

Alleviating poverty in remote Indigenous Australia: The role of the hybrid economy

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INTRODUCTION

While Australia is one of the world's richest countries in both absolute and per capita terms, many of its Indigenous peoples live in poverty. This paper seeks to elucidate some avenues for addressing poverty in remote Indigenous Australia via appropriate pro-poor growth strategies. While the *Development Bulletin* focuses on the Asia Pacific region, the case for including remote Indigenous Australia is twofold. First, there are many similarities in the development problems facing Indigenous poor in Australia living within a rich developed state and those in developing Third World nations. Second, Australia's development discourse and aid practice offshore generally focuses on failed states, problems of governance and policy failure, while conveniently ignoring economic development problems at home.

An attempt is made here to engage robustly with the dominant Indigenous policy approach in Australia that somewhat myopically promulgates a view that Indigenous economic development can only be achieved via mainstreaming, a term that refers to orthodox engagement with the market either through sale of labour or through operation of commercial business.

The alternative approach that is championed here is a livelihoods approach. It is argued that such an approach might be more successful than mainstreaming in both economic and cultural terms in addressing Indigenous poverty. This approach, referred to as 'the hybrid economy model', emphasises that the customary or non-market sector has a crucially important role to play in addressing Indigenous poverty in Australia. The paper concludes with a note of caution: Australia is keen to export an approach to development that promotes the free market. But this approach has been unsuccessful in remote regions in addressing Australia's Indigenous development problem, so it is unclear why it should succeed offshore.

POVERTY IN REMOTE INDIGENOUS AUSTRALIA

The focus here is on people who at first glance appear land rich but cash poor. In reality, because Indigenous Australians live within a rich state as an encapsulated minority, their per capita cash incomes by Third World standards are high owing to the operations of the welfare state safety net. So the focus has to be recast a little to emphasise activity poverty (and associated social ills) rather than cash poverty and relative rather than absolute poverty.

ARIA:

Accessibility/
Remoteness Index
of Australia

Even within Australia there are marked variations very evident in official statistics disaggregated by the Accessibility/ Remoteness Index of Australia (ARIA). According to the 2001 Census, only about 26 per cent of Australia's Indigenous population resided in remote and very remote Australia, with the majority living in metropolitan and inner and outer regional areas. This paper focuses only on about 120,000 people, less than one per cent of Australia's population. The majority of these people live on what is increasingly referred to as the Indigenous estate, an area that covers about 20 per cent of the Australian continent or about 1.5 million square kilometres mainly made up of environmentally intact desert and tropical savannah. People live in about 1,200 small geographically dispersed communities that are almost invariably distant from markets and commercial opportunities and service centres (see Altman 2006: 18–19 for maps of these communities).

Using standard poverty measures it can be demonstrated that more than 40 per cent of this Indigenous population lives below the Australian poverty line (Hunter 2006). And this population demonstrated many characteristics, according to the 2001 Census, that are distinctly Third World: nearly 40 per cent are aged less than 15 years (reflecting high fertility); only eight per cent live beyond 55 years of age (reflecting very low life expectancy); levels of formal employment are extremely low (only 18 per cent have wages and salaries as their main source of income and another 28 per cent work for the dole); education levels are low (only one in 20 has a post-school qualification in very remote Australia); household income levels are low; and people are poorly housed, often living in extremely over-crowded conditions.

