they can
detect any negatives. It is the old argument between the philosophy of
socialists and capitalists. The socialists will spend a lifetime working
out how the cake can be divided more equitably. The capitalist will
focus on baking a bigger cake so that the cake has the capacity to
provide larger slices for everyone.

The big picture is that either the GST will be good for Australia – in
which case everyone should benefit. Or it will not. All the best
economists seem to be of the former persuasion. This is not a zero
sum game.
‘ON TRACK’
The AustralAsia Railway

LARRY BANNISTER

The standard gauge rail network in Australia runs from Brisbane through Sydney, Melbourne, Adelaide and across to Perth. In addition, there is an extension of some 830 kilometres between Tarcoola and Alice Springs. There is also a standard gauge connection from Sydney, through Broken Hill and Adelaide. The AustralAsia Railway project seeks to complete the national mainland standard gauge network by putting a connection through to Darwin.

Size of the Project

The Alice Springs to Darwin railway is a major infrastructure project by national and global standards.

It involves $1.23 billion in capital, 1,410 kilometres of new rail and the transfer of the existing 830 kilometres between Tarcoola and Alice Springs. It will require 155,000 tonnes of steel, 9 million spring steel fasteners, 2.3 million sleepers, 15 kilometres of culvert pipe and 2 million cubic metres of ballast. The concrete sleepers will be built in Katherine and Tennant Creek in construction sheds over 200 metres long and 80 metres wide, within a facility half a kilometre long. There will be 17 million cubic metres of earth works, 120 new bridges, 1220 culverts and various buildings and workshops costing $26 million. The intention is to lay about 1.8 kilometres of rail per day from each construction centre located at Tennant Creek and Katherine.
Alice Springs will be the principal logistic and supply base for the project. But 200,000 of the 300,000 tonnes of freight required to be moved will move across the Alice Springs railhead destined for Tennant Creek. Key construction facilities will be based in Tennant Creek and Katherine to enable construction to take place on two simultaneous fronts. The construction headquarters will be located in Darwin.

The Schedule

By June 2001 a significant amount of the bridgeworks will have commenced, together with earthworks north and south of Katherine and Tennant Creek. In adverse weather conditions, crews will be moved either north or south. By June 2002, all of the bridges and structures and most of the earth works will have been completed and track-laying will be well advanced. By 2003, the project is expected to be complete and fully operational.

Financing

Of the total capital requirement of $1.23 billion, the private sector will provide $750 million and the public sector $480 million. The Northern Territory and Commonwealth Governments will provide $165 million each in direct financial contributions and the South Australian Government an additional $150 million. In addition, the Commonwealth Government will transfer leases for the Tarcoonla to Alice Springs line to the consortium. There will be a 50-year concession period during which the consortium will assume responsibility for construction and operational risks. After that, the railway will be returned to the public sector. The anticipated life span of the railway is 100 years.

Economic Impact

In June 1999, Access Economics completed a study of the national impacts of the railway, which estimated that $600 million will be added to Australia's GNP during the construction period and $4.5 billion in net present value terms over 25 years. National employment
will increase by about 7,000 jobs by 2001–2002 – the mid-point of the construction period. The South Australian economy will benefit by $400 million over the construction period and $3 billion over 25 years with employment for 2,600 people in the 2001–2002 period, increasing to an additional 13,700 jobs 15 years later. The Northern Territory will benefit by $200 million over the construction period and $3 billion over 25 years with 1,300 jobs peaking in 2001–2002, leading to an additional 5,200 jobs 15 years later in response to increased economic activity.

Analyses indicate a benefit cost ratio of 1.88 for the project. That means, for every dollar invested, $1.88 will be returned to the Australian community.

In terms of local industry multipliers, a particular focus will be on Aboriginal business, employment and training.

Estimates also indicate that, over the 50-year concession period, the project will result in an average annual saving of 40 million litres of distillate through the transfer from road to rail transport – resulting in a total reduction of 5 million tonnes of carbo-dioxide emissions, an average of 100,000 tonnes per year.

Role of the AustralAsia Railway Corporation

The AustralAsia Railway Corporation is a statutory corporation, jointly established by the South Australian and Northern Territory Governments with a five member board chaired by Richard Allert (Chair of Southcorp, Chair of AXA Australia, and a member of the boards of Coles Myers and Fauldings). Two members represent the interests of the South Australian Government, and two members represent the Northern Territory Government’s interests. The Corporation’s CEO is Paul Tyrrell, Secretary of the Department of the Chief Minister, who also sits as a board member. The Board is advised financially by Deutsche Bank; legally by Clayton-Utz; on issues of probity by Price-Waterhouse Coopers; on risk management by Jardines Australian Insurance Brokers Pty. Ltd; and on technical matters by Booz-Allen and Hamilton. Negotiation Co-ordinators are Evans and Peck Management.
The primary function of the Corporation is to manage the selection process and issue sub-leases over the existing railway and new line to the successful consortium. The Corporation is also responsible for monitoring the terms and conditions of the concession deed and protecting the $480 million taxpayer investment in the project.

The Preferred Consortium – The Asia Pacific Transport Consortium

When the project was mooted in 1997, 30 expressions of interest were received from which 3 consortia were short-listed. In 1999 the Asia Pacific Transport Consortium was accepted as the preferred consortium. The Asia Pacific Transport Consortium comprises Brown and Roots (part of the Halliburton Company) – a multi-national organisation with headquarters in Dallas, Texas; Genesee and Wyoming Australia Pty Ltd – a regional United States rail operator; Barclay-Mowlem Construction Ltd, which was Australian but is now an international rail construction company with major English interests; John Holland Group Pty Ltd – a leading Australian civil engineering and construction company; McMahon Holdings with significant bulk earthworks experience in remote Australia; and MPG Logistics – an amalgamation of PGA Logistics and Mayne Nickless. The consortium also has an association with Hutchinson Port Holdings based in Hong Kong.

Significance of the Project

The project adds to the nation’s infrastructure which, until now, has been heavily oriented to the eastern seaboard. The project integrates with the new Darwin port development to provide an international trade and growth corridor linking northern Australia to the four key ports of Asia – Pusan in Korea, Kao-hsiung in Taiwan, Tokyo and Hong Kong. The new transport corridor will also provide access to markets for products from the proposed Ord River Stage 2 development, the Gulf of Carpentaria mineral province and South Australian steel and energy projects. In defence terms the project will provide a high bulk, long haul, secure land transport system and act as a force multiplier. The project will also bring international companies
to the Northern Territory, such as Halliburton with its interests in oil and gas and wide networks in operational centres throughout Asia. It is anticipated that Northern Territory and South Australian businesses will benefit as preferred suppliers for these companies, in turn providing new links into Asian markets.

Conclusion – On Track

The project is currently on track. Agreement was reached with public sector finance providers in October 1999. In April 2000, the head leases for the railway corridor were signed with the Northern and Central Land Councils. In March 2000, the National Competition Council recommended that the access regime be certified as being ‘effective’, a recommendation accepted by the Federal Treasurer. Private sector finances are coming together very well. With full construction commencing later in the year 2000, it is anticipated the project will be completed in 2003.
Northern Australia is a vast area spanning the north of two states, Western Australia and Queensland, and the Northern Territory. Although accounting for about half of Australia’s land mass, it accounts for only about 5 per cent of its population and workforce. Northern Australia contains quite distinct sub-regions – the Kimberley and Pilbara in Western Australia; Darwin and the remainder of the Northern Territory; the Far North, Northern, North West, Central West, Mackay and Fitzroy regions of Queensland.

The labour market in northern Australia is quite different from that of the rest of the country. Among other things, it is shaped by endowments of natural resources, geography and, for the Indigenous population, culture and tradition. Within the vast area which makes up northern Australia there are many different labour markets. Some are very much like big towns and cities in the rest of Australia – others are highly dependent on one particular industry. In some towns, a healthy mix of industries provides work for local, growing, communities while some workplaces are so remote and inhospitable that much of the labour required has to be flown in from throughout Australia and even overseas.
A complete analysis of the northern Australia labour market is beyond the scope of this paper and the intention is only to present an overview of the major issues.

The International and Australian Context

Before discussing the northern Australian labour market, it is necessary to put it into some sort of context. In looking at any particular region in Australia the international and national context is very important. The composition of labour markets are shaped by many factors, especially structural and technological change. Among the major impacts have been the change in consumer tastes away from goods towards services, changes in relative prices particularly away from primary commodities towards more value added goods and services, declines in the public sector and changes in work practices which have affected the distribution of work.

Technological change has also been particularly important. By ‘technological change’ people often think of new inventions or machines, but this is not necessarily the case. Technological change also relates to the way management organises the workforce, and the way of doing work. Changes like those in the banking sector, where a lot of activities are now moved from branches to the head office, are equally an example of technological change as, say, the introduction of new capital such as ATMs. However, there have also been substantial developments in computer technology etc, which are complementary to managerial changes that have significantly affected the workforce.

Globalisation has meant that, increasingly, world markets determine flows of capital, technology and movements of labour. In a sense markets have been global for as long as capitalism has existed. This was particularly so for trade in goods as evidenced by the old colonial empires such as Britain, Portugal, Holland and Spain. Later globalisation was dominated by direct investment flows as evidenced by the large multinational conglomerates. The globalisation of the 1980s and 1990s, and which continues now, encompasses almost all aspects of trade in goods and services, capital flows and technology transfer. The market for highly qualified labour has also become increasingly a global one (Lewis 1998).
Deregulation, that is the freeing-up of the movement of resources, capital, labour and technology, is a very important part of the ‘new’ economy. Deregulation has occurred at the international level through a general relaxation of trade restrictions, with the notable exception of agriculture. However, equally important has been the freeing up in the domestic market through deregulation of, for instance, the banking sector and retail trading hours. Increasingly, in Australia and overseas, more and more economic activity has been shifted from the public to the private sector and many countries are attempting to ‘reform’ their labour markets.

The culmination of the above factors is what is called the ‘global knowledge economy’ or ‘new economy’, which has really gained momentum in the last decade. The major effect of the global knowledge economy is a rise in the knowledge intensity of economic activity and increasing globalisation (Sheehan 2000). There is increased knowledge intensity of capital, most obviously in computers and computer software. But there has also been an increase in the knowledge intensity of people. For instance, all clerical occupations now require a knowledge of software packages. The growing incorporation of knowledge into the production process implies significant changes in the skill mix of workers. For instance, printing processes once consisted of heavy machinery operated by tradespersons in what was essentially a manufacturing industry. Now people in the printing industry are more likely to be behind a computer, making customised designs for clients. Most jobs in the printing industry can probably now best be regarded as services, rather than manufacturing. New technology tends also to be complementary to highly skilled labour and it is a substitute for low skilled labour (Hamermesh 1995). Some jobs, for instance the filing clerk, have virtually disappeared.

Big changes have also occurred in the types of goods and services produced. Finished goods and primary commodities are in relative, although not absolute, decline. Goods-related services, such as retail and wholesale are experiencing moderate increases. However, the big expansion is in person and knowledge related services (Sheehan 2000). These are in such areas as education, training, recreation, entertainment and personal services. There have been significant
declines in employment in goods industries and particularly in the production of primary commodities.

This has caused demand for new skills, the need for skills to change and the need for continual adaptation and training. For instance, once it was possible for a printer to leave the industry for a number of years and return without retraining. This is not possible today since the technology in the industry changes so rapidly.

Another feature of the knowledge economy has been increasingly the concentration of disadvantage. This disadvantage is concentrated more among those people who do not fit into the category of 'knowledge intensive'. This can be seen increasingly in particular suburbs in all major cities and in rural areas within Australia (Kelly and Lewis 2000). Internationally the gap is getting relatively larger between knowledge rich countries and knowledge poor countries and between regions that are knowledge rich and regions that are not (Sheehan 2000).

**Figure 1** Employment by industry, Australia, 1975–1999, per cent.

Source: *ABS, Labour Force, 6203.0*
So what have been the impacts of these structural and technological changes? Clearly the biggest change has been in the composition of the workforce by industry. Now 70 per cent of all workers in Australia are in the service sector (Figure 1) up from about 50 per cent in 1975. Manufacturing's share of employment in 1999 was almost half what it was in 1975. Despite its importance as a source of export income, the primary sectors, agriculture and mining, are not very significant employers of labour. The 'typical' Australian worker is white collar working in the service sector.

**Figure 2** Part-time employment, Australia, 1970–1999, per cent

![Bar chart showing part-time employment percentages from 1970 to 1999](chart.png)

*Source: ABS, Labour Force, 6203.0*

Perhaps the greatest impact of the changing nature of demand and supply of labour has been the mix of full-time and part-time work. In the 20 years between 1979–99, full-time work only increased by 24.8 per cent which is less than the growth in the working age population. Part-time work, on the other hand, grew by 136 per cent and most of that has been among female workers. The growth of female full-time workers over the period was about 50 per cent compared with only 15 per cent for full-time males. One consequence of the low growth in
employment of full-time males has been a fall in full-time employment among young people. If you are a young Australian, then to have a full time job is very much to be in the minority.

The reasons for these changes have been well documented (Norris and Wooden 1996). The major factors are the changes in industry mix towards services, the consequent decline in ‘production’ related jobs and the growth in supply of those requiring more flexible working arrangements, such as students and married women.

Figure 3 Union density, Australia, 1975–1998, per cent

The changing structure of work has also significantly diminished the role of unions. Union density, that is the proportion of the workforce who are union members, has fallen dramatically, most noticeably in the 1990s. There is not general agreement on the reasons for the decline but among the major factors put forward are the change in industry mix away from highly unionised industries, the growth in part-time work, the growth in female employment, the decline of public sector employment, and institutional factors such as industrial
relations legislation, union amalgamations and the Accord (Kenyon and Lewis 1992). In Australia, unions have traditionally been the means by which many workers have protected their standards of living and working conditions and it is still not evident what the impact of declining union density will be.

Perhaps the most manifest feature of the new world of work is the rate of unemployment. Even after nine years of continuous economic growth in Australia, the unemployment rate has remained above six or seven per cent.

**Figure 4** Unemployment rate, Australia, 1959–1999, per cent

*Source: ABS, Labour Force, 6203.0*
Although the unemployment rate for the economy is related to macroeconomic factors, such as economic growth, unemployment is highly concentrated among certain people. Unemployment is not a problem that directly affects the whole community but is highly concentrated among particular individuals with certain characteristics. High unemployment rates are prevalent among those who are poorly educated, from non-English speaking backgrounds and Indigenous Australians (Norris 2000). The indirect effects on society as a whole include crime, ill health and a greater demand for social services.

So what will the future of work look like and what will be the skills in demand? It is convenient to decompose skills into three types; motor, cognitive and interactive, although most jobs would contain elements of one or more of these. Motor skills are essentially the ability to do physical tasks. An occupation where motor skills are dominant would be a traditional mechanic. Cognitive skills relate to possession of knowledge. A computer programmer would have a high degree of cognitive skills. Interactive skills refer to the ability to relate, between managers and employees, employees and employees and employees and customers. By far the biggest growth has been among jobs demonstrating interactive skills. Interactive skills are not easily measured by standard qualifications. If a worker possesses a trade qualification this would indicate that he or she has a motor skill. A degree from a university is evidence that a person possesses knowledge. Interactive skills are different. It is much harder for people to assess these.

Northern Australia

The northern Australian labour market consists essentially of three areas determined by political boundaries, namely the North of Western Australia, the Northern Territory and North Queensland. Although they are very similar, in certain respects, within these large regions there are many, very different, labour markets. Some are internationally competitive while others are local labour markets.
They differ according to industry mix, the degree of isolation, the degree of labour mobility, service provision that affects people's ability to live in an area, the cost of living and concentration of people.

North Queensland contains by far the biggest proportion of the population, almost 80 per cent of northern Australia, while North Western Australia accounts for only 7 per cent of the population. Looking at the aggregate statistics for northern Australia, the region does not look that much different to Australia. Participation rates and unemployment rates are similar to those for Australia as a whole.

**Figure 5** Population by Region of Northern Australia, 1999

Source: *Regional Economic Perspectives (Pilbara and Kimberley), April 1999, Regional Profiles, November 1999 and PC Ausstats.*
Figure 6  Employment by Industry, Northern Australia and Australia, 1996, per cent

Source: ABS Census of Population and Housing 1996.

With respect to employment by industry (Figure 6), northern Australia looks similar to the rest of Australia – the great majority of people are employed in the services sector. The major differences are the relatively high proportion employed in agriculture and mining, twice the national average, and lower proportion of the workforce employed in manufacturing.

There are greater dissimilarities between the different states (territory) within northern Australia (Figure 7). The Northern Territory has a bigger proportion of its workforce employed in services than the rest of Australia and a very small manufacturing base. Northern Queensland has the most diverse employment mix with a relatively large proportion of employment in mining and agriculture, together with manufacturing activities involved in the processing of primary products. North Western Australia has the biggest concentration of employment in mining of the three regions.
Figure 7  Employment by Industry of Northern Australia, 1996, per cent


With respect to occupations, northern Australia has relatively less people in the professional categories compared to Australia as a whole. It has proportionately more tradespersons, but again, there are not any great differences between northern Australia and Australia. The Northern Territory has a very large proportion of people in the professional category. North Queensland and North West Australia have proportionately more in tradespersons.
Within the northern region there are a number of quite different labour markets. The Pilbara is an area of immense resource wealth which produces over $9 billion of output per year and employs 27 per cent of the workforce. Major sources of employment are the services sector supporting resources projects and their workers, construction and basic manufacturing. Tourism is a relatively small, but growing, activity. The Kimberley has a more diverse mix of industries including tourism, pearling, agriculture and horticulture. However, minerals and energy account for half of the value of output from the region. Most employment is in retail, health and community services. Essentially, the north of Western Australia is dominated by oil and gas with a high preponderance of fly-in fly-out workers. To some extent this labour market is national, or even international.
In many respects, the Northern Territory can be split up into two
distinct labour markets – Darwin and the remainder. Darwin is, to all
intents and purposes, another large Australian town in the sense that it
relies very much on the service sector and has a high number of
professional and clerical workers. Government administration and
defence are its major employers and economic activity results from
services to mining, defence, and tourism. Darwin accounts for half of
the Territory's workforce of about 90,000 people. Over 36 per cent of
the workforce are employed in professional, clerical, sales and
services occupations. The balance of the Territory consists of a
significant minerals and energy sector, a thriving tourist industry and a
mix of rural industries and fishing. However, government
administration and defence are the largest employers accounting for 16
per cent of the workforce.

Northern Queensland has a large pastoral base. It also has mining and
energy resources and it has a significant manufacturing sector.
However, the manufacturing sector consists largely of processing of
agricultural goods and the mining sector. Within northern Queensland
there are a number of quite distinct regions with their own specific
economic characteristics. For instance, the northern region produces
gold bullion and agricultural products. The Mackay region produces
over $2 million worth of black coal per year and has a thriving crops
sector, and associated manufacturing of these crops is worth $1.2
billion per year. The coastal areas of North Queensland have large
numbers employed in tourism, particularly in and around Cairns, a
university (James Cook) and a major defence forces base
(Townsville).

Labour Market Issues

One issue generally associated with remote regions is shortages of
skilled labour for resource-based projects. Another issue, which has
received particular prominence recently, is the perceived deterioration
in living standards in remote areas and the actual or potential
population decline.
On the first of these issues, it is not clear that important resource projects have been significantly delayed or postponed because of labour shortages. Rather 'skill shortages' have manifested themselves in higher wages needing to be paid in order to entice workers or the need to import workers from outside the region, interstate or overseas. From an efficiency perspective it is hard to argue that this, in itself, presents a problem. However, there has been pressure to train people locally. If resources are to be used for education and training of local people for these jobs this is essentially a political decision. However, government money has been put into education and training in remote areas – not with any great success. From a policy perspective, education and training should take place where people live and not necessarily where the jobs are. On the other hand, on-the-job training is best done at the workplace.

**Figure 9** Education and Training: School Retention Rates by State, 1998

*Source: ABS, Schools, 4221.0*
With respect to education and training, Figure 9 shows the retention rates for the states and territories of Australia (figures for northern Australia are not available but they are for the Northern Territory). The retention rate is the proportion of the Year 8 cohort who go on to Year 12. The Northern Territory clearly has a much smaller retention rate than Australia as a whole – in fact about two thirds of the national average. Clearly, the Northern Territory’s young people are disadvantaged. Labour market outcomes over a person’s lifetime are strongly related to educational attainment. The problem is being stored up with low retention rates meaning many will be disadvantaged adults. The future for many of the Northern Territory’s young people is not good!

**Figure 10** Apprentices and Trainees, 1985–1999, per cent of Youth Workforce

An important means of acquiring skills is through Apprenticeships and Traineeships. Unfortunately, data are not available for northern Australia, only for Queensland, Western Australia and the Northern Territory. The big growth after 1995 (Figure 10) is attributable to the introduction of Traineeships, a more flexible and shorter period of training than Apprenticeships.

A high proportion of Apprenticeships, at least for males, is in the manufacturing sector and because northern Australia doesn’t have a large manufacturing base, there are not the same opportunities for Apprenticeships. But for Traineeships, the big boost has been in the service sector and is partly the reason why Queensland’s growth has been so strong. The Northern Territory and Western Australia have experienced significant growth but are still somewhat behind the Australian average.

It could be argued that the time taken to complete a traditional Apprenticeships may be too long. They do not fit in with the new economy which requires people to obtain skills, update skills, get them quickly and not necessarily over a four year period. Perhaps the new Traineeships are actually breaking down some of the traditional barriers to flexible training. The new Traineeships may have the potential to provide a major boost to such industries as tourism. This is in contrast to the previous emphasis on tradespersons required for mining and construction.

The issues facing rural populations have received attention recently, particularly after the Kennett Government’s defeat was partly blamed on indifference to ‘the bush’. A number of long-term trends have determined the ‘spatial structure’ of rural areas in northern Australia. Among these are technological change, a decline in the terms of trade primary industries face and public and private sector rationalisation. The altered population structure in rural northern Australia and the outlook for these areas have important implications for the resourcing of publicly provided services to these areas and the way services are delivered.

The terms of trade, the prices received for outputs relative to the price of inputs, have been declining over the last 50 years while the relative decline in prices for minerals and energy is a fairly recent phenomenon.
(Lewis et al, 1998). This has particular importance to rural communities since agriculture and mining, together with the activities supporting them, are major contributors to employment.

Technology has enabled a reduction in the labour requirements of primary industries and, as a consequence, some rural communities have suffered population decline. Transport technology has allowed for faster, cheaper and more frequent access to larger centres, with smaller centres losing valuable custom as a result. Cheaper transport has also enabled urban-based firms access to rural and regional markets. Other technological developments include computer-aided banking and automated telephone exchanges, both of which have reduced the need for firms to be locally based in order to conduct business in rural areas (Jensen 1998).

There has been a drive in recent years to centralise public resources and services in the more populous centres of regional Australia. This has resulted in diminished access and, in many instances, diminished quality of service. The most prominent private sector rationalisation to take place is the widespread closure of small, unprofitable, bank branches. This is a major cause of population decline in regional Australia (Lewis and Garnett 2000).

Remoteness is associated with lower levels of post compulsory education. The proportion of the rural labour force in Australia with tertiary qualifications was around half that of the metropolitan labour force in 1996. This is a significant indicator of the ability to adapt to technological change. The lack of tertiary education is most pronounced in the remote areas of northern Australia, with only 6 per cent of the non-metropolitan labour force having tertiary qualifications compared to 12.6 per cent for the metropolitan population (BRS 1999).

Indigenous Australians

For northern Australia in 1996, Aboriginal and Torres Strait Islanders (ATSI) made up 11.8 per cent of the population but they made up 33.6 per cent of all Indigenous Australians (Table 1). In contrast, northern Australia contains only five per cent of non-Indigenous Australians. Indigenous Australians make up the greatest proportions of the
population in the Northern Territory (26.6 per cent) and in North Western Australia (24.4 per cent).

**Table 1** Indigenous Australians, Northern Australia, 1996

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Indigenous population (000s)</th>
<th>Proportion of N. Australian population (per cent)</th>
<th>Proportion of all ATSI in N. Australia (per cent)</th>
<th>Proportion of ATSI in Australia (per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>N. Qld</td>
<td>55.7</td>
<td>7.3</td>
<td>46.9</td>
<td>15.8</td>
</tr>
<tr>
<td>NT</td>
<td>46.3</td>
<td>26.6</td>
<td>39.0</td>
<td>13.1</td>
</tr>
<tr>
<td>N. WA</td>
<td>16.6</td>
<td>24.4</td>
<td>14.0</td>
<td>4.7</td>
</tr>
<tr>
<td>TOTAL</td>
<td>118.6</td>
<td>11.8</td>
<td>100.0</td>
<td>33.6</td>
</tr>
</tbody>
</table>

*Source: ABS Census of Population and Housing, 1996.*

The labour market status of Indigenous Australians is one of the major issues in northern Australia, as is education and training. On all the indicators of disadvantage, such as high unemployment, high long term unemployment, low incomes, poor health and mortality, Aboriginal people score very badly indeed. About 40 per cent of Indigenous workers are employed in the Community Development Employment Project (CDEP). Taking out the CDEP scheme, over 40 per cent of the Aboriginal labour force would have been unemployed and this is forecast to rise to almost 48 per cent by the year 2006. Just to maintain the status quo in terms of employment in Australia would require the creation of another 25,000 jobs in the next five years for Aboriginal people (Taylor 1998).
The Indigenous population has been growing twice as rapidly in recent years than the historical average. The Indigenous population is substantially younger than the population as a whole. Failure to achieve better employment outcomes will lead to even more unacceptably poor economic conditions.

A major source of disadvantage is poor education or lack of education. In 1996 only 13.6 per cent of Indigenous people had post-school qualifications compared with about 35 per cent of the population as a whole. Further improvements in Indigenous participation in the education system in the future will depend largely on new education policy initiatives and the challenge for education policy is, therefore, considerable. In a labour market which is increasingly demanding sophisticated skills from workers this disadvantage is of major concern.

Future Prospects

Returning to the beginning of this paper – how does the North of Australia fit in with the new knowledge based economy? At first glance one would have to say, not very well. The dominance of primary commodities in economic output is a feature of northern Australia and primary commodity production is very much ‘old’ economy. This is not to deny that primary exports provide substantial wealth but it does mean that the prospects for employment are low. However, as evidenced by Darwin, the potential for service sector activities does exist as does the potential for a ‘knowledge hub’.

The idea of a knowledge hub is that education, training, technology and research are located in one place to develop synergies between them. It is no use trying to create these artificially. They grow where a particular region has a comparative advantage. Government policy should be aimed at working out where the comparative advantage in a particular area is and developing knowledge hubs with a view to encouraging these synergies.

