

Mutitjulu *Tjungu Waakaripayi* Project  
'Working Together'



*A joint initiative of the Aboriginal people of Uluru, the Northern Territory and Australian Governments, and the private and non-government sectors*

**Discussion paper**

**Economic passivity and dependency in Mutitjulu:  
Some suggestions for change**

**by Gregory Andrews, Project Manager**

*(Note: the views in this paper are those of the author and do not necessarily represent those of the Working Group)*

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## 1. Introduction

Dependency on passively derived income sources is a significant contributing factor to the social dysfunction currently facing Muṭitjulu. While the matter of economic passivity is contentious, emotive and linked to a range of human and civil rights issues, it is nevertheless something that needs to be analysed, discussed, and addressed<sup>i</sup>. As one community leader in Muṭitjulu said:

“as humans we are conscious beings, ... , we are not like the birds that fly and sing among the trees, ..., we have a responsibility to use our consciousness to think about the problems we are facing, ..., to talk about them, ..., and then to address them”<sup>i</sup>.

This paper discusses the effects of passively-derived income - including welfare, royalty payments and unconditional free service provision - on the people of Muṭitjulu. It then makes some suggestions about how these can be mitigated by removing ‘perverse’ incentives that encourage economic passivity and dependency. Although some of the suggestions may appear radical, this should not preclude their discussion. The solution to this complex problem requires the casting of a wide net to capture and test as many ideas as possible. We should not be constrained by ideology.

## 2. Incentive structure analysis – a mechanism for promoting change

Analysis and reform of incentive structures is an important ingredient for sustainable development, particularly in difficult development partnerships<sup>ii</sup>. An incentive can be defined as anything that encourages, urges, or provokes change. Incentives can drive people and organisations to strive for better development outcomes. They do this in two ways. First, by sharpening the targeting of resources through ‘contestable mechanisms’. And second, by mobilising positive commitment to program and project aims. People in communities or organisations will be more determined to bring about positive change if there are tangible benefits to be gained. These benefits, or ‘positive incentives’ don't have to be money - they can include economic and cultural opportunities, access to family and community facilities, and many other things.

Perverse incentives are structures that encourage rational or well meaning agents to undertake actions that are counter to those of the community as a whole. Perverse incentives introduced by government or non-government sectors can unintentionally cause considerable damage, often in wholly unanticipated ways. These negative effects have the potential to outweigh the positive impacts of other programs or policies. There is ample evidence that in developing countries this has occurred. For example, governance problems and development failure in PNG have been attributed to the failure of its Westminster style constitution and electoral system to overcome clan-based interests. It is thus crucial that political, social and economic incentive structures are considered carefully - are they helping to promote good governance, poverty reduction and sustainable development? Or are they causing damage?

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<sup>i</sup> Terminology concerning economic passivity and dependency is contentious. For example, while the rent and gate monies earned by Anangu are undeniably compensation for foregone rights to land under the lease agreement for UKNP, from an individual perspective, they represent passively derived income. For most recipients, the receipt of monies is not dependent on active individual participation.

Reforming incentive structures - by removing perverse incentives and promoting positive incentives - allows people and societies to adapt on their own terms. Decades of development evaluation has proven that locally owned and driven processes are much more likely to be successful than externally imposed solutions. Incentive structure reforms can thus be a powerful means of encouraging sustainable change for the better.

A number of perverse incentive structures, many of which have been created by external policies and programs, encourage economic passivity and dependency in Muṭitjulu. They also detract from informed decision-making and capacity building.

Notwithstanding their significant negative effects, it is important to recognise that perverse incentive structures are not the only causal factor of dysfunction in Muṭitjulu. The on-going and pervasive effects of social, political, and economic marginalisation of the people of Muṭitjulu are real and cannot be ignored. Racism, for example, deprives Aboriginal people of opportunities while also attacking their self-esteem in ways that “those not subjected to it have no inkling of”<sup>iii</sup>.

It is also important to highlight the significant structural adjustment costs associated with removing perverse incentives in Muṭitjulu. Muṭitjulu has a very fragile social fabric and a living history of conflict, dispossession and acculturation.<sup>2</sup> Dysfunction in the community has also become transgenerational. Moving away from dependency will thus be a difficult process and could exacerbate social and economic dislocation over the short to medium term. Perverse incentive structures encouraging economic passivity and dependency therefore need to be dismantled cautiously - in particular, with appropriate consultation, compassion, and timing.

The people of Muṭitjulu have a very limited capacity to deal successfully with mainstream Australian culture and make informed choices, particularly over structural reform processes such as passive welfare and royalties reform. When the community store manager departed in 2004, for example, many people were worried that they would be unable to buy food. These people, many of whom are leaders in the community, were seemingly unaware that they owned the store and had been the manager’s boss for over a decade. In another example, after agreeing to Australia Day celebrations on their land, Traditional Owners asked “what is Australia Day? ... we know about ANZAC Day, but what is Australia Day?”.

Weak capacity is further exacerbated by individual and societal trauma and depression associated with violence and dysfunction in the community. This limited capacity of Muṭitjulu’s residents to understand and exercise their rights and responsibilities emphasises the importance of accompanying incentive structure reform with real capacity building - so that people can adapt effectively and make informed choices.