The key focus of policy should be the clustering of production service activities which are jointly competitive internationally (Sheehan 2000). An obvious case would be Darwin which could become the service centre for the oil and gas industry, education and training for
the oil and gas industry, tourism and mining, and capitalising on its proximity to Asia. The growing affluence of Asia creates a demand for not only education, which Australia has been a leader in, but also personal services such as healthcare. In particular, as Asia’s ageing populations increase over time, and with a growing proportion of rich people, there will be growing demand for aged care. With suitable expertise required in looking after the elderly, a place such as Darwin, for instance, with its highly professional workforce, its highly educated people, and its university and TAFE colleges would be ideally placed to participate in this market.

Another example of northern Australia’s comparative advantage is defence. Much of Australia’s defence capacity is based in northern Australia and, as the recent East Timor operation has shown, Darwin has the proven capacity to service such activities.

Northern Australia’s comparative disadvantage is mainly its remoteness, particularly for Aboriginal communities. However, one of the major features of new technology-based economies is the potential to overcome distance. Already, in Queensland, the public service is experimenting by providing jobs to people on remote outback stations linked to Brisbane by the Internet. The Outback Digital Network (ODN), as discussed in this conference, has already established telecommunications infrastructure so that Indigenous people can access communications services (ODN 1998). It is up to government and communities to harness technologies in order to overcome the problems of remoteness which has been a major cost for northern Australia.

The above sketch of the northern labour market shows that it faces somewhat different issues than those facing the majority of Australians. It is these differences that have, to a large extent, created the ‘frontier’ image often associated with the North. Clearly, the region will need to adapt from its dependence on primary industries to meet the needs of the new economy. To some extent, parts of the region are already on a path of change. However, the challenge will be to address the problems facing those already most disadvantaged and who are likely to lose out further as the nature of work and the skills required continue to change rapidly. The future for Indigenous Australians is of particular concern. Clearly, investment in education
and training will be crucially important in northern Australia's development.

References


OVERCOMING THE BARRIER OF DISTANCE – COMMUNICATIONS

HELEN CAMPBELL

The Consumers' Telecommunications Network (CTN) is an incorporated non-profit community based national organisation which represents the interests of residential consumers in telecommunications. We have three full-time and one part-time staff. Staff support consumer representatives and present CTN policy in a wide range of industry and regulatory forums. CTN produces a monthly newsletter and hosts an annual conference and consumer policy forum.

We are funded by DOCITA through the 'Grants to Fund Telecommunications Consumer Representation' program.

CTN seeks consumer views and develops policy through its members. We use a range of strategies to ensure we are inclusive and representative of the broad range of Australian consumer interests. Our strategies include:

- A regular newsletter which discusses issues and also provides a forum for our members to initiate discussion;
- An annual conference and policy forum which brings together consumer representatives from throughout Australia;
- Publication and circulation of policy and discussion papers on topics of interest such as the Universal Service Obligation, privacy and price controls;
• Undertaking speaking engagements at conferences and seminars to raise awareness of telecommunications issues and of CTN’s role in the industry;

• Representing consumer interests in industry, regulatory, community, academic, research and standards-setting forums.

CTN represents the views of its members, and of consumers generally, to the industry and to regulatory authorities. CTN represents consumers on a wide range of boards and bodies. Chief among our activities is the work of the Australian Communications Industry Forum (ACIF), which is the site for industry self-regulation through the development of voluntary codes and standards. At present, CTN represents residential consumers on eighteen different ACIF committees.

Representing consumer interests in industry self-regulation adds significantly to the value of the process. Firstly, the outcomes are better because consumer interests have been taken into account in the development stage and, therefore, self-regulation is less vulnerable to failure in the marketplace. Secondly, perceptions of the fairness of the processes are enhanced by the presence of consumer interests, which make any allegation of collusive or anti-competitive behaviour impossible to sustain.

CTN also represents consumer interests to government through the Minister, the Department, the Australian Communications Authority (ACA), the Australian Competition and Consumer Commission (ACCC) and in other regulatory processes. The telecommunications environment is complex, evolving, and governed by both self-regulation and by specific policy mechanisms including universal service, customer service guarantees, privacy protection, price controls, competition regulation, complaints handling and technical regulation for health and safety.

CTN has devoted a great deal of attention to the protection of quality of service, particularly for more vulnerable consumers in remote areas or who have disabilities, in an increasingly commercialised market. This advocacy on behalf of consumers is consistent with the Government’s aims as set out in the Telecommunications Act 1997.
The Government’s commitment to the provision of mechanisms for consumer protection has provided CTN with many opportunities to promote consumer interests and to influence decision-making to seek a balance between consumer and shareholder interests in an open competitive telecommunications market. We believe that this commitment and the provision of resources, to groups such as CTN to support consumer interests, are essential elements of the success of the deregulation of the telecommunications industry in Australia.

Overview of Telecommunications Policy

Privatisation, Deregulation, Competition. Government policy amounts to this: don’t own it, don’t manage it, the market will deliver. But in a demonstration of its lack of the courage of its own convictions, the Government has also introduced legislated guarantees of service availability – the Universal Service Obligation (USO); affordability – the price caps; and service quality – the Customer Service Guarantee.

Does the Northern Territory Get a Fair Go?

Most Territorians, even if the system worked as it should, would wait longer than other Australians for connection and repair of their phones. There is less available infrastructure, more dwellers in remote areas, and greater propensity to be afflicted by ‘extreme weather’. The most recent statistics from the Australian Communications Authority, for the December 1999 quarter, show for the Northern Territory;

Provisioning:

- Urban areas with infrastructure: 83% worst in Australia
- Urban without infrastructure: 67% worst in Australia
- Rural with infrastructure: 89% worst in Australia
- Rural without infrastructure: 33% worst in Australia (scandalous!)
- Remote with infrastructure: 95% worst in Australia
- Remote without infrastructure: 98% worst in Australia
Fault repairs:

- Urban: 65% worst in Australia
- Rural: 72% worst in Australia
- Remote: 61% second worst after WA with 55%

These requirements only relate to a basic, voice grade line of 'standard telephone service'. For people in urban areas close to infrastructure these lines are capable of providing pretty good data capacity. Further out along the Customer Access Network (CAN) the quality deteriorates. For those in remote areas who have non-wire access, such as DRCS, it can be so slow as to be practically useless.

The government has tried to address this by mandating a superior quality service known as ISDN, but did not control the price of access nor consider the cost to the consumer of the special equipment required at the user's end of the line. ISDN takeup by residential consumers across Australia has been negligible.

A recent bandwidth inquiry has found that the networks generally have more than enough capacity for our present and foreseeable future needs. The problem is that this does not reach all of us. A Senate Committee investigating issues for regional Australia reported last month that:

There is no doubt that regional users are at a major disadvantage, compared with urban customers, in terms of data rate capability available through the public telephone network.

It recommends that the government upgrade the Universal Service Obligation to bring better bandwidth to non-urban users.

What is the Information Economy For?

It gets more new names than new purposes. It has been a 'superhighway', a 'technology', and now an 'economy'. Essentially it is still just a device that attaches your telephone to your computer — if you have one, and most Australian households do not. Despite all the
hype and fabulous percentage growth statistics, fewer than 25% of Australian households are ‘on line’.

As Dale Spender pointed out in *Nattering on the NET* (1995), it took a good 300 years from the invention of the printing press to the discovery of its ‘killer application’ – the novel. She speculates that we have not yet found a really useful consumer application for the Internet. Email is popular but hardly new – it is more like a rediscovery of the 19th Century art of letter writing. Websites usually give you the equivalent of a catalogue library with the dubious advance that the consumer rather than the supplier pays the cost of printing and delivery. E-commerce will not get off the ground until better privacy and security protocols are developed and standardised. Dealing with governments can be made easier, but also harder, in proliferating incompatible systems, consequent downsizing of front office services, and problems with the accurate identification of individuals and document integrity.

**Points for Discussion**

Privatisation is not bringing the promised benefits. The ‘social bonus’ money is mostly being recycled back to Telstra to do what it should have been doing anyway as a community service. Big profits should be redirected to cheaper prices and service quality improvements. The ubiquitous network should be kept in public non-profit hands, and the optional extras put out to market. Competition is unlikely to benefit any beyond the densely populated areas and really rich customers.

Australians are generally comfortable with cross-subsidies to remote areas. My city phone, for example, is worth more to me if my friend in Tenant Creek can afford one too. However, we are wary of ‘Rolls-Royce’ solutions. The USO should not be a cash transfer mechanism from the urban poor to the rural rich.

Governments should not try to pick technologies or guess at our future needs. Mandating a user outcome on the basis of equity between the many and the few is preferable to declaring a particular delivery platform.
There is no such thing as an Aboriginal telephone. However, remote and seasonally occupied areas are particularly poorly serviced, while the National Farmers Federation is doing very nicely. Equity demands a revision of such priorities.

References

OUTBACK DIGITAL NETWORK

PHILIP DUTCHAK

The Outback Digital Network (ODN) is, in practical terms, an umbrella company that has been formed by five regional Indigenous organisations and companies in pursuit of better or enhanced Information Technology and Telecommunications (IT&T) products and services for Indigenous communities, and remote Australians generally.

It is the largest project funded under the Department of Communications Information Technology and the Arts (DOCITA) Regional Telecommunications Infrastructure Fund, ‘Networking the Nation’ program.

The Outback Digital Network Limited, is a not-for-profit company limited by guarantee. As such it has members and not shareholders. Those members are:

- Tanami Network
- Top End Aboriginal Bush Broadcasting Association (TEABBA)
- Tennant Creek Regional Infrastructure Project (TRIP)
- Broome Aboriginal Media Association (BAMA)
- Balkanu Cape York Development Corporation.

Each of the member organisations has a seat on the ODN Board and the chairperson is Robin Granites.
The ODN is a company whose members are scattered across northern Australia in Western Australia, Northern Territory and Queensland. Each member organisation has its own set of challenges and issues. The backdrop these organisations operate in, in terms of geography, politics, or the economics of the respective region, are diverse. Everyone is separated by distance either in their own 'country' or taking the geographical area of the ODN as a whole.

There are the cultural matters and issues of Indigenous Australians themselves. These are on-going concerns within a region, a 'country' or within a single community itself. Put all of these items, and others (as this is not a comprehensive list), into a room such as at an ODN Board Meeting, and the fact that the ODN has simply held together is noteworthy.

**Background**

The origins of the Outback Digital Network Limited (ODN) are diverse in themselves.

As one starting point, the Network goes back nine years to when four Aboriginal communities in the Tanami region of the Northern Territory (Central Australia) used their mining royalty money to purchase a satellite videoconferencing system delivered through AAPT. Eventually, sites were added in the major towns of Katherine, Darwin and Alice Springs.

At the same time, BAMA, Balkanu and TRIP had each pursued and achieved funding in their own right through the Regional Telecommunications Infrastructure Fund before they ever became involved with the ODN. In other words, all these organisations had identified the need and some of the challenges and opportunities in their own right and in their own way.

**Currently**

As a current snapshot, the regions have staged communications demonstrations, the most recent being a broadband trial across the Territory at 128 and 384 Kbits for videoconferencing. TRIP, TEABBA and Tanami linked up Alice Springs, Tennant Creek, Katherine,
Darwin and Borroloola for three days to demonstrate at least some of the promise of high bandwidth.

Balkanu has held a series of community expos for narrowband and broadband applications, in other words, email, Internet and videoconferencing, while BAMA is about to commence some demos in the west.

Each region has a regional manager working within its respective organisation to advance matters, activities and issues relating to the project.

The ODN released its request for proposal on the 18 December, 1999 and closed off responses on the 25 February, 2000. We are currently evaluating these responses. We have completed a scoping study of potential content service providers at the Federal level and have attracted corporate sponsorship from Macromedia, Adobe, and the Australian Interactive Multimedia Industry Association (AIMIA).

The ODN is probably not well known to the broader public though we have managed to attract some press and media. The ‘story’ which the ODN started with the communities themselves back in 1998 (when we did our IT&T survey and audit across Australia) has had to be, or is being re-told at the community level itself. This is, in part, because despite ODN’s application for funding being approved in December 1998 we signed our Grant Deed in December 1999 and began receiving funds in late January 2000.

I have taken most of my time to tell you something about the ODN. But as the timbre of the conference is along other lines, let me briefly change tack.

The ODN deals almost everyday with the issues of economic modelling; business planning; development; resources and infrastructure issues in terms of IT&T; the relationship of Local, State and Federal governments for intra regional and international relations in IT&T, etc.

This is not for the faint of heart. IT&T in its own right is a moving target. The diversification of investment by Telstra is simply the tip of their business in transition and they are not completely assured of the
end point themselves. Equally important is the diversity of the Indigenous people themselves in terms of their IT&T requirements.

If northern Australia is to prosper, in whatever manner or multi-manners, it has got to change. It has to have a bigger vision and more people helping to create that vision.

Most importantly, we have to start by creating an attitude where people are encouraged to take part, not as a passion, or part of a mission, or some global initiative, but through sharp expertise and measured operations.

There is rarely any banner headline or recognition given to a person who pays attention to detail or who works towards an actual outcome whether that is in an agency or in a small or remote community. But it is their work, and their attention to specific and local requirements, that is essential to the future of the North.
PUSH AND PULL
Specific Influences on Batchelor Institute and the Institute’s Response

VERONICA ARBON

Background

Batchelor Institute operates across most of Australia, drawing students from some of the largest cities – Sydney, Melbourne and Perth. The majority of enrolled students, however, come to Batchelor from a broad area across the northern half of Australia. This includes the remote communities of Queensland and Western Australia with, of course, the largest numbers coming from the Northern Territory. These students, in the main, come from small isolated Indigenous communities. Batchelor operates its courses within a ‘both ways’ philosophy that specifies education and training embedded in community-based ideals and delivered through mixed mode methodologies.

Key Terms and Their Impact on the Work of Batchelor Institute

Four key terms constantly recur in our work at Batchelor Institute which, depending on their interpretation, can limit or enhance this work. These terms are ‘resources’, ‘appropriateness’, ‘effectiveness’ and ‘one-size-fits-all’. Appendix 1 shows these terms together with a
series of inter-connecting arrows illustrating the tensions which they generate at every level of our work.

Beginning with the word ‘appropriateness’ – a word which has many meanings depending on who uses it, how it is used and who is interpreting. For example, what might be ‘appropriate’ to the Department of Education, Training and Youth Affairs (DETYA), may not be ‘appropriate’ for the community or the individual seeking to exercise self-determination. Again, while DETYA may regard their demands as ‘effective,’ in reality these demands often translate to ‘one-size-fits-all’. Is such a situation ‘appropriate’ for the community? Is it even ‘appropriate’ for DETYA who, a year or so later, must attempt to resolve the emergent problem they in effect demanded? Perhaps not!

Or again, when one considers the word ‘resources’, how one uses resources may be important to DETYA, but is DETYA’s determination ‘appropriate’ to the community? Will DETYA’s demands for the ‘appropriate uses of resources’ achieve the outcomes desired or aspired to by the community? Is this not, once again, a ‘one-size-fits-all’ remedy? For example, in relation to teaching resources, if a set of training packages and resources are developed nationally, are they useful or ‘appropriate’ to students in remote parts of the Northern Territory? Again, this might be an ‘effective’ use of funds but, in this case, ‘effectiveness’ forces students into hegemonic processes of defined and limited outcomes.

Many, quite complex issues constantly arise at the level of policy, at the level of my work as the Director of the Institute and at the community level as a consequence of the varied application of each of these words. They are powerful words.

**Specific Influences on Tertiary Education Across the North**

There are several key influences that must be addressed in relation to access to and outcomes from education and training in many areas in which Batchelor works. As you can see from Appendix 2, I have grouped a number of related points into three distinct areas. One is
titled 'student characteristics', a second is titled 'physical characteristics' and the final point I have called 'other factors' for want of another heading.

Student Characteristics

Batchelor must be aware that students come from many cultural and language backgrounds. Also, we must constantly be aware of the traumatic history and rapid changes that have, and are having, a large and often negative impact on an ever increasing poor, younger population. Ill health and disability are often present, along with a lack of formal schooling background.

This lack of schooling, both here in the Territory, and in many communities across Australia, is evidence of the lack of provision or the inappropriateness of content and delivery in both the secondary and primary sectors. In the Territory, the recent *Learning Lessons* report by Collins told the story very, very clearly. English language, literacy and numeracy are low and are compounded by factors such as understanding the context in which this new language and new knowledge is embedded. On top of this arise concerns that surround disciplinary paradigms. The result is a massive education and training disadvantage.

Physical Characteristics

The most notable physical factor influencing Batchelor's work is the long distances involved in travel by students. Across Australia and across the Northern Territory the distances to be travelled are extreme. Climatic extremes define when one is able to travel on, often unsealed roads, or by light aircraft. This year, for example, the Wet continued into May and many students could not travel out, or at times travel home, for extended periods of time.

The cost of living in these remote, weather affected, communities is also extremely high. Finally, transport and telecommunications are virtually non-existent beyond the Stuart Highway and, at some times of the year, beyond Berrimah. Batchelor, which has its offices about
one hundred kilometres south of Berrimah, is often confronted with phone outages and the mobile system becomes non-existent just south of Noonamah.

**Other Factors**

The Northern Territory's small population tends to be located around a number of major centres. This translates into thin markets spread across vast areas. Any form of education and training and access will, consequently, come at high cost.

Despite the specific characteristics of our students and our region, policies and guidelines, intentionally or unintentionally, lock institutions such as Batchelor down by demanding the 'norm' or the 'average' or the 'appropriate' or the 'effective'. As a result little room is left for innovation or creativity to address the multiplicity of issues that are confronted daily in this complexly layered and inter-connected world.

State and Territory borders are raised as a further obstacle, particularly in relation to delivering vocational education and training, with the Australian National Training Authority (ANTA), and possibly NTETA, attempting to restrict the operation of organisations, such as Batchelor, within such borders.

ANTA's and NTETA's funding to Batchelor are underpinned by strategies for flexible delivery. Flexibility is seen to be gained through computer and information technology but, as previously indicated, in remote communities telecommunications are virtually non-existent. Flexibility is required by funding agencies but is not reflected in their funding procedures. A related point is the notion of competition that underpins this area and compounds issues of thin markets, high costs, etc. The outcome is that the community is becoming a site of struggle between educational providers. Sadly, Indigenous communities are the ones who lose out again.

Finally, I raise the matter of student and community aspirations. These are increasing in relation to the numbers and types of courses being requested and demand for delivery within the community. Both come at high cost.
Envisioning and Creating a New Future

It is argued that there are a number of levels to envisioning and creating a new future for both individuals (eg, individual students) and communities.

Working with Individuals:

- working together in partnerships or inter-connected ways;
- commitment to the work or approach;
- accountability to getting outcomes for the community on the one hand and financial accountability on the other;
- being prepared to take risks;
- being guided by ethics.

Working with the Community:

- tracing the impact of the past to see the present;
- identifying the issues/problems from all sides and at all levels;
- developing flexible funding models;
- working for the sustainability of the whole.

In light of the above, Batchelor has been and is constantly asking – ‘How can Batchelor support students/communities in meeting their aspirations’. This question turns the situation to working with people rather than imposing solutions on them. This approach, however, places enormous pressure on the Institution and staff as attempts are made to respond, from within the web of complexity, while remaining watchful of emerging areas of difficulty.

What then is Batchelor doing to meet these needs, and specifically in regional and remote areas? The Institute’s responses include the following –

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1. **Partnerships**

Growing out of the philosophy of 'both ways,' and using mixed mode methodologies, Batchelor attempts to establish communities as partners in support of their training and education aspirations. Within these partnerships, Batchelor attempts to establish the infrastructure to support students and to enable delivery of education and training within the community. More recently, Batchelor has been working with communities to create inter-connected training, or identified education and training pathways, to employment for staff within community organisations.

2. **Community Study Centres**

Part of the education and training infrastructure, facilitated by Batchelor, is the Community Study Centre, a 'silver bullet' demountable or house within the community where students can access a phone, fax or computer to complete work or contact lecturers, access locally delivered workshops or small group work and use tape-recorders and other equipment where provided. This year a staff member has been based on-site in twelve sites across the Territory, in addition to the staff being based at the annexes at Katherine, Tennant Creek and Nhulunbuy. Batchelor generally establishes an agreement – the basis of the partnership with a community – for the lease of premises and external maintenance of the centre. Currently, with funding provided by DETYA under its capital projects funding, these study centres are being upgraded or new demountables placed in communities, on sites negotiated and agreed with the relevant community organisations and traditional owners. It is hoped that the Institute will be able to access funding to staff each of these sites in future years to ensure constant support to students.
3. **Regional organisation**

Batchelor has annexes at Darwin, Katherine, Tennant Creek and Nhulunbuy where we have offices and, in some cases, teaching spaces. Each of these annexes is co-ordinated by a Regional Senior Lecturer responsible for teaching, knowing what is happening across the designated region, monitoring physical resources, and informing and overseeing staff travelling to or located within the region. Each of these positions also has a responsibility to monitor Community Study Centres. As well, Batchelor has a Central Australian campus in Alice Springs at which around forty staff are based.

4. **Contextualised and supported curriculum**

Batchelor has developed or drawn together numerous curriculum resources. Workbooks are developed for many of the units and awards for study while at home. Workshops where students come together at Batchelor, Alice Springs, Tennant Creek, Katherine, Nhulunbuy or some other site are focused on theme areas or issues relevant to the students. This means that they are locally contextualised and culturally embedded.

Both the resources and workshops must be developed to suit the varying educational levels of students, with suitable learning strategies incorporated.

Finally, tutors are utilised to support learning, assist student engagement with content, translate new knowledge and skills and assist in making meaning. A reduced face-to-face lecturing load is factored into staffing formulae to address all the above issues and recognise the additional support required by students.
5. **Staff development**

Staff development includes a system of supervisors and managers, a series of staff development workshops, a series of staff delivered seminars and conference papers and a competitive program of supported study leave.

**Summary**

In the complex and tension filled environment described above, each and every one of the above factors is important in the attempt to work with communities and individuals rather than impose on them.

**Acknowledgement**

I would like to express my sincere thanks to Pat Coles, Batchelor Institute, for producing the following Appendices.

**Reference**

Appendix 1  Illustration of four key terms and their impact on the work at Batchelor Institute, together with a series of inter-connecting arrows showing the tensions which they generate at every level of the work.
Appendix 2 Specific Influences on Tertiary Education

- Student Characteristics:
  - cultures & languages
  - ill-health & disability
  - schooling backgrounds
  - English literacy & numeracy

- Other Factors:
  - student & community aspirations & needs
  - flexibility in delivery strategies
  - state/territory borders policies & guidelines
  - high costs
  - thin markets

- Physical Characteristics:
  - Long distances
  - Climatic extremes
  - Cost of living
  - Transport & telecommunications
BALANCING INTERESTS THROUGH LAND TENURE REFORM
Regional Contrasts Between the Barkly and the Gulf

JOHN HOLMES

The title of this conference session indicates a strong focus on balancing interests. Perhaps not surprisingly, given the flux in resource values and uses in the North over the last two decades, this is not the first conference to address the issue. Of particular relevance is the CSIRO Townsville Conference, June 1994, reported in A. Ash (1996) *The Future of the Tropical Savannas: An Australian Perspective*. This conference addressed issues of changing resource values and the role of science in resource management and conflict resolution, while also presenting the perceptions and aspirations of the various resource users. Of particular relevance is the chapter by J. Taylor and J. Braithwaite on ‘Interactions between land uses in Australia’s savannas: it’s largely in the mind’ as also is W. Winter and J. Williams on ‘Managing resources and resolving conflicts: the role of science’ and my own chapter on ‘Changing resource values in Australia’s tropical savannas: priorities in institutional reform’.

From a strictly technical viewpoint, my contribution has focused on land tenure and land administration. However, viewed broadly it has sought to reshape the institutional context concerning property rights, access rights and use rights, to achieve optimal outcomes, maximising
the net benefits to all interest groups. This has involved traversing well defined pathways:

- Identifying all those interests which have a valid claim to ownership or access to land, and in particular, observing how these interests and their recognition have changed rapidly in recent decades;
- Recognising how the balance between these interests varies markedly both locally and regionally;
- Making proposals on land tenure reform and land reallocation to best accommodate this regionally variable balance of interests.

Here I intend to recycle selectively some of those ideas, with an emphasis on anticipated variable regional outcomes, using as examples two markedly differing regions, namely the Barkly Tableland and the Gulf District.

**Changing Resource Values and Interests in Land**

It is clear to all of us that, over the last two decades, pastoralism’s former dominance as ‘the highest and best use’ of the northern rangelands has now been displaced, as other interests have increasingly received recognition. It is not so widely understood that this is merely one example of a wider trend within western nations by which rural lands are undergoing a major re-evaluation. Productive lands, surplus to requirements for commodity outputs, are increasingly in demand for their amenity values, broadly defined as those values directly satisfying human needs and wants, other than material needs. In the rangelands, these new values embrace Aboriginal traditional and contemporary uses, biodiversity conservation, preservation of cultural and natural heritage, tourism and recreation, among others.
Table 1  Australia’s rangelands; goals, strategies and mechanisms for regional development in productionist and post-productionist eras.