Apart from removal of negative incentives, there is also significant potential for governments to introduce new positive incentive structures. Reforms that foster greater cultural legitimacy in law and justice, governance and other social apparatus, for example, would be incentives for greater community participation in decision making and service delivery. However, this paper focuses primarily on the existing perverse incentives that encourage dependency on passively derived income. Analysis of the issue of positive incentives that can encourage sustainable development in Muṭitjulu warrants separate, in depth, analysis.

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<sup>2</sup> In the 1930s and 1940s Anangu were still fighting for their sovereignty. The neighbouring Mt Connor and Curtin Springs cattle stations, for example, were established in the 1940s and the first vehicle track to Uluru was only built in 1948.

### 3. The debilitating effects of passive welfare on Aboriginal communities

Aboriginal passive welfare dependency is a prominent and contentious issue of public policy dialogue in Australia. It is important to note that dependency imposed on Aboriginal people surfaced much earlier than the 1967 granting of ‘the human right to misery, mass incarceration and early death’. In Central Australia, the supply of food rations in the 1930s associated with the concentration of populations onto missions and government settlements discouraged Aboriginal people from hunting bush tucker and had a ‘pauperising influence on community life’.<sup>iv</sup> A fear by governments that Alice Springs would be flooded by thousands of ‘primitive natives ... creating pestilence because they would not have the rudiments of civilised living’<sup>v</sup> resulted in the provision of food and other supplies unconditionally at remote camps West of Alice Springs. The Canberra bosses, who were the ultimate suppliers of much of these resources, demanded nothing in return and were rarely, if ever, seen.<sup>vi</sup> Governmental determination to curtail the drift to town thus created welfare dependency and undermined Aboriginal economies and societies. As one old lady in Mutitjulu said “in my Grandfather’s day we were strong, ... , we ate bush tucker and were not dependent on sit-down money, marijuana or grog”.<sup>vii</sup>

Consensus is emerging in Black and White Australia about the debilitating effects of passive welfare. Many Aboriginal people agree that “if we are to survive, ... , we have to get rid of the passive welfare mentality that has taken over our people”.<sup>viii</sup> Policy debate has centred on how to address the problem. Suggested policy responses have generated significant contention, particularly since the Commonwealth Government began its expansion of mutual obligation beyond ‘dole payments’<sup>ix</sup> to the negotiation of Shared Responsibility Agreements (SRAs) with Aboriginal groups.

In some cases, strong civil and human rights arguments can be made against linking welfare payments to reciprocity. There are also significant legislative constraints to welfare reform. Rights-based approaches, however, can also be used to support the argument for welfare reform. It is undeniable that passive welfare is contributing to significant human rights abuses, particularly by facilitating and financing the social harm associated with addiction epidemics. Murder, rape, domestic violence and the sexual molestation of children are some examples of the human rights abuses in Aboriginal communities that are *inter-alia* being fuelled by passive welfare.

Despite the significant human and civil rights issues attached to welfare reform, there is an urgent need to move from discourse to action. The social disaster confronting Aboriginal communities dictates this urgency - “we can’t just all agree that passive welfare is a problem, we have to do something about it”.<sup>x</sup> Passive welfare has contributed to the undermining of traditional values and relationships that govern Aboriginal society. In many communities it has played a significant role in corrupting Aboriginal values of responsibility and sharing and changing them into exploitation and manipulation. Some prominent Aboriginal Australians have argued that the social disintegration associated with passive welfare and addiction cannot be resolved “without confronting the issue of unconditional payments to able-bodied people”.<sup>xi</sup>

The oldest people remember the traditional economy, which demanded responsibility - if they didn’t work, they starved. But their children and grandchildren have grown up in a passive welfare economy that has distorted the cultural values of responsibility or reciprocity that were an important part of the traditional economy. The resources of the passive welfare economy are susceptible to irrational appropriation and expenditure because money acquired without principle is more easily expended without principle. This ‘gammon’ economy in Aboriginal communities of ‘money for

nothing' has resulted in what Noel Pearson has called the human right to "misery, mass incarceration and early death"<sup>xii</sup>.

Integral to overcoming the culture of passive welfare and its associated dysfunction is the restoration of cultural legitimacy in Aboriginal social and economic structures. Welfare is potentially a valuable resource for Aboriginal people, but first Aboriginal people need to "leech the poison out of it"<sup>xiii</sup>. The majority of the legitimate cultural knowledge needed for this process lies with Elders who recall the traditional economy, and who are now at the end of their lives and passing away. The addiction epidemic fuelled by dependency on passively-derived income is dissolving much of the cultural knowledge generation by generation. Hence the urgency of reform before it is too late.

#### 4. The situation in Mutitjulu

The culture of economic dependency in Mutitjulu is pervasive and ingrained. Three generations of people have become dependent on passively-derived income - children; their parents who are often in their youth; and their middle-aged grandparents, who have lived most of their adult lives on welfare and sit-down money. For these people, passively derived income dependency is the economic and social norm. Around 70 per cent of adults in Mutitjulu receive welfare payments<sup>xiv</sup> and two-thirds of residents' income is passively derived.<sup>xv</sup> Most working-age residents rely on passive welfare as their primary source of income and participate in the market economy only to 'top up' their welfare payments. The majority of actively derived income in Mutitjulu is earned through casual rather than permanent employment. As one man said, "I work to earn a bit of pocket money". Only the Great Grandparents remember a time when they were not dependent of passive welfare.

Economic passivity and dependency has damaged Mutitjulu's social fabric and is impeding community development. One old man said "we need to stop relying on sit-down money, ..., the young fellas need to work rather than humbugging the old people". Another man said "lack of money is not the problem, if anything there is too much of it"<sup>xvi</sup>. The consensus is that the welfare economy has created and compounded the community's social and economic dysfunction:

"Sit-down money is killing our young people.  
When the welfare money come in it really killed the work.  
Now young ones don't know work, they welfare trained.  
No more sit-down money. Cut it out. Level-im up, everyone gotta work."<sup>xvii</sup>

The passive welfare mentality combined with the addiction epidemic in Mutitjulu has eroded the traditional Anangu system of *ngapartji ngapartji*<sup>3</sup> towards unbalanced, unrestrained demanding. These Anangu perceptions are supported by academic analysis which has concluded that money acquired without mutual responsibility in Mutitjulu is having a "negative impact on family life, social relationships, and Anangu interaction with local agencies"<sup>xviii</sup>.

Apart from fuelling addiction and social dysfunction, the vicious cycle of passivity in Mutitjulu discourages employment and education. The prevailing cultures of dependency and unrestrained demand-sharing discourage the motivation to learn at school. There is no need to study hard to get a job because people are guaranteed welfare payments or can exert demanding pressure on family members for money and other resources. Census data indicates that 86 per cent of Mutitjulu's population has no educational qualifications at all.<sup>xix</sup> Centrelink and Nyangatjatjara Aboriginal

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<sup>3</sup> *Ngapartji ngapartji* is an Anangu Pitjantjatjara expression meaning "mutual reciprocity". *Ngapartji ngapartji* is a two-way social system of sharing by demand rather than unsolicited giving. Anangu traditionally apply this ethic to their social relationships.

**Box 1: An example of the disincentives to work produced by passive welfare**

From the Green Corps Project Manager, 2004.

During the 2004 Green Corps project there were issues with program participants not coming to work and not joining in with the activities. The work was interesting and the Green Corps team made it culturally appropriate and engaging for the participants. But the incentives created by welfare made it difficult to convince people of the merits of work.

One participant, James, a young father of two was a capable and cooperative worker. James initially attended Green Corps work regularly and actively joined in on project work. His attendance dropped off after a period of time, as did his wages. Usually when someone in Mutitjulu ceases work they make contact with Centrelink and receive welfare payments immediately. But due to an administrative error, James received no money for several weeks. His family had minimal income and he soon realised that by returning to Green Corps he could get paid. He sought out the supervisor and re-joined the team.

But this exercise in self-reliance was quickly undermined when the administrative error was corrected and Centrelink began paying his welfare payments. James immediately stopped coming to work at Green Corp.

According to the Project Manager, “the welfare situation means that people get paid whether they attend work or not. It leads to negative behaviour patterns and attitudes.”

College staff have reported that the few youth who finish some secondary education have only grade-four primary school literacy and numeracy skills. Centrelink has also reported that less than six of its clients in Mutitjulu are job ready.<sup>xx</sup>

Anangu concerns about the effects of passively derived income extend from passive welfare payments to royalties and other trust monies derived from Aboriginal land and businesses. These payments are not taxed as personal income and they do not reduce recipients' entitlements to Centrelink payments. One man said “the gate monies have created a World Heritage car dump at Uluru”. A senior woman said “too many people are double dipping into the gate monies”.

Despite their expressions of concern about the effects that passively-derived income is having on their culture and society, the people of Mutitjulu they have limited ideas about solutions for the problem. Some people agree that parenting payments should be linked to children's attendance at school. Others remain firm about their right to spend their income in the manner they wish.

#### **4.1 Income sources in Mutitjulu**

An accurate analysis of income sources in Mutitjulu is difficult to derive. Given the cultural context and intangibility of many income sources in Mutitjulu, focusing too heavily on statistical analysis can be deceptive and lead to flawed conclusions. Comparing income statistics in Mutitjulu to mainstream society is also dangerous because contrasting societies that are inherently different is not objective. Relying on statistical measures that are culturally loaded and limited in their scope can lead to erroneous policy recommendations and decisions. The creation of the ‘stolen generations’ amply demonstrates this point. Policy focus on the so-called ‘half-caste problem’ was enabled by the science of census-taking and statistical analysis and resulted in the authorities' decisions to ‘breed out the colour’.<sup>xxi</sup>

Nevertheless, analysis of monetary income sources and volumes is important for understanding the rubric of passive-welfare in Mutitjulu. Income sources and their recipients are varied and dynamic. As with other remote Aboriginal communities, four major economies exist in Mutitjulu – the welfare economy, the market economy,