<table>
<thead>
<tr>
<th>Goals, strategies, mechanisms</th>
<th>Dominant within productionist era</th>
<th>Additional within post-productionist era</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic orientation</td>
<td>Market-oriented: income generation</td>
<td>Non-market: Aboriginal rights; human welfare; environmental sustainability</td>
</tr>
<tr>
<td>Socio-economic goals</td>
<td>Maximise commodity output</td>
<td>Maximise amenity benefits: tourism, welfare, environment, community, cultural values</td>
</tr>
<tr>
<td>Marketable outputs from natural resources</td>
<td>Minerals, pastoral products</td>
<td>Tourism, recreation, amenity values</td>
</tr>
<tr>
<td>Non-market outputs from natural resources</td>
<td>(Rarely recognised)</td>
<td>Aboriginal traditional uses, recreation, landscape, preservation (existence) values</td>
</tr>
<tr>
<td>Income sources for landholders</td>
<td>Pastoralism</td>
<td>Decline in pastoral income; prospective but elusive non-pastoral sources.</td>
</tr>
<tr>
<td>Regional multipliers from mining</td>
<td>A few major urban centres; elsewhere modest and ephemeral multiplier effects</td>
<td>Negligible; economic enclaves linked to cities (fly-in, fly-out)</td>
</tr>
<tr>
<td>Development ‘frontiers’</td>
<td>Major pastoral and mining provinces; prospective irrigation areas</td>
<td>Arid and northern tropical margins of low pastoral potential but diverse amenity values.</td>
</tr>
<tr>
<td>Private investment opportunities</td>
<td>Pastoralism, mining, transport, producer services</td>
<td>Tourism, Aboriginal services, communications, consumer services</td>
</tr>
<tr>
<td>Priorities in public investment</td>
<td>Physical infrastructure; roads, ports, airports, telecommunications, irrigation projects</td>
<td>Social infrastructure: education, health, housing, welfare, employment</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------</td>
</tr>
<tr>
<td>Mechanisms for regional transfer payments</td>
<td>Commodity subsidies and support; fuel subsidies; cross subsidies within service utilities</td>
<td>Direct payments for welfare; special assistance with education, health, housing and related services</td>
</tr>
<tr>
<td>Research priorities</td>
<td>Production-oriented; selective resource inventories; specialised experimental research</td>
<td>Environmental and people orientated: inventories, appraisal and monitoring; multi-disciplinary survey research</td>
</tr>
<tr>
<td>Sources of political power and influence</td>
<td>Producer groups: pro-developer advocates</td>
<td>Diversified but with prominent roles for Aborigines and environmentalists</td>
</tr>
<tr>
<td>Local participation in furthering regional development</td>
<td>Very limited: mainly through local government, political parties and producer organisations</td>
<td>Increasingly diversified, fragmented and conflictual; tentative moves towards regional coalitions</td>
</tr>
</tbody>
</table>

Globally, this shift in resource values has been described as a transition from a ‘productionist’ era, in which commodity outputs were universally given priority, to a ‘post-productionist’ era in which emerging amenity values are increasingly important. This trend is discussed in detail in Holmes (1997), from which Table 1 is taken. In reading Table 1, keep in mind that the productionist values have not been entirely superseded. They are still important, particularly in the more productive, core pastoral regions. In my 1997 article, northern regions with a continuing strong reliance on commodity outputs included two mining regions (Pilbara and Mt Isa) and six pastoral regions (Mitchell Downs, Burdekin – Einasleigh, Queensland Gulf, Barkly, Victoria River and Southern – Eastern Kimberley). Regions
whose futures were primarily linked to amenity values included two Aboriginal homeland regions (Arnhem and Tanami – Petermann), two urban-focused diversified regions (Darwin and Alice Springs) and four frontier regions experiencing rapid changes in resource values (Cape York Peninsula, NT Gulf, North Kimberley and Sandover). These are mapped and analysed in my 1997 article. It is relevant to point out that these amenity regions occupy two very broad zones of very modest pastoral value, namely the arid interior and the northernmost tropical savanna zone.

Trends in the Tropical Savannas

For the northern tropical savannas, I have sought to provide an overview in two chapters in the CSIRO publication edited by Ash mentioned above. I argue that changing resource values are requiring a radical shift in land tenure. This shift has been occurring in a piecemeal, disorganised way. One striking trend has been the retreat of pastoralism from the most marginal lands with over 22 percent of the land held privately in pastoral leases in 1974 having been transferred to other tenures or ownership by 1994. In the Kimberley, 43 percent has been transferred either into Aboriginal lands, National Parks or for defence purposes.

I have argued that this process of ‘deprivatisation’ is a logical response to changing resource value and expectations. Just as it is sensible to privatise resources where they can be efficiently utilised under private ownership so also it is appropriate to deprivatise when landowners can no longer generate adequate income streams, with increasingly dysfunctional economic and social outcomes from private ownership. In effect there has been an over-extension of private property rights onto marginal lands of exceptionally low pastoral value. As expectations of wealth generation from pastoralism have evaporated, some land owners have sought to capture rather than generate wealth, mainly through land speculation. This has been an endemic, low key activity on many marginal leases for some decades, but reached epidemic proportions in the 1988–1989 land boom in Cape York Peninsula, driven by proposals for a spaceport and for various coastal resorts. For details, see Holmes (1991). This speculation was clearly tied to an over-extension of property rights in pastoral leases,
including the assumed right of exclusive possession (subsequently overturned in the 1996 High Court decision in the Wik case), as well as an effective right of veto held by the lessee over any proposed excision of small parcels of land for any other private purpose, such as a roadhouse or an agricultural venture. In effect, this provided lessees with local land monopolies, extending over a thousand square kilometres or more, at annual rentals of a few hundred dollars. The speculative element was reinforced by the abuse of ministerial approvals for the freeholding of strategic land parcels at very low costs to the lessee, in a manner inconsistent with the purposes of the freeholding legislation.

This over-extension of private property rights continues to act as a barrier to the much-needed transfer of land into other tenures, such as Aboriginal land or national parks. Lessees are able to extract prices well above pastoral values, in a manner inconsistent with the basic property-rights doctrine which underpins the lease tenure system. Indeed, the original intent of the lease tenure system was to facilitate the transfer of land to other, 'higher', uses when circumstances were right. Unfortunately, this basic attribute of limited-term leases has atrophied over time. Its revival would greatly assist the process of restructuring tenures on marginal lands, a process now clearly under way.

The Wik Debate: Exclusive Possession

As is now well known, the High Court’s decision in the Wik case revolved around a strictly legal scrutiny of Queensland land legislation, in order to ascertain whether pastoral leases awarded a right of exclusive possession to the lessee. The court majority determined that a pastoral lease was a statutory instrument and not a lease in common law and that nowhere in the legislation was there any award of exclusive possession. Accordingly, it was possible that some elements of ongoing native title, capable of recognition under common law, could possibly co-exist with a pastoral lease.

It is no exaggeration to state that this decision caused consternation among pastoralists and their supporters, including Federal, State and Territory governments, who immediately sought to pursue various
strategies, including freeholding of pastoral leases, to overturn this decision. However, the High Court decision should be seen as the foundation for a much-needed new direction in establishing shared interests in land, particularly where these shared interests can be readily accommodated, as is most clearly the case on marginal land.

This need for sharing (or co-existence) has been argued in my various articles on lease tenures, including the 1991 and 1996 publications cited earlier, and in an overview paper on the continuing role of lease tenures in which proposals were developed for specifying the rights of other interests, including Aboriginal traditional uses (Holmes and Knight, 1994, 120).

The Wik Debate: The Push for Freehold

Early in the Wik debate, there was a very powerful push to extinguish co-existing native title by converting all pastoral leases to freehold (as indeed, was attempted in the Northern Territory in 1987 but abandoned in the face of opposition from diverse interests). While it is clear that the Federal government did give some attention to this option it was promptly abandoned not because of any lack of a desire to extinguish native title, but for three very clear reasons:

- It would extinguish the property rights of one group of people in favour of enhancing the private property rights of another and would therefore be found to be not only immoral and racially discriminatory but also clearly illegal;

- The compensation costs payable to native title claimants, while hard to determine, would be very substantial and often far in excess of pastoral values. Indeed, on marginal pastoral lands, it would be much cheaper to buy out the pastoral interest and return the land to its Aboriginal owners;

- There was growing public opposition to the idea of unearned windfall gains to pastoralists, particularly to the more wealthy pastoralists' families and companies, from the betterment factor in freehold conversion.
More comprehensive arguments, focusing on an appropriate system of land tenures, particularly for marginal pastoral lands, were developed in my articles and extended reports in various newspapers at the height of the debate. In these articles, I pointed out that, nowhere else in the western nations are lands of such limited income-earning capacity held in private tenures. See particularly: ‘In Praise of Public Possession’ *Australian Financial Review*, 20 May, 1997, ‘Freehold Title not Justified on Economic and Social Grounds’, *The Weekend Australian* 26–27 April 1997, ‘Wik Winners’ *Sydney Morning Herald*, 10 May 1997.

The Wik decision has given needed impetus towards the inevitable restructuring of property rights, particularly on marginal pastoral lands, where the pastoral interest is flimsy and other interests, particularly Aboriginal interests are substantial. However, it is evident that there will be marked regional differences in outcomes, largely determined by the relative balance between pastoral and other interests. Nowhere is this more starkly revealed than in a scrutiny of two adjacent, highly contrasting regions, namely the Barkly Tableland and the Gulf District.

**Barkly and Gulf: Regional Contrasts**

Table 2 provides a crude overview of some critical differences in pastoral values between these two regions. The information is taken from current records held in the Northern Territory Department of Lands, Planning and Environment. While the contrasts are quite striking, they would be even be more pronounced if the data were restricted to the core Barkly Region, held entirely in large, absentee-owned properties, where stocking rates are well above six steer equivalents per square kilometre, and with comparable higher land and fixed capital values.
Table 2. Northern Territory Barkly and Gulf Districts: Regional Indicators of Pastoral Management and Land Ownership

<table>
<thead>
<tr>
<th></th>
<th>Barkly District</th>
<th>Gulf District</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Property Size (square km)</td>
<td>6000</td>
<td>3300</td>
</tr>
<tr>
<td>Median Herd Size (steer equivalents)</td>
<td>16000</td>
<td>4400</td>
</tr>
<tr>
<td>Stocking Rate (per square km)</td>
<td>3.8</td>
<td>1.7</td>
</tr>
<tr>
<td>Unimproved Capital Value (per sq. km)</td>
<td>375</td>
<td>55</td>
</tr>
<tr>
<td>U.C.V per steer equivalent</td>
<td>100</td>
<td>46</td>
</tr>
<tr>
<td>Market value per steer equivalent</td>
<td>600 ?(*)</td>
<td>100</td>
</tr>
<tr>
<td>Percent of land area in privately held pastoral leases</td>
<td>98</td>
<td>55</td>
</tr>
<tr>
<td>Percent of land area in Aboriginal ownership</td>
<td>2</td>
<td>33</td>
</tr>
<tr>
<td>Percent of land area held by NT Land Corporation</td>
<td>0</td>
<td>12</td>
</tr>
</tbody>
</table>

(*) Market value includes land and capital improvements.

The market value of Barkly stations is uncertain, as few sales occur.

Source: Current land tenure and land valuation files, Northern Territory Department of Lands, Planning and Environment.

Table 2 also shows that 98 percent of the total land area of the Barkly Tableland continues to be privately held in pastoral leases, with only two percent under Aboriginal ownership. This modest percentage comprises the Muckaty lease on the western margins, which, significantly, has the lowest carrying capacity and land values of any Barkly property, being also below the median value for the Gulf Region.
<table>
<thead>
<tr>
<th>Tenure</th>
<th>Barkly District</th>
<th></th>
<th>Gulf District</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Area (km²)</td>
<td>Percent (%)</td>
<td>Area (km²)</td>
<td>Percent (%)</td>
</tr>
<tr>
<td>Pastoral Lease (private)</td>
<td>127,110</td>
<td>100</td>
<td>124,869</td>
<td>98.2</td>
</tr>
<tr>
<td>Aboriginal</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pastoral Lease</td>
<td>-</td>
<td>0</td>
<td>2241</td>
<td>1.8</td>
</tr>
<tr>
<td>Freehold</td>
<td>-</td>
<td>0</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>(Total)</td>
<td>-</td>
<td>0</td>
<td>(2,241)</td>
<td>(1.8)</td>
</tr>
<tr>
<td>Territory Corporation</td>
<td>-</td>
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</tr>
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<td>Vacant</td>
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<td>0</td>
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<tr>
<td>Other (1)</td>
<td>-</td>
<td>0</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>127,110</td>
<td>100</td>
<td>127,110</td>
<td>100</td>
</tr>
</tbody>
</table>

(1) Other, in 1981, comprised the Borroloola Common.

(2) Very small portions, including stock reserves and existing Aboriginal living areas, are not included in the count.

Sources: Northern Territory Tenure Map and current files of the Northern Territory Department of Lands, Planning and Environment, 1981
As shown in Table 3, in 1981, the Gulf District was also entirely held under pastoral leases, save only for the Borroloola Common and two very large blocks of vacant Crown land, which remained available for pastoral occupancy. However, in marked contrast to the Barkly District, there has since been a persistent transfer of privately held pastoral lands to other forms of tenure or ownership, such that pastoral lands currently occupy only 55 percent of the district and with much of the 'pastoral' land being destocked and not yielding any income from pastoral activity.

These divergent trends in land tenure are indicative of underlying interregional differences in the balance of interests concerned with the ownership, management and use of land. They suggest widely differing future scenarios for these two regions, with pastoralism likely to remain the pre-eminent mode of land occupancy of the Barkly District, but only a minor component in the Gulf District, where land tenures and uses will increasingly be required to provide an appropriate balance between diverse interests, most notably Aboriginal, pastoral, conservation and tourism interests. These regional contrasts, suggested by the indicators presented in Tables 2 and 3 certainly merit closer scrutiny.

Pastoral Dominance on the Barkly Tableland

While the natural resources of the Barkly Tableland clearly indicate a predominant role for pastoralism, this monoculture is strongly reinforced by the structure of the existing rural production system, comprising mainly exceptionally large, absentee-owned stations.

The Barkly presents one of Australia's most homogenous landscapes, generally comprising extensive open downs of Mitchell grass on heavy cracking clays with bluebush swamps and 'dry bog' in broad depressions. There are a few scattered red-soil lateritic remnants. This plain is almost entirely waterless in the dry season, requiring major investment in deep bores and large tanks.

In a detailed survey of the logistics and demographics of the Barkly’s large stations, I commented on the systematic relationship between property size, land quality and remoteness. Large stations have persisted only in the most remote regions of Australia, but in these
remote areas, they occupy the prime grazing lands, notably in the Channel Country, Queensland Gulf, Barkly Tablelands, Victoria River District and Southern Kimberley.

Remoteness has ‘protected’ these stations from an earlier wave of state-sponsored subdivision for closer settlement and in terms of logistics they can be regarded as a logical response to isolation. Size offers two distinct advantages. First, it enables a high degree of self-sufficiency through internalisation of basic services. On large stations, roughly half the workforce is engaged in service activities, including manager, storeman, bookkeeper, motor mechanic, bore-runner, grader driver, road-train driver, pilot, gardener, governess/teacher, cook and camp cook, with the remainder engaged in a semi-nomadic round of stock work, usually away from the homestead.

Second, pastoral servicing is concentrated at one large nucleated, centralised settlement point, which generates sufficient demand to sustain specialised service-delivery from remote sources: a weekly air service, twice-yearly road train delivery of basic supplies, regular medical and dental clinics and so on.

This is a unique form of ‘settlement inversion’ in which basic urban functions are incorporated with the rural production units. These units remain the focus for almost all service activity, effectively suppressing the emergence of local urban service centres. See Holmes 1984, 1985.

This distinctive mode of rural settlement clearly has logistic advantages in ensuring efficient service delivery to remote rural production units. Nevertheless, there are certain negative outcomes. These are becoming increasingly evident, in a post-productionist era in which issues other than efficiency in pastoral operations also merit some attention. Writing in 1985, I drew attention to: labour recruitment and efficiency; social dynamics; population structure and mobility; public investment and urban and regional development. This list needs expansion, most notably by the inclusion of Indigenous and conservation issues.

Large stations help to maintain many of the peculiarities of a frontier society. Most notably in attracting a transient population, mainly male and very young with very few married couples or families. Few workers, even managers, remain for periods of more than four years,

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and none consider themselves as permanent residents. Large stations are an anomaly, with their regimented, encapsulated social environment in which work and leisure are strictly controlled. The eight-month mustering season is comparable to a long sea-journey on an understaffed freighter, with the captain/manager having to exercise strict control at all times over the work and the off-work activities of the entire crew, but, if things go well, also providing brief opportunities for intense bouts of recreation, whilst on 'shore leave' at the Brunette races or the Mt Isa rodeo.

The large stations remain disconnected from the Northern Territory economy and society. Managers, workers, services, suppliers and livestock come from the east, mainly Queensland, where also is the product destination for store and fat cattle. Contracts with Darwin are negligible. Much more important, however, than this disconnection from Darwin is the incapacity of the large stations to recognise, accommodate or adapt to a changing balance in local interests, including non-pastoral values. Concerning urban and regional development, the following comments were made in 1985:

Large stations have a negative effect on urban and regional growth and stifle any momentum towards further evolution of the settlement system. This negative effect is not solely the result of extensive land use and scarcity of population, but also because the multiplier effects of the station system are not directed towards local development. As shown earlier in this article, multiplier effects are either internalised within the station's own structure or are non-local in their impact, creating demands for services from very distant cities. Regions such as the Barkly Tableland and Victoria River District will remain bereft of conventional rural and urban services, and of the workforce to sustain such services, while the station system continues in its present form.

In subsuming the functions normally provided by local service towns, the large stations deprive potential consumers of local access to urban services. Whereas urban establishments strive to attract customers, large stations are naturally reluctant to provide open access to their stores, workshops, parts depots and fuel. Traditionally, stations have
recognised an obligation to provide emergency services to travellers generally, and basic rations to drovers and station Aborigines. This traditional service is now less willingly provided as Aborigines achieve more independence and as travellers proliferate, particularly near busy highways. With steady growth in demand but with urbanisation being stifled by the self-sufficiency of the large stations, the issue of open access to services will become even thornier in the future (Holmes, 1985, 23-24).

In practice, large stations are increasingly taking on the character of economic enclaves, divorced from their regional context, differing little from fly-in fly-out mining ventures, in an era when greater regional integration is likely to yield significant benefits. Over the last twenty five years, the only significant change in land tenure has been the appearance of a scattering of very small excisions from pastoral leases, to enable public investment in ‘community living areas’ for Aboriginal peoples, many of whom had continued to live on pastoral leases even when only sporadically employed on the stations. Though strongly opposed by pastoralists, these excisions have proved less of an ‘irritant’ to pastoral operations than was initially claimed by some managers. However, one negative outcome has been to loosen further the already tenuous links between Aboriginal peoples and the dominant pastoral economy.

Are any further land tenure changes likely to occur and, if so, can they ensure adequate recognition of interests other than pastoralism? Two avenues for change need to be considered, namely either transfer from private pastoral ownership to other tenures or ownership, or alternatively, recognition of co-existing rights or interests on pastoral leases. Compared with other northern regions and particularly with marginal pastoral regions, there appears to be little prospect for any significant shift in either of these land tenure provisions in the Barkly Region.

While some transfers in ownership or tenure may occur, these are likely to be very modest in scale, and away from the prime pastoral lands. For budgetary reasons, any further lease purchases for Aboriginal use are likely to involve peripheral leases, similar to Muckaty. There are no National Parks, nor conservation reserves, nor
any move towards their establishment, apart from the prospective transfer of a large travelling stock reserve of approximately 200km$^2$ to a conservation reserve, on resolution of native title claims.

The second potential avenue is the recognition of other values, particularly Aboriginal and conservation values (but also possibly tourist access rights), to co-exist selectively on pastoral leases. I am not adequately informed on the current status of claims for co-existing native title on Barkly pastoral leases, but I assume that they are less well developed than, for example in the Gulf District given the recent history of Aboriginal ongoing contact. See for example, R. Baker (1999). Nor has there been much evidence of activity towards achieving conservation agreements or public access rights on the Barkly, certainly much less than in the Darwin, Alice Springs or Gulf Districts. This lack of any signs of change only serves to confirm pastoralism’s ongoing entrenched status in the Barkly District.

In turn, this suggests that only modest institutional change can realistically be expected, with the main thrust being towards requiring lessees to accept a more comprehensive set of responsibilities in return for their currently substantial property rights over very significant land-based resources. Given the large size and absentee ownership of the Barkly stations, they do lend themselves to comparison with mining ventures, which are increasingly being required to accept specified responsibilities, for example in the training and employment of local Aboriginal people, and also in satisfying conservation requirements. Large cattle stations in the Barkly are exceptionally well placed to participate in programmes to provide appropriate gainful employment for Aboriginal people, with priority for those living in existing community areas within leases. They clearly have a moral responsibility to do so, but have surprisingly been under very little pressure to accept their responsibilities compared with mining companies. There are parallel responsibilities to ensure adequate conservation of grassland ecosystems by establishing management protocols over selected critical areas, along the now widely accepted procedures for nature conservation outside reserves. Relevant proposals are presented in Morton et al., (1995), Hale and Lamb (1997) and van der Sommen (1992). The large size of these stations suggests comparably greater responsibilities and opportunities to
achieve conservation goals on selected areas consistent with the principles of duty of care and custodianship, spelt out by the Industry Commission (1997).

A strategy which clearly spelt out specific responsibilities, attached to pastoral leases, in recognition of changing resource values and policy imperatives, may well be as far as can realistically be achieved in the core pastoral zone on the Barkly Tableland, given the strength of pastoralism vis-à-vis other interests, and also given the entrenched property rights, capital investment and political influence of the large pastoral companies.

Changing Land Tenures in the Gulf District

In the Gulf District, the transfer of land from privately-held pastoral leases, shown in Table 3, has been substantial. However, as I have pointed out in various publications, this process has been piecemeal, inadequate and overly influenced by previous tenure history.

I have argued for a more comprehensive approach towards land tenure reform and land re-allocation, based upon full consultation with all interests, and lubricated by a modest, well-targeted use of public funds towards much-needed land transfers. This is particularly needed in the Cape York Peninsula, the Gulf Country and the Northern Kimberley. In all these regions, the pastoral interest is modest with very few viable pastoral enterprises, whereas other interests, notably Aboriginal interests, but also conservation, tourism, defence and various others, are all substantial and increasingly so.

A mix of land tenures is required to cater for all of these interests in an efficient, equitable and sustainable manner. The following broad scale modes of land use need to be accommodated on tenures awarding exclusive (or near-exclusive) occupation:

- Aboriginal homeland areas, held in non-transferable freehold;
- Managed pastoral lands, held as term leases;
- Conservation lands, usually held under public titles as National Parks;
• Intensive and/or diversified land uses, generally held as term leases or perpetual leases, usually over relatively small areas.

While it is appropriate to specify the primary purpose of lands held for Aboriginal, conservation or pastoral uses, protocols may be in place to ensure parallel uses, such as a continuing role for Aboriginal traditional uses on pastoral lands and National Parks. Already much has been done towards implementing parallel Indigenous management and use in National Parks, and I do not seek to recapitulate these matters here. See Thackway and Brunckhorst (1998) and Davies (1999) for recent overviews.

There is also a clear need for a new form of public tenure to provide for the growing demands of footloose enterprises requiring specified rights of access and use but not needing rights of exclusive possession. This form of tenure could be broadly similar to the Federal lands of Western USA administered by the Bureau of Land Management, but preferably avoiding the problems created by a centralised, bureaucratisation administration directed from faraway Washington, DC.

These multiple-use lands need to be strategically located to satisfy the diverse demands of tourism ventures as well as individual users, while also being available for low-intensity pastoralism and Aboriginal uses, where appropriate. Licences and permits would be issued for any form of commercial use, with clear specification of rights and duties. Some licensed users may have day-to-day custodial responsibilities.

Such public lands would be an additional responsibility for land administrators, preferably assisted by a local advisory committee, comprising licensed commercial users, some public representatives and Indigenous owners.

One purpose of the public tenure is to accommodate the growing demands of commercial enterprises which are either footloose or require only a limited local base together with access to a wider area. However, there is a further important purpose. This is to provide for more focused and effective management of new modes of resource use, notably the full spectrum of tourist and recreational activities. Such uses need to be channelled into managed areas in order to minimise otherwise widespread human impacts. The strategy is similar
to that applied in many National Parks where human impacts are focused into managed areas.

Exactly how would the final map of land tenure for the Gulf District appear, following this redistribution? Any attempt at a final map would be premature, as the result could only be achieved following successive rounds and consultations and negotiations with all interest-groups, clearly involving substantial trade-offs.

A very partial insight, focusing only on the possible identification of pastoral lands, can be gained from the 1985 survey of all Gulf stations to assess their potential viability when confronted with the herd management requirements of the Brucellosis and Tuberculosis Eradication Campaign (BTEC) (Holmes, 1990). As an essential step, I sought to identify core management areas, on which capital investment on fences, yards and waters could possibly yield an adequate return, if subsidised in part by BTEC assistance. See Table 2.

Using procedures such as those employed in my survey, it should be possible to provide a revised set of core management areas, capable of supporting investment in managed herds, which could be held in long-term lease tenures, with near-exclusive occupancy rights for the lessees. Of course, these cores areas could only be designated following proper recognition of other interests, notably Aboriginal and conservation, which may be able to demonstrate a stronger claim for some of these areas. See further comments below.

In addition to these core areas, pastoralists would have grazing rights to at least some adjacent lands, held either for conservation or multiple use purposes, and could well negotiate some rights on Aboriginal-owned lands. In this way, their pastoral properties would closely resemble those commonly available to ranchers in western USA, most of whom have significant capital investments on a freehold home ranch, together with extensive seasonal grazing rights on adjoining Federal lands which are available for multiple use.

Although only 55 percent of the Gulf District is currently held in pastoral leases, it can reasonably be expected that this proportion will decline further. In my 1985 survey, half of all Gulf leases were assessed as non-viable under any prospective future scenario. It is instructive to note that, 15 years later, only one of these stations is
currently operating on a commercial basis, and then only in conjunction with other income sources. The remainder are currently either Aboriginal-owned, or held by the Territory Land Corporation, or used only for desultory cattle ‘harvesting’, if at all. The case for retaining these lands in pastoral leases is not very strong.

A major challenge in any reallocation of land tenures in the Gulf District is that resource values are highly focused in circumscribed locales, notably estuarine, riverine, riparian and other wetland zones and lands immediately adjacent, which are of prime interest not only to pastoral and conservation interests, but also to Aboriginals and to a new wave of resource users, including most modes of tourism and recreation activities: fishing, boating, other water-based recreation, camping, walking, wildlife observation and so on. Other rich locales include gorges, cliffs, caves and ‘lost city’ formations, often with a rich Aboriginal heritage and increasingly attractive to tourism.

This localised concentration of resource values in the Gulf District is in marked contrast with the Barkly Tablelands where resource values and income streams are tied to broadscale occupancy of extensive Mitchell downs. Resource rich patches may be identified in some locations, but they are rarely of critical importance either for production or conservation goals.

In the Gulf District, major challenge will be in achieving an equitable outcome in the ownership, access, use, management and conservation of these restricted ‘resource-rich’ locations, which are of comparable critical importance as in the arid zone, as described by Morton et al. (1995). There are comparable challenges, particularly in Cape York Peninsula and the Kimberley District.

The agenda for change, proposed here, may appear to be unrealistic, given the formidable political and institutional barriers. However, it must be recognised that rapid changes are already occurring, with net changes in land ownership likely to equal any changes suggested here. However current procedures for achieving change do not give adequate recognition to the needs of the primary interest-groups concerned, and are therefore likely to be sub-optimal. It is relevant to note that local interests, including Aboriginal peoples, pastoralists and conservationists are increasingly forming alliances to overcome
bureaucratic and institutional barriers to effective change. This is clearly seen in the Cape York Peninsula Heads of Agreement and in the continuing work of local coalitions in the Peninsula, as described by David Epworth (Chapter 18 of this proceedings).

References


Holmes J.H and Knight L. 1994. ‘Pastoral Lease Tenures in Australia: Historical Relic or Useful Contemporary tool?’ The Rangeland Journal, 16 (1) 106–121.


Australia takes pride in its profile as a nation concerned about environmental management and caring for its wildlife. Enthusiastically adopting international treaties with an environmental focus is part of that profile. Another is a strong identification with a boundless outback, where taciturn bushmen tread lightly on largely intact landscapes. But this attractive image is at odds with a deeper reality.