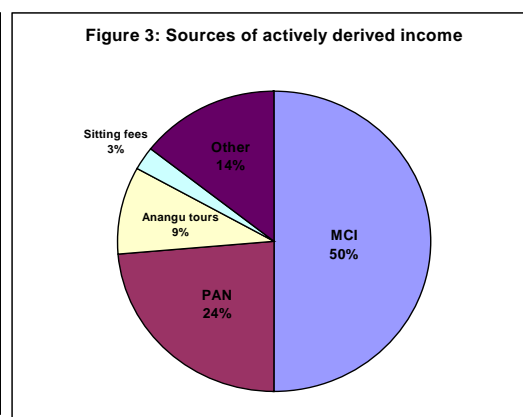
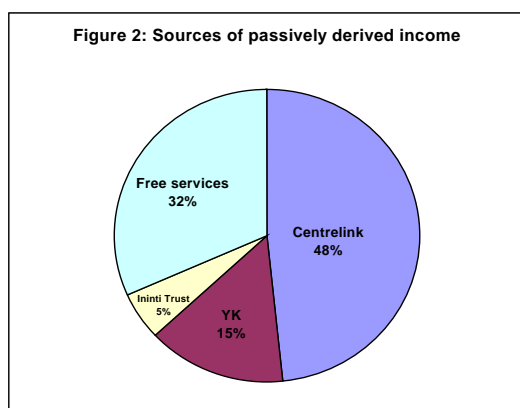
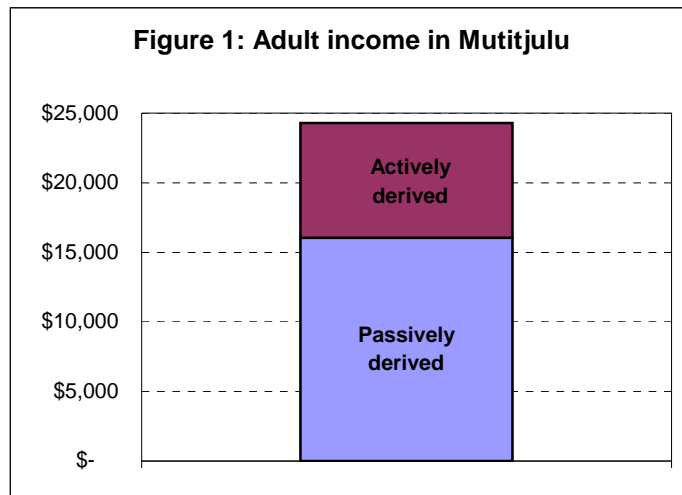
the customary economy and the grey economy. The statistics quoted in this paper relate only to the welfare and market economies. They are based on figures provided by relevant stakeholders and, in some cases, imputed estimates.<sup>4</sup> Given the challenges and distortions associated with the collection and aggregation of this quantitative data, the author suggests that readers

focus more strongly on the paper's qualitative analysis and policy recommendations. The debilitating social and economic effects of economic passivity and dependency are readily apparent without the production of these statistics.

The principal monetary income sources in Mutitjulu are passively derived welfare payments and royalty distributions<sup>5</sup>. An estimate of the total value of passively derived income in Mutitjulu in 2003-04 was \$2.7 million - about \$16,000 per annum per adult.

People in Mutitjulu receive a range of Centrelink allowances including: Newstart Allowance, Widow Allowance, Youth Allowance, Parenting Payment Partnered, Age Pension, Parenting Payment Single, Wife Pension Disability, Abstudy, Carer Allowance, and Family Tax Benefit. The annual value of these allowances is around \$1.3 million per annum<sup>xxii</sup>. Royalty disbursements vary from year to year depending on business cycles and other circumstances. Disbursements of these monies directly to individuals amounted to around \$540,000 in 2003-04.<sup>6</sup>

Actively derived income earnings - wages and salaries - are significant, but less important than passively derived income. In 2003-04 they amounted to around \$1.4 million - \$8,000 per annum per adult. The primary sources of actively derived income earnings are employment activities at MCI and Uḷuru Kata Tjuṯa National Park. Other significant employers include Anangu Tours and Mutitjulu Health Clinic. No Anangu residents of Mutitjulu work at the Yulara resort.



<sup>4</sup> Imputed estimates were used to calculate approximations for the income equivalent of unconditional free service provision.

<sup>5</sup> References to 'royalties' throughout this paper includes rent and gate monies from UKNP as well as other disbursements from trust funds such as the Ininti Trust.

<sup>6</sup> An estimated \$638,000 in trust fund earnings was also distributed via community channels.



## 4.2 The grey and customary economies

The income analysis in this report does not include estimates of the value of the grey and customary economies due to the difficulties in accurately quantifying these. Nevertheless, given their significance as sources of income, employment and social activity, a brief discussion is worthy.

The grey economy is significant in Mutitjulu. For some individuals, income earned from drug and alcohol sales is likely to be substantive.<sup>7</sup> A 750ml bottle of petrol in Mutitjulu costs \$50, a slab of beer costs around \$200 and marijuana is readily available for a price. Some members of the community earn significant monetary income from this grey-market activity. Others are reported to exchange petrol or other addictive substances for sex or other barter transactions.