Australia has eradicated more of its mammals than any other continent (Ceballos and Brown, 1995). Recent work assessing change in the range and reporting rates of granivorous birds in the tropical savannas (Franklin, 1999) and in the arid zone (Reid and Fleming, 1993) have shown that many birds appear to be following the same path to endangerment and perhaps extinction. Causes of contraction in range and reductions in abundance remain obscure. In the northern tropics changed fire regimes and the effects of grazing on availability of many species of perennial grasses – and hence the seed they produce – are prime suspects (Woinarski, 1999). There are concerns about declines in the abundance of mammals even in such places as Kakadu National Park (Woinarski, unpublished data).

In both the tropical savannas and arid zone, many native animals appear to depend on more productive patches in the landscape, to which they and stock retreat during less favourable periods. The capacity of these patches to support wildlife appears to decline when they are shared with stock (Morton, 1990). Native animals may come
to occupy fewer and fewer of these patches as their condition declines, until some species disappear entirely from the landscape.

Such processes are not signaled by gross changes in the physical appearance of the country, but their effects are no less devastating for their subtlety. If a native animal is dependent on a particular species of grass for food during part of the seasonal cycle, and that species is preferentially grazed or especially susceptible to damage, then the dependent fauna may suffer badly, even though they appear to be occupying a relatively intact landscape (Franklin, 1999; Woinarski, 1999).

Land and Resource Management Legislation

Formal instruments like international treaties and the Federal legislation enacted to implement them have not arrested these processes. Nor have State and Territory laws that govern the way land is used for pastoralism or other agriculture. Failure to arrest losses of species and entire wildlife communities is attributable not to a shortage of regulatory instruments, but to their peculiar structure. Systems for allocating land and controlling access to the living resources that the land supports are fundamentally incompatible.

Once land is allocated to a particular form of use, the law is mostly indifferent to the fate of the individual wildlife species on that land, unless they fall into either of two extreme categories. On the one hand, some native plant species (especially grasses) are so common and integral a feature of the landscape that they are important to maintain its physical structure and aspects of its function (eg, Ludwig et al, 1997). Significant declines in the abundance of these species are treated as, at least, undesirable and are therefore proscribed under legislation regulating the pastoral industry, even though they be at no risk of total loss from entire landscapes. These provisions are designed mostly to protect the prevailing land use. Provisions in regard to maintenance of biological diversity more generally are so loose that they are unenforceable, because clear operational interpretation (eg, what losses, if any, are acceptable) is impossible.
At the other extreme from the protection of pastoral values sits legislation to protect species of flora or fauna that are rare in the landscape. The rarities are placed on lists of vulnerable, threatened, endangered or critically endangered and then given special attention and protection. The irony is that it is the indifference to the wider role of the boringly common species that ultimately creates the list of rarities. The striking conservation problems now being revealed in apparently structurally intact landscapes, indicate that the ecological function of these common species, in providing food or shelter for many elements of the native biota, can unravel well before their losses begin to cause breakdown in the physical structure of the landscape and its geochemical function.

Failure to recognise the value of the commonplace, but to then agonise belatedly over the plight of the rare, is silly at best. The perversity becomes even more apparent when the loose regulation of land use decisions and practice is contrasted with the straightjackets used to regulate any purposeful human interaction with native wildlife.

Managing Wildlife

Remarkably, we juxtapose comprehensive regulations and guidelines governing export of a diplomat’s family parrot (under the Federal Wildlife Protection (Regulation of Exports and Imports) Act 1982) with a legislative gaze averted from the clearing from huge areas of land of most of the living things it previously supported (eg, Fensham et al, 1988). But should someone seek to sell, without special permit and the crafting of a comprehensive management plan, just one of the organisms that would otherwise be destroyed by a bulldozer or chain, this is likely to be viewed as a serious offence. In many jurisdictions, an Aboriginal landholder may take wildlife for food, but selling or bartering some of that food to acquire other goods is not permitted, even though such activity has been an important part of traditional practice.

Under these circumstances, land allocation decisions once made, often dismiss wildlife from further consideration by the land manager. At least in part, this happens because laws dealing explicitly with wildlife categorise those managers as incapable of making good decisions.
about the value or use of native wildlife, and erect impenetrable bureaucratic barriers between them and their interactions with the living things on the areas they manage.

However, this negative view of the motivations and competence of people is not applied to their cattle, which over much of Australia's land area are delegated the authority to make a wide array of critical decisions about treatment of wild plants and animals. They choose which species will be eaten, those that should be trampled, those to be deprived of shelter and food and those whose waters should be polluted. Cattle or other stock determine what is valued and what is dispensable.

It is difficult to respect any regulatory system, regardless of its history or intent, that has the effect of deferring to the superior decision-making of cows. Surely what is required, if conservation of biological diversity is to be taken seriously, is to develop systems of access to biological resources that acknowledge that we all depend on the exploitation of living things in one way or another, and that consequently treat all living things as valuable. Concentrating on giving special value to the rare is certainly in tune with the current obeisance to the magic of markets, which, provided there is a demand, tend to allocate higher values to items that are in short supply. However, a belated increase in valuation comes at a very high price, the price including the prior destruction of populations, their habitats, high risk of total extinction and the cost of the actions necessary to avert that extinction risk.

Conservation and Sustainable Use

Some wildlife managers and conservationists argue that an overt application of economics and markets might be better for wildlife. They suggest that adding a commercial value to the intrinsic worth of wild plants and animals may lead to them being more carefully managed by land users engaged in generating incomes (Webb, 1991; PWCNT, 1997).

There is obviously a need to give special protection to highly vulnerable species and communities, but for many other species and situations there is a middle ground where sustainable use can enhance
protection by encouraging good stewardship of wildlife habitats. Even though there are a number of examples of success, the argument that economic incentives can work positively for wildlife conservation is not universally accepted (see Freese, 1998 for a full discussion of the arguments). However, this link is not the only reason for reconsidering the way access to living resources is managed.

A fundamental issue is the clear failure of attempts to deal with wildlife conservation by quarantining people from the difficult and often discomfiting reality of our close interactions with other living things, whether through direct use, or by usurping the places wildlife would otherwise have occupied. Our universal complicity in loss of species and wildlife communities cannot be evaded by setting aside a few reserves, especially when we know from the outset that those reserves are incapable of maintaining all species (Whitehead et al, 1992; Woinarski et al, 1992).

Wildlife Access and Ownership

Maintaining the illusion that some of us are innocent has been made too easy by legal systems that deny rights in wildlife to individuals and communities and mostly vest ownership in anonymous Government agencies. Giving greater rights to land managers to make decisions about wildlife values, could also impose a suite of obligations on all those involved in land administration. Land allocation decisions would explicitly recognise that responsibility for the status of wildlife went with the title. Land use decisions could no longer be decoupled from their effects on biological diversity because there would be no implication that the State had accepted responsibility for those 'side-effects'. It would no longer be possible to argue that a distant, unknown 'other' dictated or predetermined land use outcomes.

In northern Australia's rangelands there are repeated calls for diversification of land use, because many areas are marginal for 'traditional' agriculture. Attempts to force those European forms of use have often proven destructive (Woinarski and Dawson, in press). A recent report of a Senate Standing Committee (Senate Rural and Regional Affairs and Transport References Committee, 1998) called for trials of the potential to substitute production based on native
species. More recently, calls for change have been repeated in a discussion paper *Managing Natural Resources in Rural Australia for a Sustainable Future* released by the Federal Minister for Agriculture, Fisheries and Forestry (Anon. 1999a), which promotes ideas of diversification of enterprise based on wildlife.

Whilst the impediments imposed by incompatible and outmoded regulatory frames are recognised in such documents and elsewhere, serious review does not seem to have been given priority. The recently enacted *Environmental Protection and Biodiversity Conservation Act* 1999, unfortunately perpetuates the illusion that conservation is a separate issue from sustainable use. For example, the statement of objects reiterates a dichotomy in treatment of living things: those that are commonly and heavily used (natural resources on which sustainable development can be based) and those that are to be protected (biological diversity) and, by implication, defended against all use. A current public inquiry into access to biological resources, originating in the office of the Federal Minister for Environment and Heritage, is focused principally on genetic resources and measures to facilitate pharmaceutical prospecting, rather than more fundamental issues of wildlife access and ownership.

It therefore remains unclear how this much-vaunted diversification might be achieved, despite recognition and continued reference to its potential advantages for conservation and sustainable land use.

**Alternative Paradigms**

In parts of Africa, community valuation of wildlife has been turned from a prevailing view of wildlife as pests and impediments to individual and community welfare, to appreciation of the same wildlife as important assets. Programs like Campfire (Communal Areas Management Programme for Indigenous Resources in Zimbabwe), based on legislation that gives communities proprietary rights in wildlife and allows those communities to retain incomes from their use, have been instrumental in achieving increases in areas managed to maintain wildlife habitat.
At the other end of the spectrum of economic development, the US and Canadian Governments have co-operated in the North American Waterfowl Management Plan, spending billions of dollars to redeem damaged wetlands. This highly successful habitat management program depended on the demonstrable economic value of waterfowl to recreational hunters and other wildlife interests, and the recognition that landholders needed incentives to care for wildlife. Groups that seek continued access to the waterfowl resource have supported it politically, financially and operationally. Despite its international scope, it has been built from a co-ordinated aggregation of local activity involving partnerships among resource users, landholders, State and Federal Governments, and conservationists. Benefits flowing to private landholders have been a key to its success.

The South African Sustainable Use Specialist Group of the Species Survival Commission of the International Union for the Conservation of Nature and Natural Resources (IUCN) argues that 'tenure' is the most important factor affecting sustainability of wildlife conservation programs. They define 'tenure' to include all aspects of ownership, proprietorship and rights of access. They suggest that sustainable programs result when (i) access rights are well defined, (ii) there is an ability to enforce those rights, and (iii) the unit of management and accountability is small and functions efficiently.

Australia's regulatory regimes fail these tests on all counts, particularly in remote, sparsely populated regions. They do not secure the engagement of communities and local authorities, and substituting control from remote centres is impracticable. However, current arrangements are embedded so deeply in the common and statute law, public attitudes and existing patterns of land tenure that profound and rapid change in formal systems of ownership of living resources does not appear to be a realistic expectation. Despite these difficulties, surely it is time to get serious about exploring alternatives to current policy and practice. We should not cling to methods of granting access to living resources based on outmoded ideas - designed originally to serve the interests of human elites like the European royalty - that have proven not to serve the interests of wildlife under contemporary circumstances.
If change is to be achieved, it is perhaps inevitable that rates of change will be slow and incremental, pace being dictated by increased public understanding and support for alternatives. Better understanding can be most effectively promoted by establishing working examples of good practice which are openly assessed and thoroughly debated.

Testing Model Systems

There is a number of options for testing model systems involving different access provisions. Here I deal with one of the most obvious that has particular application to northern Australia.

Indigenous Management

Diversity of interest, rights and obligations underpins Indigenous land and resource management systems (e.g., Yibarbuk 1998, 2000). Aboriginal landholders accept responsibility for the condition of all components of the ecosystems they manage. They have a direct interest in use of many plants and animals to meet basic needs, as well as cultural obligations to maintain them through appropriate practice and ceremony.

Sites managed to sustain diverse wildlife harvests, whether for subsistence or commerce, have the potential to make a major contribution to long-term protection of Australia’s biodiversity. To maintain harvests, wildlife habitats will require high standards of management. Income from harvests and the associated activity on country will provide incentives for participants to also control important environmental threats, including weeds and feral animals.

It is not necessary to categorise elements of Indigenous or non-Indigenous practice as inherently superior or inferior to consider that wider application of diversified resource use has potential to improve conservation performance. The important point is that dependence on a wide range of resources encourages managers to avoid the poor outcomes associated with untrammelled, one-dimensional private use.

One of the mechanisms available to the Federal and State/Territory governments to facilitate trials of alternative access regimes is the Indigenous Protected Areas Project. This project was developed under the National Reserves System Program of the Natural Heritage Trust
with a goal to encourage development of co-operative arrangements for establishment and management of protected areas on Aboriginal lands. Despite the prospect of access to financial and other support (including local employment), the idea has not proved popular with landowners, who are reluctant to cede control of sometimes recently recovered lands back to government authorities. However, this may prove less of an obstacle if models based on Protected Lands Categories V (traditional interactions with the environment are protected) and VI (to maintain biological diversity while also maintaining a flow of natural products) defined by the IUCN are considered, but with considerable control vested in local people.

The National Reserves System program could provide funds to build management structures and other capability within one or more communities who wish to explore options for local economic development based on wildlife harvest. Important features of such a scheme will be:

1) community identification of resources for exploitation;
2) establishment of trial harvests under conditions set by local communities;
3) co-operation with a State or Territory Government to set upper limits on levels of harvest but, within those limits, delegation of regulatory authority to appropriate community members;
4) establishment of processes for monitoring operations and status of harvested species in co-operation with communities;
5) review of operations after several years to include assessments of:
   • contribution to local economy;
   • contribution to management and other capabilities within communities;
   • status of wildlife populations and habitat condition;
   • contribution of site to maintenance of Australia’s biological diversity;
- prospects for ongoing protection of wildlife values based on incomes and skills provided by local sustainable use programs;
- prospects for extension of programs to other environments; and,
- integration with conservation and development plans at a bioregional scale (below).

Some of the resources most valued by Aboriginal people that also have commercial potential depend on favourable habitat conditions being maintained over very large areas. The co-ordinated management potentially offered by bioregional plans, backed by effective legislation, also has an important role.

Bioregional Plans

Although I have indicated that some important issues have not been directly dealt with, the Environmental Protection and Biodiversity Conservation Act 1999 (EPBCA) does provide some potentially useful mechanisms for linking wider issues of land management, use of living resources, and conservation of biological diversity. Perhaps the most promising, from the perspective of this discussion, relates to 'bioregional plans', which may set objectives 'relating to biodiversity and other values' for bioregions within a Commonwealth area or, where States or Territories agree, other bioregions (Section 176). Development and implementation of such plans could facilitate close examination of alternatives to the current arrangements determining access to biological resources. The recent draft discussion paper released by the Federal Government (Anon, 1991a) lists 'devolving authority and empowering regions' and 'facilitating fundamental change; by facilitating land use change, innovation and diversification' as key policy directions. Obviously there are important links between policy initiatives for diversification, the conditions under which access to biological resources is gained, and the construction of bioregional plans.

The EPBCA provides that bioregional plans may deal with biological, social and economic values. Prevailing practice in bioregional
planning for conservation is to perpetuate the dichotomous view of biodiversity management. Landscapes are divided into zones where protection from use is complete (parks and reserves) and zones for production that provide little or no incentive to maintain wildlife values. There is rarely recognition that programs for sustainable use of wildlife offer an option to complement other measures, by increasing the total area over which protection of wildlife habitat is a dominant management goal.

Such plans will be most effective if they are not constrained by, but are rather deliberately designed to challenge, the currently dominant view of limited land use alternatives. They should also be viewed as opportunities to re-examine the social and economic determinants of sustainable systems, conducted at scales large enough to be genuinely informative, yet not so large that they elude close monitoring. Lessons must be well documented and accessible to a wide range of interests.

Perhaps most important, such plans should provide a vehicle for incremental improvement of regimes for regulating access to biological resources. New systems should strive to strike a better balance between local benefits/incentives for habitat protection and national obligations to demonstrate commitment to biodiversity conservation. Rigid control through legislation designed to tightly limit access is neither the only nor the best mechanism for genuine improvement. Questions of wide interest that should be considered in trials on Aboriginal or other lands, are:

1) How does State ownership of biological resources influence conservation outcomes?

2) Under what conditions could transfer of ownership to landholders or managers encourage extension of stewardship obligations to a wider range of resources?

3) What other forms of access (tenure) encourage superior stewardship?
   
   • is delegation of decision-making more or less important than ownership for encouraging acceptance of obligations to maintain biological resources?
4) What is the most effective mix of incentives (economic, social, cultural, legislative) for sound stewardship of biological resources?

5) Do the most effective economic incentives for improved stewardship also enhance equity in sharing of benefits?

6) How do provisions allocating land or specifying dominant land uses influence development of enterprise, based on use of native species?

7) What formal authority can be delegated to members of local communities to make or enforce wildlife management decisions?

8) What forms of knowledge, qualification, experience and expressions of community support are required for such ‘delegates’ to achieve effective local authority?

9) How can commercial uses of biological resources be reconciled with subsistence or ceremonial use?

Conclusion

Extended debate and careful analysis has consistently led a diverse range of Government inquiries to the conclusion that the sustainable use of wildlife can contribute positively to conservation, while offering opportunities for some of Australia’s most disadvantaged communities to improve their economic and social conditions. In the absence of more information and some direct experience, further debate will constitute little more than sterile restatement of established positions. The carefully-conducted trials suggested here will provide the opportunity to answer many of the questions that concern both proponents and opponents of the linked themes of sustainable use and less constrained access to biological resources.

It is time to acknowledge responsibility for our collective decisions about management and conservation of wildlife as it affects most of the Australian continent, where we now defer to stock. Rather than bemoan the poor quality of the judgments that cows presently make on
our behalf, we need to seriously consider the possibility that people might do it better.

References


Senate Rural and Regional Affairs and Transport References Committee, 1998. *Commercial utilisation of Australian native wildlife*.


The continent we call ‘Australia’ is Aboriginal land. It always has been and always will be, and the way we utilise it and its resources will always be a matter for serious discussion. This discussion is invariably about its use and the so-called ‘economic benefits’ that have been derived, and the future benefits that will be derived, from its use.

This discussion can become volatile; people have been known to ‘go the knuckle’, politically, as these resources become scarce.

But the discussion can become more focused within northern Australia, where a large proportion of the population is Aboriginal and living in remote areas.

Aboriginal people occupy large tracts of land under a myriad of titles and leases, ranging from pastoral to freehold to living areas or community purpose leases.

Each of these tenures dictates the level of economic use by the occupier. However, let us make sure not to confuse ‘economic use’ with ‘commercial use’.

Even so-called free-market activities such as mining are controlled by government regulation of land use, for example, exploration or mineral leases. These same government regulations apply to, and in all cases dictate, the parameters of ‘economic use’ of Aboriginal lands by
Aboriginal communities and groups. For example, if you are lucky enough to acquire a ‘living area’ on a pastoral lease, its use is listed as purely and simply for living.

This regulatory system is imposed by government agencies which permit Aboriginal communities little or no input into the process of drawing up the regulations. These communities, because of their position within a ‘donor-recipient’ process, have little, and at times no understanding of the discussions or processes upon which government agencies base their policies and the decisions that have flowed from these processes.

This system of control of resources is also managed by ‘Aboriginal’ government agencies – the very groups that are supposed to reflect Aboriginal aspirations for land management and land use.

This system of assimilation has forced Aboriginal communities to set aside their own socio-economic and decision making processes and adopt new and different systems and processes based on western economic, cultural and social paradigms.

We all know the results of this exercise, and the record is not magnificent.

Aboriginal groups are now forced to ignore the economic and social systems that have produced economic goods on a basis that has sustained the cultural and physical hierarchy of the community for thousands of years.

Aboriginal concepts of land use and economic development continue to be unrecognised by government agencies. I feel that they are readily dismissed from consideration because they are very hard to measure and do not fit within western economic paradigms or the overall debate on assimilation.

Government departments have dismissed these processes as too hard, and policies of development have reflected the reluctance by agencies to engage in constructive dialogue with Aboriginal groups and communities on the subject.

An example of this conundrum is the remote Aboriginal outstation communities, where ideologically-driven community development projects have sought to address health and housing issues while
ignoring ongoing environmental and economic issues, such as unemployment, boredom, alcohol, petrol sniffing, etc.

The development of communities that are sustainable, in terms of environment, water, land use, and other fundamentals, is being ignored, or partially dealt with, or not dealt with until there is a major crisis of social or cultural genesis, and then we are swamped with concerned dollars.

I am referring primarily to the discussion in relation to Jabiluka, UNESCO and the Jabiru region in general where we have spent millions of dollars in assessing the problem but very little money in moving the issues forward.

There are other examples, including some that are touted as ‘good government’ and ‘good policy practice’. The one that jumps out of the crowd is the remote housing program – a multi-million dollar program funded by government in remote communities, where a basic environmental study of issues such as the sustainability of the aquifers has not been undertaken. In Central Australia, $38 million has been spent on community infrastructure and housing, yet there has been no aquifer management program established to determine sustainability.

There are a number of Aboriginal communities where the quality of the water available to pregnant women does not meet international or national standards. And people have to sign a waiver on legal action against the government over water quality, before the Northern Territory Government will equip the bore.

The arguments about the sustainability of land use will always remain hypothetical because there is no impact monitoring – and there is no impact monitoring because – wait for it – there is no base-line data to measure impact against!

Non-Indigenous commercial activity in terms of Aboriginal land use, thankfully, has not developed much further because of the unwillingness of Government agencies to incorporate and understand Indigenous systems. So, thankfully, we will be unable to facilitate the Paris to Dakar rally between Docker River and the Finke.
We would have inherited a raging great desert if we were to ignore Indigenous systems and adopt only a western system of commercial activities and economic development.

We, as Aboriginal people, must wonder why we have entered the debate on economic development without a minor attempt to hang onto the existing cultural processes that have sustained Indigenous communities since time began.

There has to be a re-alignment of interests and policies and we can leapfrog with new technologies to commercial, political and social advantage and be clever.

We cannot allow another decade of social engineering to take place, where the catch-cry from most Indigenous quasi-government agencies is ‘if you put all the money in one big pot and you all share it, then you will all be poor’.

Or the national anthem, for most public servants in the Aboriginal industry, with a first line that goes something like this – ‘through your poverty you will remain pure’. We cannot allow these people to experiment on us again.

We have to move on. We have to start adopting and addressing the remnants of Indigenous society and culture that we hold dear to ourselves and go back to measuring and developing economic and social programs in a way that allows us to understand the impact they impose on us.

We have to recognise that social and cultural practices, such as looking after sacred sites, are extremely important to us because they provide us with economic and social goods. An Aboriginal elder looking after a sacred site means that the community is strong because you have ceremonies going on, you have language, and you have a whole range of other things.

We will need financial support from government agencies to try and put back, into our dislocated society, the social fabric and the cultural activities that sustain the community and govern the use and control of land.

These cultural activities can and have to be funded as they do produce legitimate social and economic goods and services.
This knowledge is currently being utilised by Aboriginal communities and is available throughout most of the regions of northern Australia.

We can, with the economic inclusion of Aboriginal people in the development of new technologies, develop a system that provides a new direction for land use.
THE FORGOTTEN TIER
Re-conceptualising the Relationship Between Regional Economic Development Partnerships and Local Government in the North

ROLF GERRITSEN

The best means for regional economic and community development are currently under the process of redefinition. Central to that redefinition is a set of concepts variously labelled as ‘civil society’, ‘social capital’ or ‘new theory’. The notion of partnerships, integral to this session, owes its cogence to the social capital and, to a lesser degree, civil society elements of that theorising.

Civil Society, Social Capital and New Theory

The contemporary re-conceptualising of regional/community development is a complex congeries of subject matters and approaches. The latest fashion focuses upon the importance of forms of social organisation. It essentially follows from the seminal study by Robert Putnam on the role of social networks in regional development in Italy

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1 The New Theory stream of this redefinition of how society should be organised and the proper role of government has led to the ‘Third Way’ theories of European social democrats such as Giddens and politicians like Tony Blair, as well as influencing local advocates such as Mark Latham.
(Putnam, 1993) and by Elinor Ostrom on the resolution of collective action dilemmas in irrigation management in California (Ostrom, 1990).

This new theorising has been popularised by Fukuyama (1995) and somewhat degraded in the American communitarian movement. The latter’s leading exponent, Amitai Etzioni (1995), postulates that social structures and values – such as the family – are centrally important for productive economic efficiency. In Australia, Nick Greiner (1995) and Eva Cox (1995) have proposed approaches based on this new theory. Others (eg, Norton et al, 1997) have focused upon Putnam’s notion of ‘social capital’.

Putnam described social capital as comprising the entirety of ‘features of social organisation, such as networks, norms and social trust, that facilitate co-ordination and co-operation for mutual benefit’ (Putnam 1993; 67). In other words it has three elements:

- networks, or forms of societal co-ordination that provide formal or informal forums for co-operative behaviour;
- norms, that facilitate and legitimate co-operation and co-ordination; and
- social trust between individuals and between the community and its institutions, to encourage co-operation.

The Australian debate about social capital, launched by Eva Cox (1995) and Norton and others (1997), incorporates these same elements (Winter, 2000).

The partnerships that comprise the major focus of this session imply a co-operative role for business. Successful partnerships between business and ‘public’ agents, whether governments or communities, are dependent upon the active presence of the constituent elements of social capital (Murphy and Barrie, 2000). For a variety of reasons: racial tensions and misunderstandings, particularly over land; political partisanship; and the weakness of norms of public and interjurisdictional co-operation in important policy areas, social capital is weak across northern Australia. To these factors should be added the lack of capacity of local government.
Incorporating these ‘social capital’ factors into any reconceptualisation of regional development is now de rigueur for regional development theory. The idea of co-operation or public-private partnerships that is the subject of this session arises from that social capital theory. But this theory is only part of a broader suite of theoretical and practical approaches to regional development.

The disciplinary skeleton and implementation strategies of regional development and service delivery analysis vary in three ways:

- The subject approach or focus
- The ‘level’ of the theorising (Meta, Meso, Micro)
- The degree of ‘government’ in the theory

**Subject approach or focus**

The differences here have been somewhat overstated. Recently ‘regional science’/regional development analysis has been concerned with questions – eg, regional sustainability – that integrate a variety of perspectives (in this case ecology, environmental accounting, economics, geography, public administration, etc). Transportation and urbanisation analyses (eg, impact studies for new shopping centres) are invariably multidisciplinary (or ‘holistic’?). In some of these areas the practitioners have been in advance of the theorists and, in effect, created the market for the theorising.

In addition, some disciplines have stolen analytical tools from other disciplines. For example, spatial economic system dynamics research now often uses material from social biology/ ecology.

**Explaining the idea of ‘level of theory’**

An example of meta-theory is Porter’s *Competitive Advantage of Nations*. This influenced the regional development theory applied by Brian Howe in the latter period of the Keating Labor government.
Meso (or mid-range) theory will analyse one economic sector or one regional set. Micro theory will be applied to the administrative organisation of (for example) a regional development agency, or to the economic impact analysis of the Darwin-Alice Springs rail link.

This distinction is more blurred in application. For example, some years ago, the Industry Commission issued a report on local/regional government industry assistance (Industry Commission, 1996). In the tradition of critics of inter-jurisdictional fiscal competition (eg, see Kenyon and Kincaid 1991, passim) it advocated immediate cessation of such assistance as interfering with the allocatively efficient distribution of resources. However, its analysis was based on microeconomics and assumptions that microeconomic truisms could, frictionlessly, be translated into broader application. It is a curious anomaly that most Australian economists still unequivocally see inter-jurisdictional competition as inefficient and ignore the American school of fiscal federalism that posits the opposite point.

Explaining the ‘degree’ of government

Here, I mean the implicit or explicit level within the theory of advocacy for a governmental role. For example, the literature on the geography of advanced producer services – knowledge intensive business service inputs to firms such as engineering, accounting and HRM consultancy, specialised legal and financial advice etc – concentrates upon the role of transnational corporations (private and public) as ‘markets’ and the effect of globalisation in providing a ‘supply-push’ to these markets (Daniels and Moulare, 1991; passim). The implication is that governments should intervene in shaping those markets.

It should also be noted that there are important ‘cultural’ divergences within regional development theory. Regional anti-disparity policies were developed in western Europe in the post-War period and were designed to overcome the fact that regional adjustment was not frictionless – that, unlike in the USA, European labour markets did not
automatically adjust to equalise regional unemployment (Keating 1997; 18–19). Consequently, the Europeans focus much more upon a positive governmental role within regional development than do the Americans. The implication of this is that the choice of literature and approach may pre-determine the policy approach? Or (more cynically) that the advocates of any policy approach can always find support somewhere in the literature? Certainly, the choice of Porter's competitive advantage model by the policy-makers of the Keating government provide some support for the latter (profane) hypothesis.

Regionalism and the Local Government Element

Though they are overstated, the insights we obtain from social capital theory suggest that, for most of the communities of northern Australia, local government is, or where it is not – should be – a crucial element in community economic development.

This paper is an initial essay into local government's role in regional economic development in northern Australia. In other parts of Australia, local government is an increasingly recognised institutional component of economic development, at least in the area of local economic development. The Kennett government's local government revolution – *inter alia* – amended the *Victorian Local Government Act* to provide explicitly for an economic development role for local government. In the other States of Australia – with the part exception of WA – driven by necessity, similar practice has followed\(^2\), although without the same legislative spur. But any formal role for local government seems to be a largely overlooked element of regional development in the North.

To me this seems surprising, given the uneven nature of current economic development across the North. The growth in the agricultural zone of the Kimberleys, the public sector-spurred growth of Darwin, and the economic development of the eastern seaboard of northern Queensland – together with particular local effects of mining

\(^2\) For instance the NSW Department of State and Regional Development has a strong community economic development focus, which incorporates local government.
developments at MacArthur River and Century Zinc and other smaller projects – masks increasing disparities in access to economic opportunities across northern Australia.

Recognising that the gap between theory and practice is an international phenomenon (Newman, 1996), we still need regional development research that is explicitly geared to translating regional development theory into frameworks that can be understood and implemented at the local government level.

The economic problems over much of regional Australia result from the complex interaction between three factors: the effect of globalisation on agricultural and pastoral industry restructuring (Birch et al, 1996), with its attendant population decline (at least in the sense of economically active populations); the consequent reduction of private sector services; and the post-1980s withdrawal and recentralisation of governmental services (eg, Gerritsen, 1998: section 2.2). This phenomenon – popularly called the ‘regional crisis’ – is becoming more serious because it appears that general long-term unemployment is ratcheting up following each post-War recession (a phenomenon economists label ‘hysteresis’). The persistence of relative regional unemployment disadvantage renders the regional crisis an important public policy issue, especially in northern Australia because it here has a particular Aboriginal flavour. In the absence of concerted State/Territory or Commonwealth interventions to support social capital-style community economic development – as distinct from large ‘showpiece’ projects – this policy problem is increasingly being left to local government in the vast majority of communities in northern Australia. And again because of the small resource bases of all but the largest of these local governments (such as Cairns, Darwin and Townsville City Councils) as well as factors such as the Aboriginal element and competing structures of governance, most northern local governments are ill-equipped to deal with this issue.

In many regional areas of Australia, State and Federal agencies have retreated to larger regional centres, leaving local government as the only organised institutional capacity remaining in the smaller regional towns and villages. Inevitably, the citizens of these regional areas are looking towards their local governments to tackle these problems. Usually State/Territory and Commonwealth officials are only
occasional visitors, not really integral local players in the local community. Yet local government has few precepts – except for lobbying for Federal and State government initiatives – to enable it to respond positively to these demands. The erratic policy history of Commonwealth government regional development policies in the post-War period (Higgins and Zakorski, 1989) has not helped. The most recent example of this unpredictability is the Howard government’s abandonment of the Keating government’s short-lived Working Nation Regional Development Organisation (RDO) program. This is currently being compensated for by ad hoc, submission-driven, pork barrelling that owes more to electoral exigencies than to any developmental theory (except in its misuse of social capital theory).

I make this case for the importance of local government with three embedded presuppositions:

1. that ‘reconceptualising regional economic development and service delivery’ presumes that government is involved (using structures and functions to be specified); and that the ‘global waltz’ of capitalism is something that is partly to be managed, or at least its effects ameliorated, rather than just endured;

2. that we are in search of approaches that will bridge the gap between the governmental practitioner and the academic analyst/theorist. This gap is too often a wide divide and bridging it is considered important (Sorensen, 1998). Because it is local and seemingly prosaic, local government affords an arena to produce practical, community supported strategies – such as business-community partnerships – that can have sensible theoretical underlays;

3. that spatial inequality appears to be at least persistent if not cumulative (ie, its economic causes may owe more to cumulative causation derived from chaos theory than to Marshallian equilibrium). Interestingly, this appears to have been intuitively understood by practitioners for a long time, even though theoreticians appear only recently to have accepted and analysed this phenomenon.
In northern Australia, particularly because of the Aboriginal dimension, this third presupposition is crucial to any policy approaches.

Regional/Community Economic Development Analysis

The analytical 'problem' of regionalism is that there is a huge variety of theorising (and an immense literature!) about regional development and regional service delivery and management systems.

This theorising – including the implicit theorising of the practitioners – the regional development organisers and implementers – has three features:

1. *It draws upon distinct intellectual/disciplinary/subject matter approaches (which means that practitioners are confused some of the time and academic analysis seriously ignorant most of the time!).*

I accept that there are overlaps in this theorising but the disciplinary discourses of regional development are too often operating on parallel systems of semantics that offer little possibility of productive interaction, let alone, one policy implementation. For example, some geographers like talking about post-Fordist modes of production and how these have changed/will change the spatial location of production. Another of the schools of regional economics/regional science – industrial organisation theory – emphasises the emergence of flexible specialisation (eg, Sabel, 1989) and 'cluster' patterns/network economies etc. So what is the local government economic development planner expected to make of this apparent contradiction?
2. **Regional Development theory offers prescriptions at different levels from the highly abstract to the merely prosaic.**

This has implications for the practitioner – theorist divide mentioned above. For example, highly abstract (especially mathematical) theorising – because of academic knowledge cycle lags – will not be translated into practitioner knowledge (assuming it has any practical relevance) for a considerable time. This is because practitioners operate within what has been described as a ‘development possibility frontier’ (Sorensen 1998: 7). This ‘frontier’ is usually prescribed by either the institutional and funding possibilities of current governmental programs, or else is bounded by the current developmental ‘fashion’. Thus, for the current Commonwealth government, social capital theory has been bowdlerised to mean merely that ‘communities should help themselves’.

3. **In its ‘regional science’ iteration, it offers theory that is based on mathematical models that are, at best, part rather than holistic explanations of regional development.**

For the practitioner, abstract economic modelling neglects the specificity of the availability of resources, which may be socially, culturally or technologically determined. Such modelling finds it difficult to incorporate changes in the demographic, lifestyle and consumer preferences and in the perceived problems of the relative accessibility of places (Sorensen, 1998; 6).

**So what about Regional Development?**

Regional development praxis (as distinct from all this theorising) has traditionally featured State government ‘smokestack chasing’ (ie, governmental incentives or subsidies attempting to change the locational decisions of business). In recent years it has become more complex.
Based upon the assumption that the divisions between the public and private sectors are increasingly blurred, numerous new programs (fads?) have arisen.

- *zonal*: enterprise zones; technology parks; small business incubation;
- *infrastructural*: skills training, technology development;
- *financial*: product development funds and other capital assistance;
- *management*: reinvention of sub-national government.

The first set of initiatives is most associated with State governments (eg, Adelaide’s Multi-Function Polis and the NT’s export zone). The latter three are associated mostly with Commonwealth initiatives.

The most recent example of a concerted regional development practice was in the 1994–96 Regional Development Program administered by the then Labor government’s Deputy Prime Minister, Brian Howe. This resulted from a welter of investigations – the Kelty Taskforce (Kelty, 1993), a report by the consulting firm McKinsey & Co (McKinsey, 1994), a report by the Bureau of Industry Economics (BIE 1993), and a report by the Industry Commission (1993).

The Regional Development Organisations (RDO) were established with Commonwealth funding and were designed to encourage regions to plan their own development by helping them to invest in the infrastructure that would aid their international competitiveness (Sorensen, 1994). In an echo of the Chifley government’s postwar reconstruction program, a parallel system of Area Consultative Committees were to address the associated employment and training issues of regional development. The RDOs were funded for establishment costs, to conduct a regional audit, and to prepare strategic development plans. Most of the RDOs had completed this phase (the strategic development plans less successfully) by the time the Keating government was defeated. It has been argued that most of the RDOs sought funding for existing rather than new infrastructure projects (Forth, 1996; 77).
The State governments (and many local governments) were hostile to the Howe-Keating program because they saw the system of RDOs directly funded by the Commonwealth as having the potential to create a separate, fourth tier of government, with future implications for intergovernmental financial transfers (Forth, 1996; 76). The Office of Regional Development deliberately managed the program so that local government would not be in a position to determine the direction of their RDOs. Consequently, there was little outcry when the Howard government abandoned the program in the 1996 Budget.

Following a brief hiatus in the period 1996-98 – when National Competition Policy was dominant – it is this administrative fashion that has been replaced by social capital theory, which in the Coalition's usage means that each community is responsible for its own economic development. In institutional reality, for most of northern Australia, that means local government.

The Role of Local Government

As mentioned above, the importance of local government in regions remote from Australia's metropoles is that it provides the only organised, permanent efficient and (to a degree) effective institutional capacity in those areas. Potentially local governments should lead their communities' efforts towards economic regeneration. However, this leadership role is bedevilled by the lack of coherent models for organising such regional development, as well as centralism at both the State/Territory and Commonwealth levels. Consequently, local governments are too often confined to assembling 'wish lists' – such as seen in the Kelty Report (1993) – or to lobbying of State and Federal governments. This latter activity became a little less futile after the rise of One Nation led to the erosion of the major parties' political support in regional and outer metropolitan Australia. Now, at the Commonwealth level, pork barrelling substitutes for coherent development strategies.

Except for northern Australia, the principal vehicle for local government involvement in regional economic development has been the Voluntary Regional Organisation of Councils (VROC) movement. This began in response to the Whitlam government's programs and has
persisted despite consistent Federal neglect and a degree of State
governmental indifference if not sometimes hostility. Currently there
are about 52 VROCs around Australia. These operate with varying
degrees of efficiency and enthusiasm. The weakest are merely forums
for the exchange of ideas; the best are engaged in regional planning
and restructuring their constituent local governments. These provide
local and sometimes effective leadership.

The prevailing official economic development models tend to
underrate the action-oriented factors – leadership, entrepreneurship,
innovation and the creation of dynamic partnerships – that potentially
can provide the circuit breakers for regional development stasis. There
has been some recognition of the importance of leadership; the
*Working Nation Program* (Keating, 1994) incorporated RDOs, which
brought together Councillors, businessmen and community activists
and incorporated some training elements. State governments have also
initiated programs that seek to mobilise local businessmen and local
government. The NSW and Western Australian Mainstreet programs
and Queensland’s Rural Leadership and Business Development
Program (Gillard et al, 1996) included approaches to develop local
leadership. Yet the crucial role of local leadership is still under-
researched. One of the few systematic studies discovered that widely
different styles of leadership – from autocratic to inclusive – appear to
work in different contexts (Sorensen and Epps, 1996). But all
successful leadership, whether autocratic or inclusive, was locally
based.

Insofar as local government has organised to lead/sponsor local
community development it has usually been most effective when done
on a regional basis. Yet in much of northern Australia such
regionalism is weak. The Queensland Gulf is an exception; there are
active ROCs operating there.

Despite the suspicion of some State governments, which seem to wish
to control the economic development process through their State
Development Boards⁹, the VROCs seem to be flourishing. The more

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⁹ In terms of staffing, resources and budgets these Boards are typically smaller than
even the smallest Shire Council.
successful ones have moved beyond a political advocacy role into common strategic planning and research and resource sharing roles. They have also a broad range of functions, not just in the development of physical infrastructure but also in the areas of social, cultural and economic development, as well as (more recently) the function of environmental management (Cutts, 1996). VROCs provide a wider forum that enable their constituent local governments to expand their policy range and capacity. Potentially they offer small local governments opportunities jointly to develop economies of scale and scope, usually only available to large urban LGAs. The VROCs are important because they regionalise the perceptions and broaden the world view of local governments.

Generally, and notwithstanding the multiplex functions and roles of VROCs (Cutts, 1996; Figure 2), local government seeks to assist local economic development without any over-arching theory as to how that can be achieved. The official representative bodies of local government have been little help in this regard. At the State level they have been incorporated into the State government view of local government as the local agency of State government (WAMA, 1995). At the national level, local government's federal (sic) body, the Australian Local Government Association, concentrates on accessing intergovernmental forums and issuing 'wish lists' calling (usually fruitlessly) for Commonwealth initiatives (ALGA, 1998).

What is currently required is to adapt the existing plethora of regional economic development theories and techniques into a holistic framework capable of being manipulated and applied by individual local government leaderships in their strategic economic planning. Implicit to this task is the assumption that local governments, notwithstanding their narrow financial resource bases, will have to become the architects of their communities' economic development.

It should be realised that this argument rejects some of the precepts of National Competition Policy – with its narrow focus upon efficiency – and instead bases its claim for local government's legitimacy upon the currently relatively neglected historical principal of horizontal equalisation. In other words, the claim for any reconceptualisation of the role of local government rests upon reiterating an equity-based principal that has been fundamental to our federation since 1934.
On two grounds, this involves a profound reconceptualisation of the role of local government in regional Australia:

- That local government would not just be a local service organising and supervising agency but would eschew its political dependence upon State (and sometimes Federal) government and assume control over the direction of local community development; and

- That local government's direct role in planning community development is justified by the historical principal of horizontal equalisation.

However you look at it, this approach involves a radical departure from current policy orthodoxy, focused as that is upon the mutually contradictory amalgam of social capital theory – which reduces to small scale multiple Specific Purpose Programs without any overarching coherence – and National Competition Policy.

The Problem of North Australian Local Government

To make an argument for the salience of local government in northern Australian regional community development is an act of advocacy rather than analysis of its current role, which is undoubtedly weak. The weakness of this role is for a number of reasons.

Weak (large area, small population) Shires

The Shires of northern WA and Queensland (but not the Northern Territory) are ‘mainstream’ local governments, which typically cover a large area but have a very narrow resource base⁴. They are overwhelmingly dependent upon Commonwealth-derived FAGs, usually to the extent of over 80 per cent of their revenue, just to maintain their administrative infrastructure and roading functions. While these Councils tend to be able to co-opt relatively extensive

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⁴ Most NT local governments have a limited geographic range, the greater part of the Territory being unincorporated.
local networks and engender a high degree of trust from most of their communities (their Aboriginal communities usually excepted – cf, Gerritsen, 1990) they cannot be said to have high social capital resources. This is both because of the Aboriginal factor, but principally because their local policy and autonomy is overly circumscribed by State (and Territory) governments.

This resource weakness factor reduces the potential role of local government in northern community development. Concentrating upon the very limited financial capacities of these Councils, Commonwealth and State governments devalue their local expertise and capacities. This limits the potentially key role that such local governments could have in mobilising regional communities and in creating business-community and intergovernmental partnerships.

The Aboriginal element in mainstream Councils

It is a melancholy fact that most Aboriginal communities within mainstream local governments across northern Australia do not participate in that system. This is for a variety of reasons but its end result is the diminution of local government’s potential role in community development.

There are reasons for this phenomenon. The socio-economic disadvantage that Aborigines face affects the nature of the demands they place upon local governments that have minimal fiscal resources. Aboriginal non-payment of rates is a frequent issue. Local governments see competing institutions, such as ATSIC, as having the primary role in service provision to their Aboriginal communities, sometimes forgetting that these same communities create a substantial proportion of their own FAGs funding. This conflict, in essence, occurs because of the prevailing local government culture, which still focuses on service delivery to ratepayers, rather than citizens. Insofar as that focus ignores Aboriginal citizens’ rights, social trust is weakened. Aboriginal communities concentrate upon service

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5 For example the current draft amendments to the NT’s Planning Act supposedly reduces the powers of local government – George Brown ‘NT Planning Act a Backward Step,’ Local Government Management, February 2000 (p.10).
demands – as for cultural maintenance – that sadly find few resonances within the larger community in these Councils where they are an embedded minority.

Aboriginal Councils

There are about 80 Aboriginal Councils in northern Australia. In the NT these Councils are divided into Community Governments (some of these, such as at Pine Creek, Elliot and Borroloola have mixed communities), which are incorporated under special provisions of the Northern Territory’s Local Government Act, while others are Community Councils incorporated under the Commonwealth or Territory Associations Ordinances. The Deed of Grant in Trust (DOGIT) Councils of Queensland are incorporated under that State’s Community Services Act. All of these Councils receive Commonwealth FAGs.

All of these Councils are small in population terms and have extremely limited financial resources, being overwhelmingly dependent upon grant funding. They suffer severe conflicts between their autonomy and the accountability demands placed upon them, in part caused by Aboriginal value systems being different from the culture of local government, which is derived from late nineteenth century precepts (Chandler and Nichols Clark, 1995; 768). The capacity of these Councils is limited and they usually have limited territorial range. All of these problems are well known and were present at the inception of the Community Government system (Wolfe, 1989). The current Northern Territory government prescription – to amalgamate Community Governments – will worsen rather than improve the situation of Aboriginal Community Governments. Strategic resource sharing would achieve the same efficiency results, without the erosion of trust that will be caused by amalgamations.

In addition, these Aboriginal Councils suffer from being but one of the institutions to which their communities turn; Land Councils and ATSIC being seen as rivals, if not replacements according to some

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6 This paper does not deal with the various Councils of the Torres Strait Islands, which form an interesting but unique sub-set of local governments.
observers. This is to say nothing of the endemic problems of low managerial capacity in these Councils' leaderships. All these factors combine to weaken Aboriginal local government in northern Australia.

Reportedly the Northern Territory government is currently considering regionalising Aboriginal local governments in what it apparently calls a 'Miwatj Regional Authority'. I am only familiar with the bare bones of that proposed model, but it appears to have the advantage of giving local government an improved territorial dimension. In that respect it seems to be a positive development. I have some reservations about the extent of the veto power ascribed to the upper chamber, the Elders Council; history in other arenas suggests that the instrument of an upper house veto carries with it the potential for community conflict, if not poor governance.

The Political Paradox of Local Government

Local government is regarded by most State/Territory politicians as a form of State agency rather than a local form of democratic governance. That means that local government exists at the behest of the State/Territory government and can be imposed upon with impunity. The current fashion for regulatory policy, which local government then has to implement, is indicative of such an agency view of local government.

Paradoxically local government, despite being the legislative creature of the States/Territory, is in reality fiscally dependent upon the Commonwealth. This is masked by the States providing the implementation and monitoring personnel of federally-funded programs delivered at the local level. The extent of local government's fiscal dependence upon Commonwealth funding can be illustrated by Table 1.
Table 1  Estimating Commonwealth Taxpayers' Assistance to Local Government, 1974/75–1998/99 (in 1998/99 prices) *

<table>
<thead>
<tr>
<th>Commonwealth FAGS</th>
<th>$19.4 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commonwealth Indirect SPPs</td>
<td>$9.7 billion</td>
</tr>
<tr>
<td>Commonwealth Direct SPPs</td>
<td>$4.1 billion</td>
</tr>
<tr>
<td>Commonwealth VFI in State Grants</td>
<td>$3.7 billion</td>
</tr>
<tr>
<td><strong>Commonwealth Total</strong></td>
<td>= $36.9 billion</td>
</tr>
<tr>
<td>State Own-Source Revenues</td>
<td>$7.3 billion</td>
</tr>
</tbody>
</table>

*NB all figures rounded up

*Source: ABS data, Commonwealth Budget Papers*

In northern Australia most local governments are even more dependent upon grant funding than this figure indicates. On average Australian local government raises about 80 per cent of its revenue through rates, user charges, and other minor activities. So its dependence on the Commonwealth is for three quarters of the remainder (the discretionary element?) of its revenue. But in northern Australia, local government is much more dependent upon Commonwealth funding, direct and indirect, than national averages indicate. The Halls Creek Shire, for instance, usually raises only about 12–14 per cent of its revenue through its rates and charges. It, like most of the Shires of northern Queensland, receives over 80 per cent of its revenue either directly or indirectly from the Commonwealth. So, for northern Australian local government, the paradox referred to above is even more exaggerated.

In summary, it appears that northern Australian local government suffers numerous disabilities and little attraction if it is to be put forward as an essential player in the formation of partnerships between business and communities.
A New Role for Northern Local Government?

Given the above litany of local government's woes in northern Australia it may be seen as paradoxical if not perverse for me to insist upon the central role of northern Australian local government in the fostering of community development partnerships. I would make the case for local government in northern Australia on four grounds:

1) Local government is permanent;

2) Local government provides a structure of governance appropriate to the creation of local-level public-private partnerships;

3) Local government often provides the only resident management expertise at the local level in most communities across northern Australia;

4) Local governments are flexible vehicles for the delivery of a wide variety of services.

Local government is permanent

For dozens if not hundreds of small localities in northern Australia, like Normanton in Queensland, Tennant Creek in the Northern Territory and Halls Creek in Western Australia, local government is the main face of government in their community. In fifty years time, after all the ebbs and flows of politics and public policy that we can expect, or not expect, sheer distance (even given technological developments) from the centres of State/Territory governmental headquarters dictates that local government will, in all probability, still be the only permanent, resident face of government in these communities. It is the certainty of that persistence that makes the capacity of local government so relevant to the issue of partnership creation in northern Australia.
Local government’s appropriateness in the creation of local-level public-private partnerships

However elected, local government has the legitimacy of democratic governance. Its policies require some endorsement of, or accountability to, their communities. Any bargains struck or partnerships developed by local government at the local level, will in all probability receive community support. This feature, coupled with its certain persistence, alone creates a central role for local government in community economic development.

Local government’s singular capacity

In Croyden, in Queensland’s Gulf country, the officers of the Etheridge Shire provide a virtual monopoly of the managerial and service delivery capacity within an area of about 40,000 sq kms. The same point could be made of the Community Government Council officers in Peppiminarti or Ngukurr, though they do not have the same formal territorial range. In non-metropolitan Australia, particularly in areas characterised as remote, local government usually provides what resident public institutional capacity exists in any locality. Notwithstanding on-going problems with the capacity of many local governments across northern Australia, this point is irrefutable and (technological development notwithstanding) provides a case for investing in the capacity development of northern Australian local government, so that these authorities can be more active participants in partnership creation.

Local government is flexible

Traditionally local governments have been characterised as being about ‘roads, rates and rubbish’. This characterisation has not been applicable since the Whitlam government initiated the process of using local government as a local program agency, something that State governments of all persuasions have continued since (Gerritsen, 1997). Thus local government has seen a significant expansion in its roles over the last fifteen years or so. This phenomenon is currently fuelled by the enthusiasm of State governments for regulatory policy initiatives instead of direct service provision. For State governments,
regulation provides a cost-free (to them) vehicle to impose policy outcomes. Local government is often the (unrecompensed) implementation vehicle for such regulatory activities. Consequently, local government's functions have expanded, especially in areas such as environmental monitoring and management. This has perforce expanded the capacities of local government.

More importantly this role expansion has demonstrated a flexible adaptation to the policy preferences of different communities. This can be demonstrated at the State level by Table 2 below.

This figure demonstrates not just the range of local government activities, though these have undoubtedly expanded over the last two decades. Through the substantial inter-state differences, this figure indicates that local government is a flexible vehicle for registering and implementing differing policy preferences and requirements. Thus mainstream local governments in the Northern Territory are already devoting considerable resources to fostering and supporting economic development activities. Local government is obviously capable of adapting to widely divergent situations.

Given the right encouragement – a bit of intergovernmental trust rather than top-down direction – and access to enhanced resourcing, local governments of all types in northern Australia could mobilise their communities' social capital and make a positive contribution to the creation of business-community partnerships.
Table 2  Interstate Comparison of Local Government Net Expenditure Per Capita by Function, 1997/98 ($ per capita)

<table>
<thead>
<tr>
<th>Purpose</th>
<th>NSW</th>
<th>Vic</th>
<th>Qld</th>
<th>SA</th>
<th>WA</th>
<th>Tas</th>
<th>NT</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Public Serv.</td>
<td>48.61</td>
<td>47.12</td>
<td>102.33</td>
<td>106.08</td>
<td>91.21</td>
<td>109.71</td>
<td>759.36</td>
</tr>
<tr>
<td>Public order &amp; safety</td>
<td>24.56</td>
<td>6.73</td>
<td>5.29</td>
<td>12.84</td>
<td>18.35</td>
<td>2.11</td>
<td>10.70</td>
</tr>
<tr>
<td>Education</td>
<td>2.07</td>
<td>5.86</td>
<td>0.29</td>
<td>0.56</td>
<td>-</td>
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<td>Other</td>
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<td>5.86</td>
<td>0.29</td>
<td>0.56</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Community health services</td>
<td>15.42</td>
<td>11.68</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>11.00</td>
<td>10.00</td>
<td>6.08</td>
<td>12.66</td>
<td>42.78</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>11.00</td>
<td>15.42</td>
<td>10.00</td>
<td>6.08</td>
<td>11.68</td>
<td>12.66</td>
<td>42.78</td>
</tr>
<tr>
<td>Social security and welfare</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Social security</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5.35</td>
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<td>Welfare services</td>
<td>31.71</td>
<td>70.79</td>
<td>10.00</td>
<td>14.19</td>
<td>29.48</td>
<td>27.43</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>31.71</td>
<td>70.79</td>
<td>10.00</td>
<td>14.19</td>
<td>29.48</td>
<td>27.43</td>
<td>10.70</td>
</tr>
<tr>
<td>Housing &amp; Comm Services</td>
<td></td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Housing &amp; community development</td>
<td>20.56</td>
<td>18.46</td>
<td>18.82</td>
<td>9.46</td>
<td>4.45</td>
<td>25.32</td>
<td>5.35</td>
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<td>Water supply</td>
<td>11.00</td>
<td>-</td>
<td>41.16</td>
<td>2.03</td>
<td>-</td>
<td>6.33</td>
<td>-</td>
</tr>
<tr>
<td>Sanitation &amp; protect of the environment</td>
<td>98.33</td>
<td>44.52</td>
<td>95.27</td>
<td>51.35</td>
<td>2.78</td>
<td>2.11</td>
<td>16.04</td>
</tr>
<tr>
<td>Other</td>
<td>11.31</td>
<td>14.55</td>
<td>15.58</td>
<td>24.32</td>
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<td>21.10</td>
<td>139.04</td>
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<td>Total</td>
<td>141.20</td>
<td>77.52</td>
<td>170.83</td>
<td>87.16</td>
<td>33.37</td>
<td>42.19</td>
<td>155.08</td>
</tr>
</tbody>
</table>

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7 It should be noted that the NT column here only comprises data gathered from the six 'mainstream' LGAs in the Territory; Aboriginal Community Councils and Community Governments are not included.