Another important part of the grey economy is the use of community resources for individual or family purposes. Toyotas designated for the Night Patrol and other community assets are often used by individuals for hunting or personal purposes. A vehicle purchased using rent and gate money and allocated by MCI for community use in February 2005 was missing after two weeks.

The economic value of the customary economy is also significant but difficult to collect data on and convert to a monetary value. From a nutritional perspective, studies have shown that the customary economy contributes around \$70,000 worth of food per annum to the average outstation group in West Arnhem Land.<sup>xxiii</sup> While the country at Uluru is not as productive as Arnhem Land, hunting and gathering remains an important activity for Anangu. This activity not only produces food that can be imputed as income, but also enhance people's physical, emotional and cultural wellbeing. The customary economy is also significant to urban Aboriginal people who have less access to it - this reflects the strong cultural values that Aboriginal people attach to the customary economy. The value of wild resource harvesting by urban Aboriginal people in NSW, for example, has been estimated at five per cent of their total income.<sup>xxiv</sup>

Given the significance of the customary economy, it is important to consider it as part of the overall income mix available to Anangu. In particular, moving away from welfare dependency and greater participation in the market economy should not be at the expense of Anangu access to the customary economy.

### Box 2: The poor state of housing in Mutitjulu

- Almost two-thirds of houses have no working stove;
- Over one quarter have no flushing toilet;
- One quarter have no functional laundry;
- There are six dogs in each house – two-thirds of the human population;
- Three quarters require essential structural repairs;
- Residents report that at over 10 people live in each house.

Source: NT Indigenous Community Housing Survey, December 04.  
(Note: one quarter of houses were not inspected during the survey)

## 4.3 Subsidised service provision – another form of passive welfare

Subsidised service provision is another significant source of economic passivity and dependency in Mutitjulu. Residents in Mutitjulu currently pay nothing for the provision of electricity and water.<sup>8</sup> Very few residents pay rent, no one has a tenancy agreement and MCI has no official and approved housing policy. *Box 2* summarises the poor state of housing in Mutitjulu. While the state of housing in Aboriginal

<sup>7</sup> Although there are no figures for Mutitjulu, the police in Maningrida estimated in 2004 that one-quarter of Centrelink payments in the community were spent on marijuana. Much of this money passed through the hands of local suppliers linked to the external drug networks.

<sup>8</sup> MCI has agreed that residents will commence paying for electricity from 1 July 2005.

communities is a very complex issue, part of the problem in Mutitjulu can be attributed to residents' lack of accountability for the physical assets where they reside. As one woman in Mutitjulu said, "my house is a mess because I moved out and allowed the sniffers and others to wreck it".<sup>xxv</sup>

Childcare and other youth services are also provided *gratis*. These social services play an important part in the alleviation of human rights abuses associated with social dysfunction. The Childcare Centre, for example, has an early-childhood intervention role and acts as respite place for children and women suffering abuse or neglect. Similarly, the Mutitjulu Clinic runs a school breakfast program. There is a potential conflict between the *gratis* provision of these services and their role in alleviating the effects of dysfunction. Their *gratis* provision reinforces expectations of unconditional service provision in the community.

The total value of free service provision in Mutitjulu is estimated to exceed \$500,000 per annum – over \$5,000 per adult per annum.

## **5. Some suggestions for removal of 'perverse' incentives that promote economic passivity and dependency in Mutitjulu**

At present, many of the incentives created by external policy and program interventions in Mutitjulu, and indeed in communities across Australia, encourage economic passivity and dependency. Changing these can be a powerful impetus for change. Evaluations have proven that sustainable community development processes work best when decisions for change come from within. When individuals and communities decide by themselves to undertake a reform process it is more likely to succeed. By adjusting the external incentive structures that influence economic and social behaviour in Mutitjulu, governments can enable this internal change process. In effect, governments can create an environment for change, but cannot impose the change itself. Imposed change may appear successful in the short run, but it is rarely sustainable.

By responding to changed incentive structures and making adjustment decisions themselves, the people of Mutitjulu will have ownership over the process of structural adjustment needed to achieve a more harmonious and prosperous community. Some of the incentive structure reforms that could be considered are discussed below.

### **5.1 The passive welfare sector**

#### *Reform or remove Mutitjulu's remote area status*

Mutitjulu is classified by Centrelink as a remote area. This classification is designed to give Centrelink clients in remote areas more flexibility given the greater difficulties they face in securing employment in remote localities. Remote area status allows clients to receive Centrelink payments almost immediately upon enrolment (a one-day turnaround compared to two weeks for non-remote locations) and reduces reporting requirements from fortnightly to three month intervals. While Mutitjulu is geographically and culturally remote, in economic terms it is not. Its location within Uluru Kata Tjuta National Park and less than 30km from Ayers Rock Resort gives its residents access to a labour market of over 1,500 jobs - many of which are suitable for people with low literacy and numeracy skills. Furthermore, many of the jobs at UKNP where Mutitjulu is located are particularly suited to Anangu because of their compatibility with the Anangu cultural responsibility of 'caring for country'.