195
<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
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</thead>
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<td>Recreation &amp; culture</td>
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<td>Recreation facilities &amp; services</td>
<td>48.92</td>
<td>67.10</td>
<td>72.33</td>
<td>52.03</td>
<td>105.67</td>
<td>75.95</td>
<td>53.40</td>
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<td>Cultural facilities &amp; services</td>
<td>34.58</td>
<td>27.58</td>
<td>31.46</td>
<td>29.05</td>
<td>30.59</td>
<td>23.21</td>
<td>26.74</td>
</tr>
<tr>
<td>Other</td>
<td>20.88</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>104.22</strong></td>
<td><strong>94.90</strong></td>
<td><strong>103.79</strong></td>
<td><strong>80.41</strong></td>
<td><strong>136.26</strong></td>
<td><strong>99.16</strong></td>
<td><strong>112.30</strong></td>
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<td>Fuel &amp; energy</td>
<td>0.16</td>
<td></td>
<td></td>
<td>0.68</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture, forestry and fishing</td>
<td></td>
<td>0.22</td>
<td>3.53</td>
<td>1.35</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mining, manufacturing &amp; construction</td>
<td>11.47</td>
<td>3.04</td>
<td>1.76</td>
<td>2.70</td>
<td>6.12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport &amp; communications</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Road transport</td>
<td>107.57</td>
<td>102.50</td>
<td>207.00</td>
<td>108.78</td>
<td>176.31</td>
<td>160.34</td>
<td>74.87</td>
</tr>
<tr>
<td>Water transport</td>
<td></td>
<td>4.13</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rail &amp; multi-mode transport</td>
<td>3.35</td>
<td>5.21</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Air transport</td>
<td></td>
<td>0.22</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>104.22</strong></td>
<td><strong>103.58</strong></td>
<td><strong>207.00</strong></td>
<td><strong>108.78</strong></td>
<td><strong>176.31</strong></td>
<td><strong>160.34</strong></td>
<td><strong>74.87</strong></td>
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<tr>
<td>Other economic affairs</td>
<td>21.51</td>
<td>18.24</td>
<td>10.29</td>
<td>4.73</td>
<td>17.24</td>
<td>8.44</td>
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<td>Public debt transactions</td>
<td>19.76</td>
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<td>27.70</td>
<td>6.67</td>
<td>40.08</td>
<td>10.70</td>
</tr>
<tr>
<td>Other purposes</td>
<td></td>
<td>4.34</td>
<td>15.88</td>
<td>13.51</td>
<td>11.68</td>
<td>2.11</td>
<td>310.16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>477.13</strong></td>
<td><strong>457.55</strong></td>
<td><strong>706.85</strong></td>
<td><strong>466.22</strong></td>
<td><strong>527.25</strong></td>
<td><strong>504.22</strong></td>
<td><strong>1,791.44</strong></td>
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</tbody>
</table>

Source: derived from NOLG 1999.
References


This paper focuses on the use and management of natural resources in the rangelands. The rangelands of Australia constitute that large part of the continent that is unsuitable for intensive agriculture or forestry. This 5.5m km² thus approximates the arid and semi-arid interior, plus the lightly settled tropical North, and a few other smaller pockets.

The rangelands are at once the iconic heart and soul of the Australian psyche, and its burden and embarrassment. Although most Australians live on the coast and dream of the surf, it is to the outback that we turn for our more basic identity. This is the land of Uluru, red desert sands, the sheep and gold from which Collins St was built, kangaroos, emus and lizards, millennia of Aboriginal occupation, open spaces, campfires and tall tales. At the same time it has been the source of political power quite out of proportion to its economic or demographic significance, it has held the shame of Aboriginal mistreatment and of a globally significant loss of biodiversity, and has grabbed the nation’s headlines with true anguish over rural decline.

For these reasons and others, implicitly or otherwise, it seems that Australians remain prepared to support and subsidise the management of the rangelands into the future. The question is, can this investment be better targeted and more effective in shaping that future?
A fundamental institutional problem with the rangelands is that jurisdictional responsibility for them is split among six states (Western Australia, South Australia, Northern Territory, Queensland, New South Wales, Victoria), each with their own different legislation, delivery mechanisms, agency policies, regulations and incentives. The Federal level interacts with all of these. Although rangelands are the dominant area of land in all jurisdictions but NSW and Victoria, they are the smallest economic force in all. As a consequence they are of perceived low priority in each jurisdiction, even though recognised as being very significant across them collectively. Resource condition in rangelands is actually relatively good compared to the massively altered landscapes of agricultural Australia. However, there are still significant and evolving problems with social and economic impacts on the human population in the many regions with structural decline. The rangelands are suffering largely from the tyranny of small decisions, with no dramatic inter-jurisdictional catastrophe to precipitate co-ordinated action, in the way that it did with the Murray-Darling Basin.

One solution to the problem of rangelands not making it on to the political agenda as an entity, is to shift the focus of activity down a scale to regions. This paper therefore focuses on how the investment in natural resource management in outback Australia can be appropriately differentiated among different regions. By investment in natural resource management (NRM), I mean to include a great diversity of activities. NRM encompasses all agricultural and pastoral uses of rangelands, as well as conservation, tourism and mining, various uses on Aboriginal lands and a growing suite of diversification options that seem to be the way of the future. It includes decisions on the appropriate balance between these land uses. By investments, I am meaning mainly public investment, including infrastructure, services, export support, tax instruments, LandCare, and many other institutional activities.

My key thesis is that we need a better basis for investment between and within regions, and that such a basis must be highly interdisciplinary. It must also deal with the fact that there are great differences between regions, and recognise the special features of inland Australia – infertile landscapes with great spatial and temporal
variability, low resulting productivity and economic capacity, a relatively poor knowledge base, and low and remote population densities. On the positive side, northern Australia is still relatively undeveloped, and has the opportunity to do it all better than the South, if that opportunity is but grasped.

Implications of 'Regionalisation'

Over the years, there have been periodic concerns about the state of regions in the rangelands, leading to inquiries such as the Commission appointed to enquire into the state of runs suffering from drought in South Australia (Northern Runs Commission, 1867), the Royal Commission to inquire into the condition of the crown tenants of the Western Division of New South Wales of 1901 (see Lunney, 1994), and the Royal Commission appointed to Inquire into and Report upon the Financial and Economic Position of the Pastoral Industry in the Leasehold Areas in Western Australia (Parliament of Western Australia, 1940). It is not clear, however, that anything substantial has been learned from this litany of concerns. Today, more than a century after settlement of these lands, structural problems continue to emerge in many regions of the rangelands, often the same ones as before, and public funds continue to be poured into relief measures. The South West Strategy (Queensland), West 2000 (New South Wales), the Gascoyne-Murchison Strategy (Western Australia) and the Desert Uplands Build-up and Development Strategy (Queensland) are four rangeland programs which are active at the time of writing. The extent to which these regional problems result from resource degradation as opposed to socio-economic change remains controversial. Consequently public policy remains hamstrung in terms of finding long-lasting solutions for the woes of different regions, and certainly in terms of resolving the debate as to whether and how much there should be grazing in the rangelands. As usual, where issues are clouded in uncertainty, political will is absent and policy is confused. Can we do any better?
First, some definitional issues. The terms ‘region’ and ‘regionalisation’ can mean many things as they get absorbed into particular sectoral or departmental processes. Here I emphasise that, in practical terms, a human community with a common interest defines a region in terms of information and resource needs. Since there can be multiple overlapping interests in one geographic area, a single, national ‘regionalisation’ is not meaningful; however, some administrative areas must eventually be defined. In practice, regions are defined differently for different purposes and information must therefore be available in a form that can be put together to suit the definition of the region.

In outback Australia, as elsewhere in the world, regions are increasingly being required to plan their own futures in partnership with all tiers of government. But to fulfil these new responsibilities, regional communities need rights and resources.

- Rights arise from institutions that give the community confidence that they will be able to make decisions and implement the plans that they have created. Some of these institutions, like some partnership arrangements with government, involve new approaches that are untested.

- Resources include the information, skills or human capacity and finances to create and implement regional plans. Relevant information often does not exist, or is not readily accessible, and there is little objective basis for saying how many human and financial resources are needed in different circumstances.

These ‘three Rs’ – responsibilities, rights and resources – are intimately interlinked. The form of institutional rights determines what responsibilities can be met, what form of resources are needed and how efficiently they can be used. It thus becomes a crucial general question for the public investor as how to invest to achieve good outcomes. While this is generally true for regional issues, it raises specific issues for investments in NRM in outback Australia.
From the point of view of the public investor, two fundamental questions arise:

- What is the appropriate distribution of investment between regions? and,
- What is the appropriate investment strategy within a region?

Investments Within a Region

There is a growing body of knowledge about how to develop and implement regional plans. In the arena of NRM, I think the recent discussion paper towards developing a national policy for managing natural resources in rural Australia (AFFA, 1999) is an excellent, state-of-the-art (and well-written!) summary of approaches to this question. The major problem is that the idea of 'regional plans' still encompasses a multitude of concepts. They may be sector-specific – road network plans, catchment management plans, or plans for the regional delivery of education services – or they may be integrated approaches. Increasingly the challenge is to co-ordinate and integrate a genuine regional approach out of individual sector plans developed with specific government departments. The monolithic, territorial nature of government departments in the past is still a great impediment to creating such integration – unintentionally or otherwise, it is natural that staff see the world from the point of view of their own portfolio.

There is growing evidence that strategies for improved management at the regional level are more effective when the regional communities themselves generate them, in appropriate conjunction with government. The planning process is complex and requires careful management and planning. It involves partnerships between non-government and government bodies. Sound management of these issues is needed to empower regions effectively. A useful review of different models is provided by Dale and Bellamy (1998). Broadly, they discuss top-down processes, subject to disruption by special interest lobbying; bottom-up processes, expensive in consultation processes but empowering; and intermediate models. It is worth repeating their observation that different types of problems warrant different approaches – top-down approaches are actually quite
appropriate for some technical problems with a well-defined solution domain. However, bottom-up processes tend to be more successful where there are many competing interests, considerable uncertainty in terms of information, and multiple alternative solutions that require negotiation and value trade-offs between many players. NRM problems by their nature tend to fall into the latter category.

Thus, in principle, there is a great deal of thinking available about within-region investment, although practical mechanisms and institutions for achieving genuinely integrated regional plans are still evolving and require much development. This can happen through a process of adaptive policy development, but needs a firm conceptual basis so that the adaptation is informed and directed rather than random. Given the evolution of such processes, the major limitation at this scale is then resources – money and people to implement the expensive consultative processes – and information in the appropriately integrated form to help debate and resolve conflicts in an informed fashion. I will return to this issue later.

Investing Between Regions

The NRM policy discussion paper (AFFA, 1999) is notably weak (in the original 1999 draft at least) on the harder question of the appropriate investment portfolio across regions. This, of course, has been the stuff of Grants Commissions at both Federal and State levels, and these bodies have been very open to increasing sophistication in drawing in new factors for the allocation of funds over time. There is the problem that their proposed investments are not made in the context of an institutional framework that necessarily carries them through to implementation in the regions concerned. This reflects the reality that any investment analysis is only one element of an ultimately value-laden political decision about distribution and equity, which must legitimately take account of multiple goals and priorities. However, the concept of evidence-based policy making implies that the value judgements should at least be founded on the best possible baseline information. At present the Commissions lack the tools to carry out the real integrated cost-benefit analyses that are needed, especially given the way in which these analyses interact with the effectiveness of implementation policies and institutions.
The core question is, how much public benefit (of multiple types) do we gain from public investment in NRM? This necessitates some understanding of the effectiveness of within-region implementation, and leads to policy questions. For example, if smearing resources across regions results in no region obtaining sufficient resources to cross a critical success threshold, is it acceptable to 'pick winners' for initial investment, in the expectation that a second phase of investment can pick up others? These are difficult questions, but point to the need to explore integrated models of social, economic and environmental outcomes in order to define policy priorities and consequent investment portfolios. In the next section, I take the case of grazing in rangelands as an example of the type of integration of information required, to provide policy direction in relation to public investment.

Grazing in the Rangelands

In the first example, I draw on work described in Stafford Smith et al, (2000) to ask the question, in which rangeland regions of Australia should we be investing in pastoralism? This is not asked simply in the sense of where will the investment pay off in cattle production, but rather in a more inclusive 'triple bottom line' sense – where will the investment sustain the public interest in terms of environmental outcomes, and be economically valuable, and consequently contribute to the social fabric of a region. Furthermore, the answer to the question in policy terms is not a simple 'yes' or 'no'. A far richer basis for policy debate and implementation is needed. This case is still a very partial approach to regional planning, but serves as a simple example to illustrate several points.

First, some context: the pastoral industry in the rangelands is worth about $1bn y⁻¹ (1994 figures; wool is probably less at present, beef similar); by comparison (Draft National Strategy for Rangelands Management 1996), tourism was worth about $2bn, mining $10bn, and total public investment is hard to estimate exactly, but must exceed $5bn. The pastoral industry is not trivial in importance, however. It is responsible for managing over half the rangelands (Aboriginal lands about a further 22%, conservation lands 7%), well over a third of the whole continent, so it is important that its management is well-disposed and meeting society's broader objectives. It is also worth
noting that rangelands are assessed to have major land degradation problems purportedly worth $200–300 m y$^{−1}$ to the economy, much of which is (not always fairly) laid at the feet of the industry.

Stafford Smith et al, (2000) take a simple approach to rating the various rangeland biogeographic regions (Thackway and Cresswell 1995) in terms of their prospective pastoral viability and resilience to damage from grazing. Viability is assessed in terms of (i) the underlying biophysical productivity which drives the basic ability to produce, (ii) distance to market as an indicator of economic returns, and (iii) climatic predictability which is closely related to difficulty of management. Resilience is assessed in terms of (i) soil type, which determines how irreversible change may be, (ii) climatic predictability and (iii) landscape complexity, where the latter two drive the ease of monitoring change and the risk of making management errors. Thus each criterion incorporates economic, environmental and social characteristics, ending up with scores scaled from 0–100. A full explanation and the resulting maps can be found in the original paper, but here the details do not matter. The key point is that the relative status of different regions on these two axes can then be identified. Figure 1 shows the assessed distribution of regions according to Stafford Smith et al, (2000), but more importantly Figure 2 shows how this distribution might be interpreted.

The issue here relates to the objective of public policy, which should be to maximise public benefit. In this instance, public benefit can be summarised as the presence of a pastoral industry that is economically resilient and stable, where this is feasible, with the land being used for alternative enterprises, where appropriate. All of this needs to occur within a framework of ecological sustainability, leading to the regional persistence of native species and the maintenance of other ecosystem services, such as the provision of water supplies. At the present time, none of these aspects of public benefit in the rangelands is assuredly achieved – but the key to doing so is to recognise the spectrum between resilient and non-resilient regions under pastoral use. In resilient regions, pastoralism can be expected to approximate sustainable land use. Towards the non-resilient end of the spectrum, though, sustainability will not be achieved simply as a result of responding to private benefits, as Stafford Smith et al, (2000)
demonstrate. Different public investment portfolios that recognise the integrated social, economic and environmental dimensions of the problem are needed for the different regions.

**Figure 1** The Interim Biogeographic Regions plotted on the basis of an index of potential pastoral productivity and an index of likely regional resilience to grazing (after Stafford Smith et al, 2000)
Figure 2 Diagram illustrating how an index of potential pastoral productivity could be combined with an index of likely regional resilience to grazing, to identify regions where different levels of public investment in that land use are appropriate, and might require different forms of policy control to protect the public interest. The upper right-hand area of the diagram identifies the regions where most effort in conflict resolution is likely to be needed (after Stafford Smith et al, 1997)

How could policy respond to these findings? This is a matter for considerable debate, but to illustrate the relevance of the foregoing analysis, we will examine the implications for one possible approach. The basic policy principle that is generally applied to natural resource problems is that of ‘beneficiary pays’: the costs of monitoring and administering grazing operations on public lands should be genuinely met by the enterprises that benefit from the use of the resource. This rule should apply to grazing enterprises across the spectrum from resilient to non-resilient regions. However, in resilient areas the likelihood of sustainable land use being achieved is relatively high, and the costs of confirming that success through monitoring of the
resource are relatively small. Here a leaseholder should have greater rights, but may pay relatively less for those rights as they carry with them more responsibilities.

As one proceeds along the scale towards the least resilient regions, the risks of damage become greater and the costs of ensuring land use sustainability become concomitantly higher. In principle, grazing in the less resilient regions should be allowed only under strict conditions that are judged likely to avoid degradation. The licensing arrangements should pay for the costs of monitoring the impacts of grazing (close monitoring is required because generally our knowledge is too poor to allow setting of stocking levels on a long-term basis), and of checking for compliance with, and administering, these demanding conditions. Hence, one could argue that the less resilient the land under grazing, the higher should be the price of the lease or licence under which it is conducted. It should be seen as a privilege rather than a right to use non-resilient landscapes for grazing, but the limited rights here will be matched by fewer private responsibilities than those required of people on resilient land. Holmes (1994, 1995) has argued a similar case. The recent Industry Commission report (Industry Commission, 1998) by contrast emphasises the concept of ‘duty of care’; this could be integrated with the above suggestions, bearing in mind that it may be insufficient to rely on a voluntary, altruistic approach alone.

In summary, the key point made in Figure 2 is that, given these two criteria, however derived, it is then possible to direct policy appropriately for different regions. Without evidence based criteria for such differential investments, the pronounced tendency to think of the rangelands as a homogeneous whole seems to result in a kind of policy paralysis: because appropriate action in certain areas is unsuitable in others, it becomes easier not to initiate change anywhere. The second key point is that, even for this rather sectorally-specific example, a substantial effort to integrate social, economic and environmental inputs and outcomes within a policy-aware context is vital. Indeed, this example has considerable practical implications when it comes to policy-making, as discussed further in the source paper.
It would seem sensible that this type of information (not just on the pastoral industry) ought to drive the relative regional investment in infrastructure, subsidies to industry, LandCare priorities, purchase of Indigenous lands, priorities for development, and so forth between regions (see Table 3 in Stafford Smith, 1994). This particular analysis is somewhat two dimensional, and a fuller approach must deal with a greater multiplicity of goals, in which the political process provides the means for weighting the significance of different types of outcome (cf. Cocks et al, 1995 for a narrower example of approaching such weightings). Although our current knowledge is never perfect, we could do a reasonable job of this with a little synthesis now. We could do it, but we generally don’t. Obviously it does not substitute for the political process, but it could help to provide transparency in the establishment of the baselines for negotiations, just as the various Grants Commissions do now for human-related services.

Projecting Future Opportunity Within a Region

For the second example, I want to examine investments within a region. As already mentioned, Aboriginal interests are now the second largest set of land managers in the rangelands, controlling nearly a quarter of the area, so it is apposite to focus this example on their concerns and future. This less well-developed case will ask how investment in natural resource-related job creation relates to other investments within a region, recognising that the total portfolio is very much larger.

As is well-documented, substantial areas of Aboriginal-held lands are in remote areas with limited employment opportunities and widely-acknowledged social and economic troubles. At the same time, there are a diverse series of examples of what have been termed ‘regenerative opportunities’ in communities that have used their own means, more or less supplemented by public funding, to create a positive future for themselves. These examples include tourism and grazing enterprises, prospective commercial partnerships that include employment opportunities such as horticulture, the creation of art and artefact markets, and activities aimed directly at providing social support to a growing teenage population. There is also a range of community employment that has been funded under the Community
Development Employment Project (CDEP) in the past, some of which includes NRM activities. Other benefits seem to have accrued from a conscious decision to go back to using the resources of the land in a traditional fashion, causing diets and lifestyles to improve, albeit at the cost of some isolation from urban services. Many (though not all) of these activities depend on some use of natural resources, whether it is spectacular landscapes coupled with cultural information for tourists, pasture for cattle, wood for artefacts, resilient soils and water supplies for living areas as well as (in different combinations) horticulture, or bush tucker resources for food and income substitution. Public investment in NRM underpins many of these activities, whether the opportunities are commercial in a conventional sense and the investment is in ensuring sustainable use (as for grazing or harvesting natural resources for bush tucker or artefacts), or it is aimed at managing land on behalf of society.

In an economic rationalist political climate, the question of what level of public investment is appropriate in job creation on Aboriginal lands is becoming increasingly contentious. However, the answer to this question cannot rest solely on a superficial view of the evident costs. It should respond to an integrated assessment of the costs and benefits of the investment, with some vision to the future; and it should be linked to an understanding of what natural resources are needed to achieve certain outcomes, and whether these are consequently a realistic goal. To begin to approach such an assessment it is necessary to delve into some statistics that are very uncomfortable and hurtful to those Aboriginal people whose communities are being forced to live them, so I will only touch on them briefly; however, a clearer airing of these facts is ultimately necessary to provide a fairer investment in Aboriginal futures.

About 5,000 Aboriginal people live in Alice Springs and another 15,000 in the surrounding lands. As an example, one region of the southern NT has a population of about 3,000 people giving rise to about 100 people achieving 18 years of age each year. A very few of these will find jobs in the current mainstream job market. For the remainder, it has been assessed from experience in various projects that it typically takes a capital investment of about $250,000 to set up
one persistent job\(^1\). This sounds like a great deal, but how does it compare to other alternatives? One or two of these people are likely to be in jail in Alice Springs on any one night, costing about $50,000 per head per year. One of them may sadly receive permanent brain damage from petrol sniffing, costing about $150,000 per year in care for the rest of their lives. A significant number will be admitted with injuries to hospital, costing at least $450 per hospital night. Other health problems will follow later in life. To provide $8,000 a year in social security would require a current capital investment of the order of $200,000 per person, in order to provide that annuity and maintain the value of the capital fund. And there are many other costs – education, community services, infrastructure provision, etc, not to mention the non-economic agony of social and cultural disruption – which are never collated into a single picture. Putting these all together may make the investment of $250,000 for a job very worthwhile, providing that a self-sustaining position is created.

These statistics are frankly painful but are not intended to denigrate anyone – policy needs to recognise that they are (approximately) realistic, need to be dealt with, and may justify a great deal more investment in Indigenous conditions than would be apparent from narrow sectoral assessments. Of course, the solutions are not simple. Jobs can only be created where there is an economic base on which to create them; they could be created purely through public investment, or through using that investment to lever private enterprise as well. This in turn leads to the need to understand what natural and other resources are needed for many of the ‘regenerative opportunities’, and to what extent the job investments can be in the NRM area.

Currently, however, the problem is that the statistics and their implications are scattered through many separate government departments and other agencies, rarely available and never integrated. Yet to make sensible long-term public policy investments, these numbers need to be available. They also need to be coupled to realistic scenarios of population change in time and space. For

\(^1\) Sam Miles, *pers.comm.* The remaining statistics in this paragraph are estimated roughly from various public sources – approximate but realistic in orders of magnitude.
example, the 100 18-year olds per year could become 200 in two decades, but this figure depends on rates of urban migration, which could be influenced by policies which made living on the land more or less attractive. The resulting outcomes, in turn, flow through to levels of need for urban services.

In short, although the answers aren't simple, these are examples of how living conditions and opportunities could be improved for Indigenous people. At present, though, there is no integrated approach to synthesising the statistics, linking them to realistic demographic projections and identifying the NRM needs that flow from different scenarios.

**What We Need to Do it Better**

The key themes of this paper are that public policy needs a better basis for investment in NRM between regions and between sectors within a region, and that this basis will require interdisciplinary and integrated approaches which recognise the great differences between regions. I have made the case that, notwithstanding some relevant efforts, this is not being carried through with great success at present. Of course, researchers tend to see solutions in terms of research, just as economists see them in terms of finance. One might argue that policy can do a perfectly good job without a better interpretation of the data, but then one must ask why this has not already happened. Some synthesis is needed to better inform and consolidate the policy making process. The *Social Atlas of Australia* (BRS, 1999) is an example of an excellent suite of individual data items, and the National Land and Water Resources Audit is currently collating various further indicators, but what is needed to convert this data into a more predictive picture?

To provide a better understanding of possible returns on public investment, I would argue that we must be able to project regional futures more reliably, whilst always accepting that a great deal of precision is not helpful, since there are many aspects of uncertainty in the drivers of change. We need to be able to simulate credible alternative scenarios, which enable the public and the policy maker to derive some feel for the likely range of outcomes, to feed in to what is
ultimately a value-laden debate on priorities. It is worth noting that there is a considerable literature (eg, documents emerging from the Resource Assessment Commission’s inquiries) on the criteria which must be met for formal benefit-cost analyses to be justified, and the influence of many factors such as equity, consultation, risk analysis, property rights and communication in eliciting values and validating comparisons. The capacity to project regional futures itself needs to be integrated, credible, resource-constrained and investment-relevant. It also needs to be embedded in integrated regional development planning processes. These processes need to be flexible enough to drive development in ways which account for the diversity of regional conditions, but also need to be subject to some nationally agreed standards in terms of planning process, review and reporting.

The capacity to provide these investment-related scenarios needs to be an interdisciplinary effort which provides alternative demographic projections for 2020 and 2050, linked to materials flows (water, nutrients, energy), resource use (efficiency and waste), economic outputs (equity, local retention and regional multipliers), social vitality (community well-being) and environmental sustainability. It should provide the envelopes of limits and opportunities for different regions given different investment levels, recognising the special features of inland and remote Australia. It should be on every planner’s desk in some form. And its vision should be to meet the challenge of helping all of the inhabitants of northern Australia plan the development process with fewer errors than have been made elsewhere.

References


Regionalisation is not a new concept, which has suddenly emerged within the political and academic language of Aboriginal affairs. The notion of regionalisation in Aboriginal affairs has been around, in one guise or another, at least going back to the House of Representatives reports *A Chance for the Future* (1989) and *Our Future Ourselves* (1990).

These reports advocated the development of long-term community plans feeding into regional plans and thus a bottom-up structure of regionalisation was to evolve.

ATSIC, which was to be a co-ordinator of such plans, has itself been structured around regions.