Centrelink's remote area status provides people in Mutitjulu with other legitimate benefits - for example, higher monetary benefits to compensate for the additional costs of food and daily necessities. A compromise solution would be better than the complete removal of remote area status. Retaining the higher Remote Area allowance

while introducing a waiting period for the eligibility of Centrelink benefits, for example, would encourage people to remain in on-going employment and not to use the labour market only for additional “pocket money”.

#### *Actively enforce activity tests*

While Centrelink advises officially that clients in remote areas are subject to its activity tests when receiving New Start Allowance, the evidence in Muṭitjulu suggests otherwise. Many Centrelink clients receive New Start Allowance without the obligation of proving that they have been seeking work. A general understanding exists in Muṭitjulu that Centrelink clients are exempt from activity tests. Actively enforcing activity tests would be a strong incentive for people to seek employment. It would also reinforce to the community that the government is serious about accountability and helping Anangu to overcome dependency. Those who remain genuinely unemployed would not forego their welfare entitlements and would maintain regular contact with the labour market through their efforts to seek work. The efficacy of this incentive would be strengthened when combined with reform of the remote area status as discussed above.

#### *Actively collect and monitor client reporting of other income sources*

Centrelink does not actively collect or monitor other sources of income of its Aboriginal clients in remote locations - “for a long time staff have been expected to turn a blind eye to these monies”.<sup>xvii</sup> In Muṭitjulu, monies earned by some individuals from trust funds and gate monies can be substantial. At present, much of these earnings are spent on goods that are treated as disposal goods, or they are substituted for goods that fuel the substance abuse epidemic.

If Centrelink were actively to include these income sources in the calculation of its clients’ benefit entitlements there would be a direct incentive for this income to be distributed through community-based projects. This would promote community development and also reduce the volume of resources available for ill-informed short-term expenditure. To maintain their Centrelink entitlements and maximise their overall returns, individuals would choose to channel a greater proportion of royalty income to investment in community development projects rather than receiving it as individual income - due to the tax exemptions associated with community projects.

It is currently up to individuals to declare their income. So to be effective, the implementation of this policy would require the cooperation of royalty and trust fund associations. They would need to collect and report tax file numbers and royalty/trust fund earnings - just as public companies collect and report shareholder’s tax file numbers to the ATO for dividend earnings.

#### *Link parenting benefits to child development*

A significant proportion of Centrelink payments entering Muṭitjulu are paid as parenting benefits. But the community’s health clinic has reported that up to two thirds of the children in Muṭitjulu are ‘failing to thrive’<sup>9</sup> and school attendance is low and inactive. Given the extent of the addiction epidemic in Muṭitjulu, it would be reasonable to assume that a significant proportion of these funds have been diverted from children’s care to the support of substance abuse and gambling. Individual parents’ receipt of these funds could be linked to their children’s development.

There are strong ideological and pragmatic arguments against linking parenting payments to the care of children. But these arguments need to be weighed against the human costs of doing nothing. At a MCI meeting in 2004, council members

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<sup>9</sup> Clinical term which indicates that malnutrition and/or neglect are hampering children’s physical and mental development.

discussed the issue and one man said: “it’s a good idea because it will stop parents gambling the money that they should be using to feed their children”. The winnings from regular gambling sessions in Mutitjulu can be as high as several thousand dollars and are often used by the winners to purchase motor cars, televisions or white goods.<sup>xxvii</sup>

#### *Introduce community smart cards for parenting payments expenditure*

An alternative to linking parenting payments directly to child development could be the introduction of community smart cards for the expenditure of these, and perhaps, other forms of passive welfare. While the use of smart cards would not address the issue of passivity, it would prevent these funds from being spent directly on alcohol, drugs or gambling. Of course, food vouchers and smart-cards could still be traded on the grey market for money that could be used to buy harmful substances. Analysis of the lessons learned from other smart-card systems in Aboriginal communities would help to minimise these problems.

### **5.2 Human and civil rights**

There are valid issues concerning the protection of human and civil rights associated with welfare reform. For example, it can be argued that linking Aboriginal people’s parenting payments to their children’s development would be an infringement of their civil liberties. It could also contravene the Racial Discrimination Act. Nevertheless, many children in Mutitjulu are currently being deprived of their right to enjoy this support provided by the Australian government for their physical, mental and social development. And given the extent of indigenous disadvantage in Australia, it can be argued that these payments are relatively more important for Indigenous children.

An effective means of protecting human and civil rights, and also avoiding the associated legislative challenges would be to implement the reforms on a voluntary basis in the community. It is likely that many community members would agree to these suggestions of greater accountability. When the issue was raised at a Council meeting in 2004, a number of the Elders agreed that parents should not be permitted to use child welfare payments to support their gambling or chemical addictions.

Evidence suggests that the community is receptive to the idea of welfare reform – but it needs considerable support through the structural adjustment process. During 2001, in close consultation with the community, Dianne Smith analysed the potential for a *Community Participation Agreement* to implement a locally owned and driven welfare reform agenda.<sup>xxviii</sup> Community members expressed significant support for pursuing this approach. Much of the design work for establishing this system of accountability and participation has already done. The mechanism could be used to implement smart cards or to link parenting payments to children’s development – possibly through a Shared Responsibility Agreement (SRA).