Over the years there has been considerable debate on how such regionalisation processes could be most effectively articulated. In fact the two reports I have just referred to were fairly explicit in the methodology they advocated. Further support towards a regional planning process was later given in *The Aboriginal Deaths in Custody Recommendations* (RCADIC, 1991) and in reports compiled by the former Social Justice Commissioner, Michael Dodson.

It is now interesting to note that the current Social Justice Commissioner (Dr W Jonas) has recently endorsed the concept of regional and self-governance for Aboriginal people. He considers these as avenues, which may provide a re-direction of past policies, which are clearly not working for Aboriginal people. (And he just might be right!)
Stemming from those House of Representative reports and with the requirement of ATSIC to produce regional plans, a number of pilot projects in community planning were trialed within the Northern Territory and around Australia.

In Central Australia, a major community development planning exercise was conducted under the auspices of what was then known as the Northern Territory Open College (NTOC) in the early 1990s. This project was expected to establish a whole of government and agency approach to community development planning and thus regionalisation.

These trials instigated a certain amount of academic debate and research as to the appropriate manner in which such planning should be undertaken.

Today ATSIC maintains the torch of regionalisation under its Regional Planning requirements.

There is however another avenue of regionalisation being strongly pursued by Government within the Northern Territory at this juncture. This is being conducted under what is known as the Local Government Reform Process. What this entails is essentially amalgamating individual community and outstation councils into larger single councils under the Northern Territory Local Government Legislation.

Given the past performances of other such well-intentioned schemes, I think I reflect the point of view of many of my constituents by saying that they are very sceptical of this latest proposal to provide the outcomes which they seek. The outcomes they seek will hopefully become clearer as I proceed.

Having been involved with ATSIC for six years, first as a Regional Councillor and now as the Commissioner for Central Australia, I have experienced the limits of regionalisation as it currently operates under the Regional Planning requirements. Having experienced the limitations, I have also felt the frustration as a planner and as a recipient.
I believe it is fair to say that no one specific process or methodology has emerged over the years to demonstrate that regionalisation, within the parameters of planning, has proved the effective mechanism for community development which it was, at first, considered to be.

There are a number of reasons for the lack of effectiveness from these past efforts at regionalisation, some may be political and others economic. The ideal of a bottom-up approach to regionalisation does require resourcing and political commitment.

If these pre-requisites are not forthcoming, then what options are available for my people to pursue, in our endeavours to develop our communities and raise our children in the manner we wish?

Over these years and despite much Government rhetoric to the contrary, many of my constituents still ask, 'when will what we are saying be heard, understood and acted upon?'

It seems once again that the wheel has turned full circle and we are re-entering a debate, which was had over ten years ago. The difference now being only that the terminology has slightly altered from regional planning to regionalisation or to regional agreements.

What I wish to present to you now is another view of what, in this forum, is being described as 'regionalisation'. The perspective I wish to present is one which has derived from within communities encompassed within the region of Central Australia. I was born, live and work within one of these small communities, known as Papunya.

To present the perceptions of these communities I will relate to you some recent history which has impacted deeply upon these communities. From this history, I hope you will come to understand the point of view that emerges.

It is important though that we are able to proceed on some points of commonality between us all. I am hoping one point of commonality is that we are all seeking mechanisms which will enable a significant redirection in the lives of Aboriginal people in this country.

A direction which moves us away from the continuing poor statistics of health, education, housing, incarceration, unemployment etc, which we currently endure. Statistics, I might add, we seem to also have to endure having our noses constantly rubbed in.
Another point is that this direction also needs to fulfil the requirements of Reconciliation in this country.

A final point and perhaps for us the most important, is that it is accepted here in this forum, that our law, Anangu law, provides the underlying rhythm of our lives and the prime source of governance in our everyday life.

As I understand there are two main ‘benefits’ which are promoted as being gained from Regionalisation. One is that it will provide a mechanism for a co-ordinated and co-operative approach at all levels of government and their agencies. This has to be regarded as highly problematic given the numerous past forums, reports and trials which have been dedicated to developing such an outcome.

The second ‘benefit’ is that regionalisation enables communities scattered over vast distances to work in a co-ordinated and co-operative manner. This is not so problematic given what I have said regarding our law. Co-ordinated and co-operative events amongst our communities, organised over vast distances, for extended periods of time do occur. These events may vary in their complexity and purpose. What is definitive in these situations is the force or motivation, which enables these to occur. What needs to be recognised here is that this force is not found in government legislation.

In this manner regionalisation is not an unknown concept to the communities I represent, but the parameters of its effectiveness are vastly different to those as articulated by government or other such proponents of regionalisation.

With these understandings as our common base, perhaps a sense of urgency, in acting upon what I present, will also be shared.

The History

In 1992, the Government of the Northern Territory embarked upon what I can only describe as an act of ‘state terrorism’.

The impetus to this attack upon Aboriginal communities throughout the Northern Territory was the decision by the government to introduce power charges. The rationale that the Northern Territory
Government presented for this move was one of equity. The Government of the time argued that remote Aboriginal communities should be treated in an equal manner to those predominantly non-Aboriginal centres which pay for power.

The communities responded saying that they have never been treated as equal and remain unequal today in terms of any statistic you wish to name and rejected the facile nature of the Northern Territory Government’s argument. Furthermore, we saw the very impost of an extra expense in the lives of Aboriginal people as a further restraint upon our ability to maintain an already diminished quality of life for our families.

What also upset the communities was the manner in which the government set about implementing this policy. It was in the usual manner of Northern Territory governments, that is, utilising the big stick approach.

Almost universally across the Northern Territory, Aboriginal communities reacted to this change of policy. Communities at the time were also well aware of the funding arrangements between the Territory and the Commonwealth government who subsidised the greater proportion of the power supplies in these communities.

In response to communities asking for a twelve-month moratorium for proper consultations to occur, the government responded by turning off the power supplies to communities.

Significantly, the Northern Territory government used this approach in a strategically and discriminatory manner. Although a number of large communities in the Top End refused to sign for power, they were not treated in the harsh manner that a number of communities in Central Australia experienced.

Midnight and dawn raids by PAWA staff or their contractors saw power turned off at Docker River and Yuendumu. Even individuals within these communities who had agreed to sign for power had their power turned off. This was, I suppose, Northern Territory style ‘equality’ at work.
The campaign of resistance lasted for nearly five months. The community of Papunya had no power throughout this entire period, during a cold and wet winter.

During this period the Northern Territory government adopted other tactics in an attempt to undermine the position of the communities. These tactics included subterfuge, intimidation, use of police as Power and Water Authority (PAWA) agents, personal vilification and misinformation. None of these were successful. But they did create a serious issue of strain upon the communities and an irreconcilable breach of trust between community and government.

With the full weight of government against them, one could have easily thought that it was these small isolated communities which held the power switch in the Northern Territory.

In response to these tactics, the communities adopted a strategy of joining together to speak as ‘one voice’. The association of Wangka Kutju or ‘One United Voice’ was thus formed within Central Australia. Wangka Kutju was composed of a broad spectrum of communities, from Lake Nash in the East to Kintore in the West, and from Docker River in the South to Lajamanu in the North.

This was then, in the sense of regionalisation described above, an effort on our part, to work in a co-operative and co-ordinated regional manner, to meet what we saw as an economic and political threat. It was notably a consensual and voluntary association.

In July 1992, Aboriginal communities of the Northern Territory were granted, for the first time, an audience with the Commonwealth Grants Commission.

One United Voice sent a busload of representatives to Darwin for this meeting. The Yolngu Government Councils Association was also represented as were many other individual communities and Aboriginal people.

All at this meeting spoke in one voice. The Commonwealth Grants Commission heard a litany of complaints against the Northern Territory government concerning the level and method of funding that communities receive. All wanted their funding to be directed away from the clutches of the Northern Territory government.
The Northern Territory government response was without shame. They claimed that now that the Commonwealth Grants Commission had heard these stories of despair for themselves, they should acknowledge the Northern Territory government's legitimate claim for more funding.

Needless to say, very little came of all this, as the Grants Commission responded that it was not within their power to provide the direct funding requested, but that it was a political decision of government.

One United Voice dissolved as a corporate entity soon after these campaigns. Due to lack of government recognition, it was unable to acquire the necessary funds to pursue any further policy or political development. However as a concept within the minds of the communities it remained a viable entity and would re-appear at a later time, when once again a serious threat against the very basis of our viability as a people (ie, to our Land Rights) appeared.

Despite setbacks the communities of Central Australia did not give up their agenda. Following this, other battles against the Northern Territory government ensued. Conflict arose over education, health, law enforcement and even road funding. Each, though, followed in some manner the central themes of the power dispute, the lack of recognition of Aboriginal peoples' rights and the injustice of the funding regime employed by the Northern Territory government.

What important lesson was learnt here by the communities was that it is upon the full recognition of their rights that they must place the major emphasis in the future. For without such recognition, they have learned, that they will always be negotiating from an unequal position and will be forever obliged to accept conditions, which they know, will simply not work in their communities.

The next and latest step in regionalisation in Central Australia occurred at Kalkaringi in 1998 with the formation of the Combined Aboriginal Nations of Central Australia (CANCA). The aspirations of CANCA are spelt out in the Kalkaringi Statement. The Kalkaringi Statement is a continuance of those issues that One United Voice was addressing.

Kalkaringi and the process of regionalisation that it represented, was again born out of threats to our communities. These threats were
evident to us in the shape of the Reeves Review into the Land Rights Act, which was paralleled by the push for Statehood. It is now a matter of history that these two threats have been temporarily repelled but we remain vigilant.

It should be understood that the successes of Kalkaringi and CANCA were not just a matter of good luck. Considerable groundwork by the communities had gone into developing a united and determined base to present at Kalkaringi. A series of meetings at the community and regional levels, discussing Reeves and Statehood, all contributed to peoples' awareness of the issues and their willingness to respond in a combined manner.

However, what is not generally known is that the basis of legitimacy on which Kalkaringi proceeded, from our point of view, stemmed from a number of law meetings held in the Central Australian region. These gave to us the legitimacy and authority in holding our position.

Where to from here now, in terms of regionalisation?

From this history – and it is recent history – what we say is that regionalisation does not come first.

It is the recognition of our rights in full, which must be first addressed. This recognition must encompass all aspects of our lives from roads to power distribution. For whatever impacts upon our land, communities and our families, is our right to determine.

With recognition comes redistribution, for without redistributive justice our rights will mean very little. With the addressing of these two issues, regionalisation, or however you wish to describe it, may then occur. But whatever evolves, it will and must be of our determination.

In conclusion, as we are now talking about the three R’s, I would add a final equation; Recognition plus Redistribution equals Reconciliation.
References


DEVELOPING APPROPRIATE SOCIAL INFRASTRUCTURE
The Katherine West Health Board

MARION SCRYMGOUR

The Situation Before Katherine West Health Board

The Katherine West Region is vast and varied in terms of its geography, land use, and history. Looking across the map, it covers the expanse between the Western Australian border and the town of Katherine, and looking down the map, it runs from Timber Creek, south to the desert community of Lajamanu. The region traditionally supported many different Aboriginal language groups, some of whom have survived white settlement more successfully than others.

Much of the region is divided up into large pastoral properties that have been transferred from owner to owner since the grant of the original pastoral leases over a century ago. Since the Aboriginal Land Rights (NT) Act was passed in 1976, some groups have been able to regain secure title to their traditional land, while others have had to struggle to hold onto tiny ‘living area excisions’ from pastoral properties.

The provision of health services of a reasonable standard (ie, comparable to the standard expected in the mainstream population) to these communities has been a difficult logistical and social task. Before the Katherine West Health Board (KWHB) came into being, the Northern Territory government had, for the most part, addressed
the task with a network of community Health Centres or clinics with rostered regular (but often infrequent) visits to those clinics by District Medical Officers (DMOs). In emergency situations, patients were medivaced to hospitals in Katherine or Darwin by air. Aboriginal Health Workers have been employed in most, if not all, Community Health Centres but support, training and career pathways have typically been lacking. Aboriginal Health Workers have consequently often been under-utilised and many have preferred to resign rather than challenge the control of the non-Aboriginal nurses who generally manage the Health Centres.

Throughout the 1990s there were many attempts by the Northern Territory department responsible for health (now called Territory Health Services (THS)) to offload the responsibility for employing Aboriginal Health Workers, and the administration of Community Health Centres, onto local Community Councils. This ‘grant-in-aid’ approach enabled THS to retain employment and control of non-Aboriginal doctors and nurses and effectively pushed onto ill-equipped Community Councils the risk burden of running the Health Centres. These attempts were eventually recognised as misconceived and tokenistic.

These strategies failed to include Aboriginal communities as owners of, as well as participants in, the health delivery process. It is hardly surprising that they also failed to improve the health of the Aboriginal population.

In the grant-in-aid model, ‘health’ was seen as what goes on in the clinic. The essential task of tackling the social conditions which underlie poor health, has proved to be completely beyond the chronically under-resourced clinics which have not been regarded as integral parts of the community, and where staff morale has been perpetually low. In this old system, remote communities had to seek health funding from many different government bureaucracies, with different reporting systems. Co-ordination was extremely difficult, communication was poor, and this impacted on the ability of communities to provide a healthy life for their residents.

Between 1993 and 1996, I was the Director of the Katherine-based Aboriginal Medical Service, Wurlu-Wurlinjang, and I could see how
this old funding system, and the lack of community control, was affecting health services on the ground in remote communities. From my vantage point at Wurli-Wurlinjang, I could see Aboriginal people from remote communities, coming to Katherine for a range of reasons, sometimes for medical treatment, but invariably ending up at Wurli-Wurlinjang. A number of factors were contributing to poor health outcomes for these people, including:

- lack of co-ordination and communication between the various THS-operated health service providers; Health Centres in remote communities; visiting DMOs; patient travel administration staff; and the Katherine and Darwin Hospitals;

- lack of effective communication between the various THS agencies and Aboriginal people (ie, patients, families, Community Councils);

- discomfort felt by many Aboriginal patients coming to Katherine for medical treatment at the Hospital or the THS clinic, because such facilities were considered primarily non-Aboriginal places where Aboriginal social and cultural needs were insufficiently addressed;

- The almost inevitably protracted duration of stays by Aboriginal people at Katherine Hospital due to the problems in addressing conditions which were secondary to those which brought the patient to hospital in the first place.

A new approach was clearly called for. The Northern Territory and Commonwealth governments’ response was to trial a new model of health service delivery at a site within the Katherine region. The new model would feature:

- an Aboriginal Health Board, with representatives from the various outlying Aboriginal sub-regions and communities;

- a health service agency under the direction of the Aboriginal Health Board, whose main function would be to co-ordinate health service delivery. This agency could, over time, assume increasing responsibility for the remote Community Health Centres, with a view to assuming full control;

- funding under a unique formula. Under this formula, THS would pay into a funding pool the operational costs of their
remote clinics and a portion of their public health and administration money. The Commonwealth government would pay into the pool the region’s ‘cashed-out’ entitlement to the Medical Benefits Scheme (MBS) and the Pharmaceutical Benefits Scheme (PBS).

The rationale behind this ‘cashing out’ of MBS and PBS entitlements was that studies have shown that for every dollar spent each year on these schemes for non-Aboriginal Australians, only 27 cents is spent for Aboriginal people (largely because of the scarcity of doctors and pharmacies in remote areas). The Health Board would then use this combined funding pool to purchase or provide health services, allocating the money as it saw fit. It was thought that this form of funding would result in increased money for health, increased Aboriginal community control and — in the long run — improved health.

The original plan was to develop the Aboriginal Health Board, under the umbrella of Wurlu-Wurlinjjang Board, covering the whole of the Katherine region. Subsequent events, outside of Katherine, created a moving train onto which the plan had to jump. What emerged was the Katherine West Co-ordinated Care Trial and the Katherine West Health Board.

**Establishing the Katherine West Health Board**

Various co-ordinated care trials had already been established in other parts of Australia to test particular public health hypotheses. The intention in each case was to ascertain whether innovations in some aspect of health service delivery could provide more effective services for the same funding dollar or less.

Trials, focussing on Aboriginal health in particular, were being contemplated for sites in western New South Wales and Western Australia. Two additional trials were being considered for the Northern Territory — in the Tiwi Islands and remote communities in the western half of the Katherine Region.

There were two main incentives for the Northern Territory government to proceed with the proposed trials. Firstly, they provided a way of responding to criticism of TIHSs failure to come up with innovative
and viable solutions to bad (and in some areas worsening) Aboriginal health statistics. Secondly, the proposed ‘cashing out’ of Medical and Pharmaceutical Benefits on a per capita basis would inject extra dollars into the existing funding pool for Aboriginal health, which the Commonwealth had otherwise been unwilling to contribute on an untied basis.

With regard to the ‘community control’ aspect of the trials, both governments were steering into uncharted waters. Although Aboriginal Medical Services in Darwin, Katherine, Tennant Creek and Alice Springs had long ago proved effective in managing funds and providing services to Aboriginal patients, there was no equivalent community body managing funds and purchasing health services for remote Aboriginal communities on a regional basis. Prior to the formal commencement of the Katherine West trial, I spent some time working for both the Commonwealth government and the Territory government on the development of both the Katherine West and the Tiwi trials. The key issue in both cases was consultation. Who was to be consulted, and how were those consulted to be fairly and accurately advised of both the risks and the benefits of the proposed changes?

Unlike the Tiwi Land Council, in the Tiwi Islands trial area, there was no equivalent ready-made entity or organisation that could represent the diversity of the Katherine West Region. I am talking about the social and cultural reality of different language groups, including groups of people driven off their land and forced to settle in the traditional land of other tribes, all residing in the same region. Communities were historically divided by language, past conflicts, cultural practices, and also geographical distance across broad swathes of country. How were these different communities and language groups to be persuaded to come together and address, with one voice, the dire health problems that were threatening the well being of them all?

But come together they did and, to my mind, the greatest achievement of the Katherine West Co-ordinated Care Trial has been the successful bringing together of representatives from different communities across the region, into one closely-knit and fiercely independent Aboriginal Health Board.
Consultations took place in all communities in the region. Unsurprisingly, enthusiasm for the proposal was greater in some communities than in others. The minimalist version of the trial that appealed most to THS, was one in which the Aboriginal Health Board would receive funds and pay out funds, while, on the ground, in the Health Centres it would be pretty much ‘business as usual’. Some community members expressed scepticism about what appeared to be a big risk for little immediate benefit and wondered whether they were being set up to fail. However, a universal theme emerging from all communities was the desire for Aboriginal control of health service delivery on the ground. The eventual consensus was that the establishment of the Board as a purchaser of services would be a first step towards negotiating an enhanced role for the Board as a provider of services later on.

As far as the consultation process was concerned, an important issue (given the failure of the ‘grant-in-aid’ model which had identified Community Councils as the relevant authority in Aboriginal communities) was the need to ensure that different stakeholders in the community got to be heard. Each Community Council was formally approached in writing with repeated follow-up meetings on the ground. But cultural elders, and women’s groups, Aboriginal Health Workers, and other people were also consulted, both individually and in the context of community meetings. It was a long and necessarily careful process to ascertain community understanding of and consent to the trial concept, followed by the selection of community representatives for the new Aboriginal Health Board. There then began the even longer and more difficult process of obtaining written consent from individual members of the Aboriginal population to participate in the trial. In fact, this process was not finalised until well after the commencement of the actual trial.

The Katherine West Health Board was formally incorporated as an Aboriginal Association under the Commonwealth Aboriginal Councils and Associations Act on 3 February, 1998, and from its inception has acknowledged as part of its responsibility the health needs and interests of non-Aboriginal as well as Aboriginal residents of the region. However, the Board has always been adamant that while non-Aboriginal residents should (and do) have a sub-committee to
represent their views before the Board, they are not entitled to become members of the Board itself. The reason is that the Board's priority is the desperate state of Aboriginal health in the region – the reason why the trial was established in the first place, and the reason why the Aboriginal community has embraced the trial.

Lessons Learned

My experience with the Katherine West Co-ordinated Care Trial has been a 'trial' in more ways than one! Many lessons have been learned about the behaviour of governments, about the potential of Aboriginal people to manage their own futures and about the best ways to deliver services on the ground.

Important Positive Lessons

1) The hard work, diligence and co-operation of the elected Board has been the driving force behind the KWHB's success. Different language groups and communities have combined to form a strong body which actively directs policy and practice. The Board has consistently shown a greater understanding of grass roots health issues than could be achieved by a distant government, while at the same time proving responsible in allocating funds and understanding the 'money story'.

2) The desirability of matching health service delivery programs to appropriately sized areas. The KWHB region has proved eminently suitable, geographically and culturally. This is in contrast to the poor record of Northern Territory Health Centres and Boards which generally cover a very small region (often just one community) and the logistical and political difficulties of regions elsewhere which are simply too big.

3) The desirability of developing multi-pronged community relations strategies. It has been necessary for the KWHB to establish relationships with all stakeholders in the region. Our multi-pronged strategy includes signing Memoranda of Understanding with local councils, seeking the formal permission of traditional landowners for our presence (through taking out leases under the Land Rights Act), setting up health
committees in communities, and so on. All key groups, organisations and individuals need to be involved in such a strategy.

4) Recognising that to improve health, it is necessary to take a strong stand on public health issues in addition to providing clinical services. The condition of housing, the provision of good water and sewerage facilities and so on, must form part of the agenda of any health service provider that wants more than band-aid solutions. These things cannot simply be left to other government agencies.

5) A recognition that health is tied up with economics and politics. Unemployment, lack of education, and poverty are endemic in our region and have been identified in many studies around the world as impacting significantly on health status. The plain fact is that economic self-sufficiency is not a viable option for our region, now or in the future. The cattle industry is in decline and cannot be the ‘light on the horizon’ in terms of future employment and income for young people. The only possible role for a health service in this situation is to join with other community bodies to develop a strategy which would combine economics, community development and health. This is the challenge for the future.

6) The cashing out of the MBS/PBS entitlements has injected more health funds into the region than would otherwise have been there, and this has allowed a significant improvement in service levels.

Along with the positives, however, there have been some important negative.

**Important Negative Lessons**

1) The most important negative lesson of this trial is that it is very difficult to trust governments. For example, the Health Board is currently in dispute with the Northern Territory government over a range of extra costs which have been arbitrarily imposed, without discussion. These include on-costs of 52% and a 25% surcharge imposed by THS on all clinic supplies provided to the
KWHB. How this dispute is resolved will influence the overall experience of the trial, but one lesson is clear: it is essential for any Health Board to have the ability to examine independently any financial or policy proposal which the Northern Territory or Commonwealth government comes up with.

2) Experience has shown that simply purchasing services from THS does little to achieve real changes in long term health status. The reasons for this include inadequate staffing of Health Centres by THS and the poor reputation of THS in many communities. The Board found that it had to go further than just purchase services – it had to provide services in its own right. As a result the Board has taken over the operations of some remote clinics from THS, and this has brought about significant improvements. But, with hindsight, we should have planned to actually run the Health Centres ourselves from the beginning.

3) While the region has received extra resources for health through cashing out the MBS/PBS entitlement, we have found that we are disadvantaged by being restricted to the MBS/PBS usage of ‘the average Australian’. In our region’s population, there are disease incidences up to twenty times that of ‘the average Australian’ and we experience extra costs due to remoteness. It is imperative that the Board makes some progress on this issue in its future discussions with the Commonwealth government. Our preferred position is a MBS/PBS cashout rate at least two or three times the Australian average for MBS/PBS usage.

Summing up the trial overall, the KWHB has adopted a slogan: ‘Eternal vigilance’. This is more than just a motto for Anzac Day – it is a mandatory warning for all Aboriginal organisations dealing with governments, particularly those seeking to negotiate regional agreements.
PARTNERS OR CARPETBAGGERS
Governments, People and the Economics of the North

DAVID EPWORTH

Why have governments seen their role in the development of the North as largely limited to supporting huge developments or providing welfare? Most of these large schemes, and history is littered with them – major plans to grow rice, sugar, cotton, sorghum or peanuts, innumerable mines, railways and pipelines, special mineral provinces or trade development zones – have been designed to change the shape of the North. Why is it that local people, the long-term people of the North, have rarely been in the vanguard proposing these schemes? Although they have made lives here for generations, millennia, they have done so without these goldrush-like ‘developments’. Is it because these are essentially plans to develop the region by developing profits for other people?

What I am suggesting today is that there is a very different way to approach the development of the North and that this involves considering the reality of the challenges for the people of the North and the roles governments can play in addressing these. Implicit in what I am suggesting is that there is a level and style of development – or economic activity – which is sustainable and widespread rather than the boom-bust cycle of the large speculative projects, the benefits from which are focused on limited areas of the region. And by ‘government’ I mean most of the organisations represented here, from the regional Aboriginal organisations that I work with, and the other
local community governance structures through to the Commonwealth government.

In relatively recent times the predominant explorer-settler-developer approach has given way to a new way of life in the region. Now we have a community that has a permanent habitation of the area. Further, Aboriginal people who were always present but rarely included in the development of the North, are now fully recognised as part of this community.

Something that Richard Eckersley commented on in his paper struck a chord. In looking at the development of the North we need to learn from the past and consider what each of us here, or the groups that we are part of, can do to progress a new ethos of development in the North. What Richard said that struck me was that we need to first recognise the truth and to then work from there.

Firstly, what are we talking about – what constitutes the North? My definition is unashamedly parochial: I am talking about those people who live permanently in the North – those people who live permanently in the non-urban areas of northern Australia. They live in the sparsely settled areas of the Torres Straits, Cape York, the Gulf of Carpentaria, the western mineral province around Mt Isa, the Northern Territory – south of the Berrimah line (I guess that should be the Palmerston line these days), in the Kimberley and the Pilbara. It is the permanent population – not the transient populations of mining towns like Weipa and Nhulunbuy – these towns may exist for longer but most of the populations are only here for a few years and then they are generally amongst the highest earners in the nation. In some of these, though, there is an emerging permanent population that is part of the North as I describe it. And it isn't Darwin or Cairns, cities which essentially operate on the national or global scale and have very different needs to the rest of the North.

There is a general perception that there are two distinct communities in the region – white and black – which are portrayed as being implacably opposed to each other and supposed to have nothing in common. In fact these communities of the North have much in common. The most important commonality today is that they are communities in crisis. All social and economic indicators place
people in these regions in some of the most disadvantaged categories in our nation.

Firstly, though, there is a key uniting characteristic that is well described by the Thai concept of ‘sanuk’ – having fun. People live in the North because they want to. Although there are many reasons not to live here, people do decide to live here. Although all rational consideration would lead them somewhere else, the people here choose to be here. Whether this is because of cultural or traditional ties or to pursue the callings of their dreams or just to not live somewhere else – the most defining characteristic is that they have fun – they are here and they like being here.