### **5.3 Taxation**

#### *Tax individual royalty and trust fund income*

The majority of royalties paid to individuals in Mutitjulu have no tax paid on them. The royalty and trust associations do not collect or report to the ATO tax file numbers when disbursing individual entitlements.<sup>10</sup> Recipients are not actively encouraged to report these earnings as income for taxation purposes or to Centrelink. Given the low levels of capacity in Mutitjulu, most Anangu are almost certainly unaware that they are legally obliged to declare these earnings to the ATO and Centrelink. Taxing individual royalty incomes, particularly when combined with their inclusion in

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<sup>10</sup> While most of these entitlements are distributed as purchase orders for ‘goods’ rather than ‘cash’, technically they constitute taxable income according to ATO rules.

Centrelink eligibility calculations, would promote structural change within royalty associations. The Aboriginal decision makers in these associations would be encouraged to make more strategic use of these funds and reduce the amount of royalties paid directly to individuals.

Central Land Council staff at Uluru suggest that the majority of park gate monies paid to individuals are spent on motor cars that are treated as disposable goods.<sup>xxix</sup> Systemic biases have developed that accentuate and perpetuate this expenditure. Taxing individual royalty income would help to remove these biases and encourage the investment of royalties in projects that enjoy PBI status, are tax exempt and have long-term benefits for the community.

An active policy of taxing royalties would need to be implemented progressively, and with a long time frame to allow individuals and community organisations to become aware of the policy changes and make informed adjustment decisions. Retrospective implementation would be morally hazardous given that governments have 'turned a blind eye' to the issue for so long. Culturally appropriate workshops would need to be made available to all Centrelink clients so they became aware of their obligations.

#### **5.4 Housing and utilities reform**

##### *Introduce tenancy agreements and rent*

The people of Mutitjulu need to start paying rent, signing tenancy agreements and taking responsibility for repairing malicious or careless damage to their residences. Clear and defined property rights have proven themselves to be an essential ingredient of economic development. But at the moment, neither MCI nor house occupants have clear property rights or responsibilities over residences. The current system discourages people from taking responsibility for their houses. It encourages dysfunction, reinforces the hand-out mentality and perpetuates the lack of ownership and responsibility on behalf of the tenants.

MCI should implement and actively enforce tenancy agreements, including the payment of rent. While funding bodies officially link this to their on-going program funding, in reality MCI has evaded its responsibilities without any real consequences. Continued funding of MCI programs that do not meet agreed obligations, reinforces the community's expectations of unconditional welfare and service provision. Funding bodies should actively monitor and enforce the funding conditionality that they attach to housing funding provided to MCI.

##### *Expand user pays beyond electricity*

Consistent with the Park's and MCI's decision to put into practice user-pays for power, a staged process should be adopted for the phasing in of user pays for water and other amenities and services.

The use of smart cards rather than *Centrepay* deductions would be an effective mechanism for changing the unconditional service provision mentality in Mutitjulu because the expenditure choice would remain with individuals. Smart cards allow individuals to choose freely how to spend their money. If family heads choose to spend their earnings on grog or marijuana at the expense of electricity, for example, there will be visible outcomes from this choice and they will be accountable to family members who are affected.

#### **5.5 Conditionality from funding bodies on repairs to criminal damage**

There is a mentality in Mutitjulu that allows youth to damage community assets without being held accountable - damaged assets are repaired by MCI at no direct cost to individual community members. During the last six months of 2004, malicious damage costing around \$160,000 occurred in Mutitjulu. MCI paid for the majority of

these repairs from the UKNP rent and gate monies and did not hold the perpetrators accountable. This cycle of trashing assets and then having them repaired unconditionally has reinforced the culture of money for nothing and no accountability. The CLC has recently introduced conditionality on the rent and gate monies allocated to MCI and this should help to mitigate this cycle. But all funding bodies will need to be vigilant and continue to stipulate and enforce in funding agreements with MCI that it not allocate funds for the repair of criminal damage unless the incidents and perpetrators are reported to the police. If MCI fails to do this, funding should be withheld.

## **5.6 Taxing the dumping of vehicles**

The use of motor vehicles for a few months before disposing of them when they breakdown is a visible manifestation of economic passivity and waste in Mutitjulu. Treatment of motor vehicles as a disposable good is enabled by royalties income and unconditional welfare payments. Implementation of the measures above will contribute to reducing this trend. But the opportunity cost of dumping vehicles remains very low. If there were a real cost associated with dumping vehicles, and if that cost were born by the vehicle owner, individuals would make more informed choices about their expenditure and over time they may choose not to dispose of vehicles so quickly.

The laws concerning abandoned vehicles in the Northern Territory are ambiguous and vary across jurisdictions. The Police have confirmed that the intentional dumping of vehicles is technically an offence - 'illegal dumping'. But officials advise that the 'normal' procedure is to report the vehicle's location to the relevant local Council or the Department of Infrastructure, Planning and Environment (DIPE). In urban areas, Councils retrieve abandoned vehicles and bill the owner. DIPE has advised that it conducts similar activities on some main roads. But in remote locations, including around Mutitjulu, the vehicles are left to degrade.

Many vehicles from Mutitjulu have been disposed of within UKNP at the so-called 'World Heritage Car Dump'. UKNP could direct that this practice cease, particularly given its degradation of the UKNP's cultural and environmental World Heritage values. Concurrently, the CLC which oversees the management of the surrounding land trusts and the NT government could cooperate to actively charge the owners of vehicles dumped on the Aboriginal lands surrounding Uluru Kata Tjuta National Park and on the Lasseters Highway.

## List of terms and acronyms

Anangu	Pitjantjatjara word for 'Aboriginal person'
ATO	Australian Taxation Office
CLC	Central Land Council
CAEPR	Centre for Aboriginal Economic Policy Research
Centrelink	Australian government welfare service provider
DIPE	NT Department of Infrastructure, Planning and Environment
Green Corps	Natural Heritage Trust funded youth training scheme
MCI	Mutiŋjulu Community Incorporated
PAN	Parks Australia North
PBI	Public Benevolent Institution
PNG	Papua New Guinea
SRA	Shared Responsibility Agreement
UKNP	Uluru Kata Tjuŋa National Park
YK	Yangkuntjatjarra Kutu Aboriginal Corporation

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- <sup>i</sup> Public statement made by Ms Rene Kulitja, Mutitjulu community and Council member, *Tjungu Waakaripayi* community meeting on 15 December 2004.
- <sup>ii</sup> Andrews, Gregory., "Evaluating development: Applying lessons learnt from international development to Indigenous community development", paper presented at the State of the Regions Conference, Alice Springs, 4 September 2004.
- <sup>iii</sup> Noel Pearson, Our Right to Take Responsibility, 2000.
- <sup>iv</sup> Henson, B., A straight out man: F. W. Albrecht and Central Australian Aborigines, Melbourne University Press, 1992.
- <sup>v</sup> Gartrell, M., Dear Primitive. A nurse among the Aborigines, Angus and Robertson, 1957.
- <sup>vi</sup> Folds, R., Crossed Purposes: The Pintupi and Australia's Indigenous policy, UNSW Press, 2001.
- <sup>vii</sup> Elsie Malbunka, community meeting at Mutitjulu on 18 February 2005.
- <sup>viii</sup> Noel Pearson, Our Right to Take Responsibility, 2000.
- <sup>ix</sup> Financial Review, 10 November 2004.
- <sup>x</sup> The Age, 23 April 2004
- <sup>xi</sup> The Age, 23 April 2004
- <sup>xii</sup> Pearson, N., *On the human rights to misery, mass incarceration and early death*, Dr Charles Perkins Memorial Oration, University of Sydney, 25 October 2001.
- <sup>xiii</sup> Noel Pearson, Our Right to Take Responsibility, 2000.
- <sup>xiv</sup> D.E., Smith, Community Participation Agreements: A model for welfare reform from community-based research, CAEPR Research Paper, No.233, 2001.
- <sup>xv</sup> Mutitjulu income analysis conducted by Working Together Project Manager in Feb-Mar 2005.
- <sup>xvi</sup> Statements from community Elders made during Project Manager's initial scoping work in September 2004.
- <sup>xvii</sup> Anangu residents of Mutitjulu, from D.E., Smith, Community Participation Agreements: A model for welfare reform from community-based research, CAEPR Research Paper, No.233, 2001.
- <sup>xviii</sup> D.E., Smith, Community Participation Agreements: A model for welfare reform from community-based research, CAEPR Research Paper, No.233, 2001.
- <sup>xix</sup> D.E., Smith, Community Participation Agreements: A model for welfare reform from community-based research, CAEPR Research Paper, No.233, 2001.
- <sup>xx</sup> Conversation with Central Australian Centrelink staff member on 23 November 2004.
- <sup>xxi</sup> Kidd, R., (1997) The way we civilise. Aboriginal affairs, the untold story, University of Queensland Press, Brisbane.
- <sup>xxii</sup> While a detailed breakdown was provided by Centrelink, this aggregate figure was used to protect people's privacy. This aggregate figure has also been publicly reported (Smith, 2001).
- <sup>xxiii</sup> Altman, J., *Economic Development and Participation for Remote Indigenous Communities: Best Practice, Evident Barriers and Innovative Solutions in the Hybrid Economy*, Centre for Aboriginal Economic Policy Research, Presentation to the Ministerial Council for Aboriginal and Torres Strait Islander Affairs, Sydney 28 November 2003.
- <sup>xxiv</sup> Gray, M., Altman, J., and Halasz, N., The economic value of wild resources to the Indigenous community of the Wallis Lake catchment, Discussion Paper 272, 2005.
- <sup>xxv</sup> Rene Kulitja, statement made at Tjungu Waakaripayi community meeting on 19 October 2004.
- <sup>xxvi</sup> A number of Centrelink staff across the Northern Territory have made such comments to the Project Manager.
- <sup>xxvii</sup> Advice from community residents to the Project Manager.
- <sup>xxviii</sup> D.E., Smith, Community Participation Agreements: A model for welfare reform from community-based research, CAEPR Research Paper, No.233, 2001.
- <sup>xxix</sup> Conversation with CLC Park Liaison Officer, Tim Hill, on 23 November 2004.