This does not obscure the dire conditions that many – or most – have to face to some degree. Aboriginal peoples face a litany of problems of which we are all aware – social, health and economic conditions that are amongst the worst in the ‘developed’ world. Non-Aboriginal people in this region are also facing major problems. Their worlds have undergone huge changes in recent years – from political, economic and social supremacy on a national scale to economic basket cases, social outcasts and political irrelevancies in forty years. They are probably more marginalised now than their Aboriginal neighbours – or certainly feel that they are.

This common depression, this social and political marginalisation is, in my opinion, one of the key hindrances to the development of a sustainable occupation of the North. Poverty (and I'm reminded of the comments of John Bock, then head of the Cape York cattlemen, at a summit that was held in response to the Wik High Court judgement, where he said in way of introduction to Patrick Dodson, that there were a few things that Aboriginal and non-Aboriginal people shared in Cape York, and the most important of these was poverty) and welfarisation – the belief that we are deserving or in need of the patronage of the rest of Australia – these are the two greatest challenges that we face. Welfarisation, and the sense that we are victims, are common hindrances to people in these areas taking charge of even the simplest factors in their lives.
Although we generally point the finger at Aboriginal people when it comes to identifying the problems of welfare and the diminution of social responsibility, the blight that this has been on the rural community (which receives as much or more welfare, on a per capita basis, as Aboriginal people do) has been crippling. The non-Aboriginal community is blaming ‘the Government’ more and more for their plight. As Aboriginal people struggle to find a way to beat the crushing oppression that comes with welfare, the non-Aboriginal community is wallowing in the depths of self-pity and blame-casting that typifies the nadir of the welfare cycle. Most alarming is the increasing trend of the agri-political and rural and remote community lobbies to push for even more welfare, with even less responsibility or reciprocity.

There are a few truths about economic activity in these areas. Firstly, it has been a characteristic of this region’s people that they haven’t shared equitably in the few streams (torrents?) of wealth that have been derived from the region. They still get very little from the vast mining wealth of the area or the benefits of the rapidly growing tourism sector, unlike the cities on the edge of the region which do catch at least some of this money.

The industries that they are in, if any, are generally in decline and do not provide the development avenues that are needed to address the region’s poverty. Pastoralism is not a viable route for providing a wealth base for the region. It may have a role in supporting the existence of a relatively small proportion of the community and very important social role in uniting or dividing the region but it is certainly no longer an economic powerhouse.

And tourism – as it currently exists – is not going to provide much benefit for our region. Although it appears as a high value industry in many analyses, very little of this benefit hits remote areas. The majority of benefit stays in the major towns where supplies are purchased and tour companies based. The remote communities do, however, inherit much of the long-term cost of maintaining the asset and managing the impact on the environment.
We are part of a region that does not have a large degree of influence over its destiny — at least not in a democracy like Australia. In all of the areas that we are discussing, over a third of the continent, there are only four Members of the House of Representatives and maybe two Senators with keen interests in the North. We are susceptible to the political might of the South.

Common across the North is the pressure on land managers to satisfy the conservation policies of outsiders. Probably the most common picture held by people who live in Sydney or Melbourne is that the environment in the North is still saveable and that all measures should be taken to see that it is saved — ‘for the future of our children’. Those of us who live here see an urgency for better management of the environment too, but to protect the future of our children, not theirs.

The political influence of the conservation movement over what happened in Cape York, which was seen by many people as the greatest threat that they faced, motivated the Cape York Heads of Agreement that, for the first time, saw the two sections of the Cape community come together to negotiate a future relationship with the conservation movement. It was a seminal point in turning around the ‘victim’ mindset of the Cape and developing community-based solutions to the issues that threatened the future of the Cape.

There has been an alarming increase in the external forces that divide the people of the North. The issues of race are largely fuelled by fear, propagated by mercenary and inhuman political machines, whose interests lie outside the region. This is not a right wing phenomenon alone, although the CLP has made an art form of it. The recent Mabo and Wik hysteria has hatched a new set of outsiders, the left of the political spectrum, the ‘Wikaccino Set’ of southern cities who profess a desire to help but are very eager to watch the fight between good and evil and maintain the patronage relationships that give them satisfaction.

This separation within our community is a deeply held perception in the minds of outsiders. It is a continual source of amazement to me that the term ‘rural and remote Australia’ or RARA, the new ‘most-deserving group’ in Australia, invariably excludes Aboriginal people. Obviously they are part of both the ‘rural’ and the ‘remote’
components of the title but are not considered to be part of the primarily economic focus of RARA initiatives. I assume that this means policy makers perceive that Aboriginal poverty and rural poverty have different causes and so different treatments – for one economic restructuring and entrepreneurial support, for the other ‘appropriate service delivery’ – one treatment aimed at increasing a group’s control over their lives and one effectively diminishing it.

Governments have a range of activities in the North, from the operation of defence facilities and research organisations like NARU, to funding CDEP and LandCare. Many of these have had the potential to assist the people of the North to have more control over their lives but have, for a variety of reasons, failed to consider this as an important outcome. Worse, many have had dramatically negative effects. Much of the disenfranchisement results directly from the way governments have dealt with the North. The marginalisation of the North is most marked in government policy and delivery mechanisms.

The welfarisation of our communities has lead to catastrophic disenfranchisement especially amongst our young. People have been corralled into playing the accountability game dressed up as self-determination when its effect has been to so occupy leaders and workers both, that ‘Rome has burnt’, while the leadership is fully occupied proving to government, over and over, that they weren’t fiddling.

So, what is required to attend to the poverty, marginalisation and disenfranchisement that unite the North?

I see that the solutions will need to actively aim to achieve three things: to increase the wealth of the North; to increase people’s capacity to control their own lives; and to improve the cohesiveness of the region. If governments measured their policies and activities against these aims, I believe we would see vastly different approaches to how government business is done in the North and a turnaround, albeit gradual, in the social and economic indicators that currently are so shameful.

The solutions will require a rewriting of the relationships of the North. It will take a considerable change in ethos for the operation of defence facilities to be conducted in ways that promote the interests of the
people of the North. The need for new relationships extends much further than this. The role that governments play in the North needs to be rewritten. Of all areas in Australia, the North is the region where the old colonial relationships of patron-recipient remain most prevalent. If the challenges of the North are to be met then this, before anything else, needs to change. The richest and most influential organisations in the nation, our governments, must become partners in the development of the North rather than its feudal lords.

We need to develop new paradigms that centre the responsibility and the benefits in the North. A new land ethic needs to be developed which promotes sustainability and appropriate use and the role of the people of the North as principal managers of the region’s biodiversity needs to be advanced. The benefits of existing industries and the role of governments in supporting them need to be reassessed. The role of Aboriginal people in the economy needs to be rewritten. The perceptions held by the wider Australian population of the North as an unpeopled domain, a wilderness, needs to be corrected. And the relationships among the people of the North need to be strengthened.

There are a number of characteristics of successful solutions that we can already identify. They will be based on people – ie, individuals. Success will come from supporting people with passion to achieve their own aims. Success is contagious; support for one success initiates a domino effect. One successful business in a community can change the whole community’s approach to their other challenges.

Successful solutions will be developed by the people of the North rather than by bureaucrats in cities. These solutions will be organic and based on the exiting traits and capacities of the people. Partnerships, both within the North and with outsiders – including governments – will be critical to the success of these solutions.

There have been some good examples of success in Cape York in recent years. The emergence of the Art Gang at Lockhart River is one of the most exciting. A whole new school of Aboriginal art is emerging from a group of young people in this remote east-coast community and it is having major effects on the broader town. Five years ago this community was in dire straits with escalating substance abuse and other indicators of a community in despair. The success of
two or three individuals has catalysed a dramatic change in the community. I am not saying that it has solved the problems of poverty, violence and substance abuse but it has dramatically changed the ways that the young people see their own roles and futures. There is almost no petrol sniffing and there is a new guard of active and positive young people coming to the fore.

In Coen, a few years ago, one man started a market garden that rewrote relationships in the area. Not only were there the benefits of cheap, high quality, fresh fruit and vegetables but for the first time after some pretty heated years following the lodgement of the 'Wik Claim' pastoralists and Aboriginal people were again actively engaged. Station owners were eager to buy the produce that the Aboriginal people had grown. Although only a small activity, it had dramatic and positive effects on a range of factors that had, until then, been major negative influences on the lives of most people in the area.

The commonalities between these two examples is that they were based on the passions of a few people, that they would have been discounted by any form of economic assessment, that they were local initiatives and that what was required from governments was very limited support of critical partnerships. In both cases, the partnerships between one or two outsiders and the people with passion in the communities was the point at which government support was most beneficial.

This leads to another point - economic development is driven by enterprises not policies. It is essential that in these regions where the populations are small that governments support enterprises rather than economies. Where governments are dealing with millions of people it may be most appropriate to enact measures that change the way the economy operates, but in the sparsely populated areas it is more effective to enact measures that foster enterprise success. While economic analyses may identify that there is no future for a particular industry - teddy bear making as an example - if there is a passionate person and sound partnerships are developed, it may be very possible to develop a successful enterprise. The re-invigoration of Tambo in western Queensland was a teddy led recovery.
Policy plays a critical role in these areas. I am concerned though that policy operates too often at the wrong levels. Too often policy tries to influence the minutiae of development rather than building environments that promote success. In the earlier examples it would have been disastrous to develop policies on arts development or market gardens as a result of these experiences. The policy response more properly should have been to develop business facilitator or social entrepreneur support systems. Policy must, as I have said, aim at the right target and not pre-empt outcomes. It must not be an extrapolation from one set of conditions to another but based on sound and well considered principles of partnership.

There have been, in recent years in Cape York, a number of initiatives that have marked sea changes in how business is done. They also reflect quite well the various roles of governments.

In 1996 the Cape York Heads of Agreement was signed between conservation groups, regional Aboriginal organisations and the regional cattlemen’s body. This was a watershed in how the majority of the Cape’s population and the key political forces saw the future of the Cape. It marked the acceptance of the fact that all three groups were there to stay and that together they had the strength to succeed. It also recognised that there was no future in division and that the greatest threats were from outside not inside the Cape. This relationship has continued to develop over the years and still works well at the operational and political level. We are in contact a number of times a week and have secured considerable benefits for the region, even apart from the $40 million land management funds that came with the signing of the agreement. These improvements have extended to the health and education systems, the social environment and the ways in which governments interact with people in the Cape.

At about the same time as the Heads of Agreement was developed, a proposal for the construction of a gas pipeline from PNG to (then) Gladstone was mooted. The normal response to such a proposal would have been to oppose it. However, the people of Cape York, through the Cape York Land Council, took a very different route. Their first response was to secure the services of well respected international experts with appropriate commercial and technical experience to advise them of the proposal. It was apparent that they
had little hope of preventing the pipeline going through their country. They then worked out where the best commercial opportunities lay and commenced negotiations with the proponent. This has resulted in the development of a new paradigm for how resource developers and traditional landowners relate to each other. It also has the potential to provide significant economic benefit to the region. In this case government’s role has been to enable the proponent and the landowners’ representatives to come to an agreed position, rather than activating statutory processes that have marginalised local communities in the past. A sound civic relationship has developed rather than a statutory one.

The lessons learned from these two processes have led to the development of an innovative approach to the resolution of land issues in the Cape. The Queensland Government has established the Cape York Tenure Resolution Group which brings senior delegated bureaucrats (Directors General or Regional Directors levels) together with senior representatives of the sectoral interests. It is a process which enables tenure issues to be considered jointly by the key individuals and innovative solutions developed. Further, as all key delegated officials are present, implementation of the decisions can commence rapidly. It has shortened the administrative processing time for some land dealings from five years to two months.

This approach has been extended into the Cape York Partnerships program, which establishes negotiating tables to develop solutions to issues such as education, health and enterprise development. The negotiating tables bring the people most interested in effective solutions – the community – together with the government which holds the financial resources and some of the expertise. This new way of doing business places government in the role of partner in solutions that are developed ‘in place’. It is designed to ensure that all government activity attends to the three targets mentioned before: increased wealth held locally; improved capacity to take control of one’s life; and increased regional cohesiveness.

In conclusion the role of government – and I reiterate that I mean all forms of governance from regional organisations to the Commonwealth government – need to very carefully measure the way that they do business. They need to ‘recognise the truth’ of what they
are doing and understand the real effects that their policies and programs are having on the people of the North. And they need to remake themselves into one of the partners in innovative solutions. We need to rid the North of the patron-recipient relationships and all of those things that act against people's capacity to take responsibility and leadership. We need to be partners in this place, not carpetbaggers rushing to the next great goldrush.
PARTNERSHIP BETWEEN COMMUNITY GOVERNMENT AND INDUSTRY

PETER OPIO-OTIM

In the quest to expand economic, social and political horizons and bring about a better living standard for their residents, Aboriginal Deed of Grant in Trust (DOGIT) community governments are finding themselves the principal initiators, designers and implementors of community development. To achieve this goal, especially on the economic front, community governments must adopt a new strategy, seek new support and act in collaboration and partnership with Industry.

For Aboriginal people, economic development is a process that will assist them to achieve greater independence from governments and improve their capacity to make life choices. It includes activities leading to increased employment, income generation and enhanced financial independence. It also includes economic interdependence with the wider Australian and international communities. All Aboriginal community governments are looking for economic development opportunities.

To set the tone for our discussion, let me briefly inform you of the Queensland Aboriginal Deed of Grant in Trust (DOGIT) community councils. The legislative basis upon which the DOGIT communities were created is contained in the Queensland Community Services (Aborigines) Act 1984. This legislation established Aboriginal community councils to become local government bodies for
Aboriginal communities that were previously reserves or missions. Today we have a total of 15 Aboriginal DOGIT community councils spread throughout the length and breadth of the State. Section 25(1) of the Community Services (Aborigines) Act 1984 states:

An Aboriginal Council has and may discharge the functions of local government of the area for which it is established....

But unlike the mainstream local government councils who are predominantly concerned with the three (3) Rs – Rates, Roads and Rubbish, Aboriginal community councils are literally responsible for every activity in their trust area, with responsibility spanning from the cradle to the grave. This means that the challenges facing community government in general are broader, wider and more complex than those facing the mainstream. Available statistics indicate that there are problems – real serious problems – in Aboriginal DOGIT communities in housing, health, education, employment, information, youth, women, technology acquisition, exploitation and use, and being accepted by industries in general, on a equal footing, with their mainstream counterparts.

Aboriginal DOGIT community governments and people in northern Australia face very serious economic and social problems, in part, because of their location and in part due to history. The consequence of these for businesses is equally serious. Constraints to economic development range from inadequate basic physical infrastructure to the ability of communities with low income to generate adequate local markets.

In this paper, I suggest some of the areas that must be revisited by community government and Industry if this partnership is going to work effectively. In general terms to achieve this, we need new values, new policies and new attitudes. Industry must change radically its existing attitudes towards community governments and look upon them as customers, customers that can provide Industry and community government with mutual benefits.
Some General Remarks

In 1996, the Aboriginal Coordinating Council (ACC, Queensland) took part in the National Australian Survey of Councils. The ACC raised many issues of concern about the region, but one key area which was identified as a major challenge to the North was the challenge of creating, widening and promoting development for Aboriginal DOGIT communities, a challenge which we said needed the support of Industry if it was going to be handled effectively.

The Aboriginal economy in the North is dominated by significant public service sectors. There is virtually no manufacturing, no secondary industry of significant size. Indeed almost all the goods and services are usually brought into the communities from outside. The vast majority of community residents are involved in the Community Development Employment Project (CDEP) Scheme – a scheme where the equivalent of the community residents’ unemployment benefit entitlements are paid as a lump sum to their community council, along with a two-part subsidy, the purpose of which is to cover administration costs and to enable the council to purchase some project materials. The council then organises work for their residents, who are paid a weekly wage that should at least match their unemployment benefit entitlements.

While the CDEP has reduced statistical unemployment, it has done little to improve the income status of Indigenous people or to inject quality into job creation. The need to enhance the occupational status of Aboriginal people remains paramount and the key to it is through a shift in policy – policy that will entice Industry to become part and parcel of community development.

The Challenge

What is needed is a means to create linkages between Aboriginal community governments and people and institutions on the one hand, and private sector capital, expertise and opportunities on the other. A priority for Aboriginal community governments should be to achieve a closely co-ordinated approach to working with industries – all relevant industries.
Potentials

The North is well located in terms of geography to be used as a springboard to capture the rapidly expanding South East Asian market. Potential areas that would warrant extensive exploitation to the benefit of the Indigenous people in the North would include:

- Tourism
- Artefacts
- Painting
- Fishing
- Block and brick making
- Retail Store
- Agriculture
- Pacific academics for a wide range of education programs
- Secondary processing for export
- Import oriented industries.

These areas all offer potential for specific industries to enter into specific partnership with community councils. Experience from other countries has shown that partnerships can provide very effective results for community people. Local governments in Japan and Germany have benefited from such partnerships. But for such partnerships to succeed, Industry must move away from the current financial rate of return mentality and adopt notions of social capital. They should start to play a leading role in the development of communities – a trend which is beginning to emerge as governments get smaller, leaner and sharper and the private sector becomes bigger and better.

In general, Industry provides better co-ordinated approaches to dealing with development issues. In today’s world of strategic alliances, networking, etc, Industry can provide the necessary multiplier effect for effective community development.
At the Community Government Level

At each of the community levels, appropriate support must be found and new partnerships with Industry developed. Community governments must adopt policies that are supportive of Industry participation in their affairs. They need to have structures that allow for such participation. Community councils should, for example, consider setting up within their structure a position or positions called Community Industry Liaison Unit. Such a unit would act as the catalyst to develop and strengthen the relationship between the council and Industry in general. For example, it would be worthwhile for Mapoon Aboriginal Council, located at Weipa, to create a position called Mapoon-Comalco Liaison Officer. Such a strategy would send a clear message to nearby Industry (Comalco) that the community expects it to be part of its community development. It would further demonstrate the need for the constant exchange of ideas between Industry and community government. It would help to fertilise the link between the community and Industry.

At the Industry Level

A new approach is needed to address the problems of poor development on Aboriginal communities. This new approach should be based on new partnerships between community councils and Industry. The new approach should address at least five specific areas namely:

**Improving local multiplier effects**

Increasing and improving local business opportunities from major projects in the North. This should result in the sharing of benefits from major projects particularly those in mining, tourism and service industries, including the potential for franchising with the community government.

**Accessing capital for development**

Community government and community people should be provided with opportunities to access the ‘fuel’ for development ie, access to financial resources to make development possible. New measures
must be developed with private sector and other financial intermediaries to short circuit the current problems of accessing development capital.

Training and upskilling of Indigenous people

There exists a myriad of skills among Indigenous people in the North. These skills should be harnessed and used well by Industry. However, most of these skills have not been acquired through formal education and training. To formalise such ‘qualifications and expertise’ an Indigenous Industry Training Centre should be established in the region. Such a centre would prove to be pivotal in filling the gaps in the skills base.

Finance and taxation changes

Government and Industry need to set up a committee to examine some of the problems that existing and potential operators face with regard to finance and taxation. Any unnecessary disincentives to Industry caused by financial and taxation regulations need to be addressed. Such a process would allow for the elimination or reduction in the costs of conducting business in the North and help promote industrialisation.

Technology linkages

A very significant issue which is beginning to impact on the development of the Far North is access to telecommunications infrastructure, in particular mobile phone coverage, Internet access, etc. The future for community business will not be bright until communities become part and parcel of the new world of technology. Again, Industry can do a lot to assist community government get hooked up to this new technology and the super highway.

These are some of the things that must be done if we are going to reap the benefits of community government – Industry partnerships.
Conclusion

Community governments face three types of challenges:

1) Challenges for self management
2) Challenges for self determination
3) Challenges for self sufficiency.

While the first two types of challenges can be dealt with through the political as well as social processes, the challenge for self sufficiency will require the support of Industry. It is against this background that there is an urgent need for Industry and community government to work together in partnership to help meet the challenges of northern Australia.
In 1994–1995, Rio Tinto decided to adopt a different approach to community issues which it was concerned it had not been addressing very well. We sought external views by commissioning Hugh Mackay to survey a large number of people to find out what ordinary Australians thought about mining. One of the outstanding results was that most people did not know or care very much about mining. Nonetheless we then went on to survey a large number of opinion leaders for their input into how they thought a company like Rio Tinto should perform. One particular group we surveyed was Aboriginal leaders. The data from that survey indicated that all opinion leaders felt the company should work with Indigenous communities in developing economic independence, skills training, employment opportunities, co-operative business ventures, integrated Aboriginal partnerships, recognition of culture, improving quality of life and support for Reconciliation.

Around this time, the leadership of the company changed with the appointment of Leon Davis as Managing Director. I was appointed as Vice President, Aboriginal Relations, shortly after. Davis indicated his desire to move away from legal stand-offs and, instead, develop innovative ways of working with Indigenous people.

The overriding principle behind this was ‘enlightened self-interest’. Rio Tinto considers profit to be very important but other considerations have arisen in recent times. We are all familiar with the
jargon of the 'triple bottom line' - the dollar, the environment and the community. A fourth bottom line – 'health and safety' is now being widely talked about. In this context, Leon Davis saw a different approach was needed to developing Indigenous partnerships as a means of increasing value for shareholders, ensuring a longer period of sustained operation for our projects and to achieve competitive advantage against other mining companies.

In the old days, the companies I worked for always preferred large ore bodies with a life of around 100 years as their primary strategic asset, followed by government sanction to mine in the form of statutes passed by parliament. With those in place, we could proceed with certainty. That meant a lot of time spent in governmental relations, lobbying ministers and bureaucrats. It also meant a lot of money spent on legal advice. We then paid our royalties and taxes and licences. The main barriers to success were in raising the necessary finances and ensuring economies of scale.

Today, there is another side of the page that says you must have clear policies and distinctive capabilities for working with people in the community in addition to contacts in government. In that context the focus is on building a reputation for consistent and appropriate behaviour. So one of my first jobs was to write a one-page policy statement that could be owned by all the leaders of the organisation. I also wrote to about 15 Aboriginal leaders to comment on the policy. When I submitted the final draft to the company’s senior executives, only one word was altered. The word 'oppressed' was changed to ‘disadvantaged’. Otherwise Rio Tinto recognised that Aboriginal people had a connection to the land, had native title rights, respected their cultural diversity, their aspirations to self-sufficiency, and their ongoing interests in land management. Where once our practice had been to talk only to the ‘traditional owners,’ we were now committed to regard ‘people of traditional or historical connections’ to land as key stakeholders.

Having formulated the policy, we worked very hard to inform our staff about what we were doing. Aboriginal leaders were invited to address the regular training sessions which the company arranged for its senior management. Initially we invited non-Aboriginal people like Fred Chaney and Frank Brennan, but later Pat Turner, Noel Pearson and
others. We then contracted AIATSIS to run a series of training courses for all our general managers, addressed by Marcia Langton, Richie Howitt, Bill Jonas and Noel Pearson. This realised Leon Davis' idea that the company should engage with people who were not necessarily disposed to the company, at first.

We developed a Rio Tinto Aboriginal Foundation to fund projects in communities around the country. The Foundation comprise three company representatives and three Aboriginal Trustees – Sandra Edes, an Aboriginal doctor from Perth, Lowitja O'Donohue, former Chair of ATSIC and Mark Ella, the former rugby player. The Board meets every two months and we allocate $1.1 million each year to community-based projects around the country.

In the Northern Territory, the Foundation is involved in kidney health projects with the Menzies School in the Tiwi Islands – a program which is now being applied in four other Territory communities. A significant aspect of these programs is the empowerment of local health workers and local communities rather than the application of paternalistic health regimes. We have also tried to kick-start 'Football With Health' in many communities in co-operation with the AFL. We don't want to proselytise Australian Rules football but rather improve the health of Aboriginal people in the communities. We have also provided educational support to Kormilda College for the development of Indigenous education and leadership. We have a partnership with the Centre for Appropriate Technology in Alice Springs to send out some of our young scientists to work on technical solutions to various problems encountered in Aboriginal communities in Central Australia. We also have involvement with a 'healthy girls' project in the Kimberleys. The South-East Arnhem Land Collaborative Research Project is an important project that we are funding for two clients – Rio Tinto Exploration and the local South-East Arnhem communities. We are working with John Bern from the University of Wollongong and Mary Edmunds on a collaborative baseline study in areas where we are currently conducting exploration. If we do not find anything, we will walk away but, in the meantime, the data assembled by the baseline study will provides a valuable tool for community planning.
Turning specifically to our resource development projects in northern Australia, Rio Tinto has operations at Weipa, North Queensland coal, the Argyle Diamond Mine, East Kimberley, and the iron ore province in the Pilbara. We have large exploration interests in the Northern Territory, negotiated by Rio Tinto Exploration, in all but one case, on Aboriginal freehold land.

The mine at Century Zinc in Queensland is perhaps Rio Tinto’s best known project. We made the deal and then we sold it. Prior to implementing our new policy, a company with CRA’s history would probably have been expected to walk away, cry foul and ask the government to sort it out. We actually tried very hard to convince government to apply the Native Title Act but neither the Goss nor the Borbidge governments agreed. Eventually the High Court ruling on Waanyi forced the Borbidge government to use the Native Title processes. There was a suggestion at one stage that both Federal and State governments would legislate to resolve the issue but we continued to negotiate our way through the Act.

We have also negotiated a Land Use Agreement for Hammersley Iron, which parallels Century Zinc in size, scale of operations and settlement terms but received very little press coverage. This Land Use Agreement has helped pioneer the concept of regional agreements in Australia – agreements negotiated from the bottom up rather than imposed by governments. There are opportunities for the development of similar agreements at Weipa and Aurukun and at Argyle in the East Kimberley where the mine’s life has been extended for another 20 years. There are renewed efforts to understand the dynamics of that region again.

It is now recognised that Native Title exists in law, that Aboriginal people are real stakeholders, that local Aboriginal people can be skilled to become valued employees, and that Aboriginal people should benefit from resource development. To sum up my experiences, the way forward to positive partnerships between resource developers and Indigenous communities is to negotiate, negotiate, negotiate.
How does northern Australia fit in with the new knowledge based economy? At first glance one would have to say, not very well. The dominance of primary commodities in economic output is a feature of northern Australia and primary commodity production is very much 'old' economy.

At the same time, political debate in northern Australia remains predominantly centred around local conflicts over the ownership and allocation of resources central to a productionist economy but of decreasing significance to the 'new' global economy.

Locked into increasingly futile conflicts over increasingly significant resource allocations and uses, northern Australia risks losing critical opportunities to strategically reposition itself and its peoples within the 'new economy'.

Yet, for many of our leaders, it appears to be 'business as usual'.

The conference 'Challenges of the North' held in Darwin, 28-29 April 2000, sought to stimulate debate on how people who reside in northern Australia might take greater control of policy processes to achieve improved policy outcomes and increase the wealth and social cohesiveness of our region. This publication attempts to integrate these contributions, to help focus future policy discussion, while at the same time stimulating debate on how the policy making process itself might be reframed in the context of a changing economy. (Warren Snowdon, MHR - Conference Convenor)