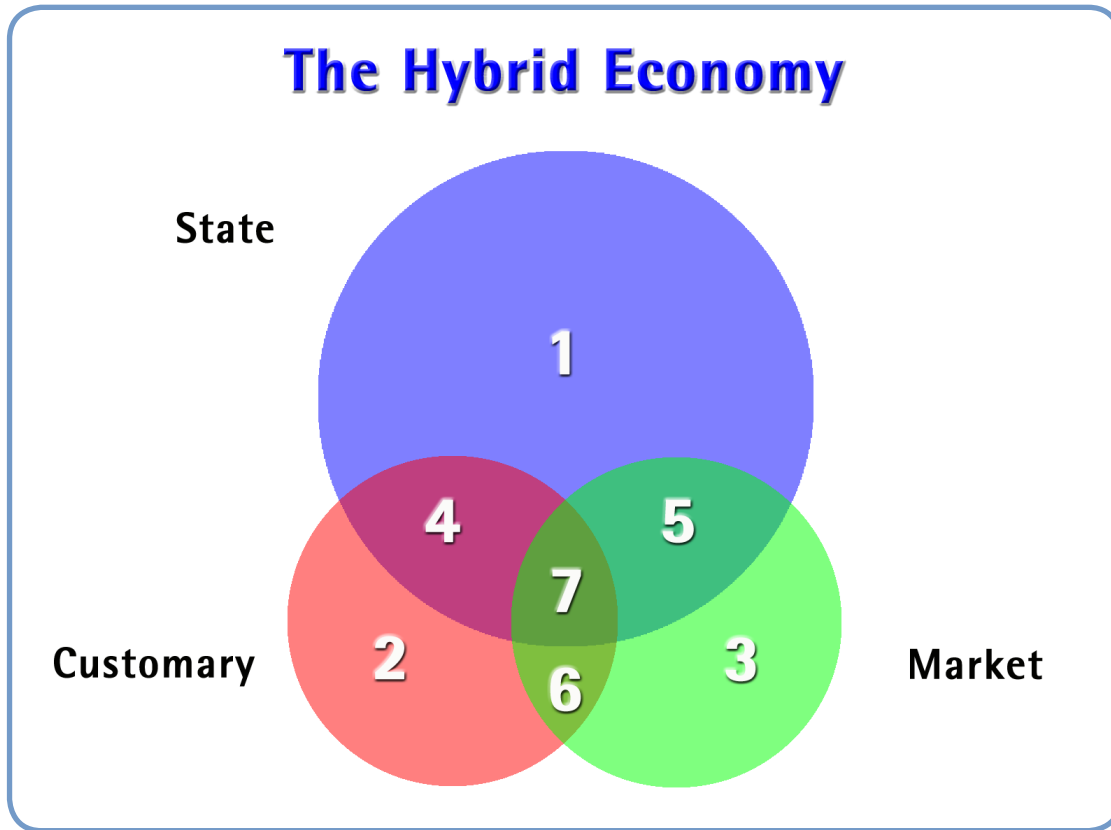
THE POLICY DEBATE

The current policy discourse in Australia, dominant since the abolition of the Aboriginal and Torres Strait Islander Commission in 2004, seeks to address Indigenous poverty via a re-enactment of the modernisation paradigm, the development theory behind the failed assimilation era of the 1950s and 1960s in Indigenous affairs.

In the last two years there has simultaneously been a growing chorus highlighting policy failure, with much reference to the last 30 years. However, available official statistics for the period 1971–2001 actually suggest that social indicators in both absolute and relative (ratio of Indigenous to non-Indigenous) terms have improved, at least at the national level. This discourse of failure has seen a dramatic policy shift away from self determination and self management as the central terms of policy to a re-embrace of the assimilation approach. The new terms used in policy include mainstreaming, shared responsibility, mutual obligation and, most recently, 'normalisation'.

The state's revisiting of such an approach is perhaps hardly puzzling, given the current dominance of economic liberalism and the views of some influential Indigenous spokespeople, like Noel Pearson (see Phillpot 2006) that provide the requisite moral authority to such revisitation.¹ Policy makers argue that the pro-growth approach that has been successful at the national level should now be transferred cross-regionally and cross-culturally. Some suggest that the free market can succeed in remote and very remote Australia. Others suggest that in the absence of mainstream commercial opportunity at remote Indigenous communities, it is imperative to move the people to the opportunities. The latter approach is naïve at

Figure 1. The Hybrid Economy



best, because it ignores people's agency and their active links to the ancestral lands that they now own. Also given Indigenous people's low educational and health status and their economic marginality, labour migration could be disastrous for migrants, as well as for communities where they move.

THE ALTERNATIVE HYBRID ECONOMY MODEL

This paper challenges this dominant policy orthodoxy and suggests that the nature of the economic problem in remote Indigenous Australia is misunderstood and mis-specified.

This is due, in part, to an overstatement of the powers of the market and an understatement of some of the poverty traps that Indigenous people face. In reality, there is limited market opportunity for both Indigenous and non-Indigenous people in much of remote and very remote Australia. This is partly why so much land here was unalienated and available for successful Indigenous land rights and native title claim since the late 1970s. A mix of access to welfare and limited mainstream opportunity means that the amounts that would need to be earned to offset citizenship entitlements are significant, creating poverty traps where effective marginal tax rates (or income replacement ratios) are extraordinarily high, sometimes exceeding 100 per cent.

Current approaches also conveniently ignore the colonial processes and Indigenous cultural prerogatives that have created underdevelopment. Despite a general perception of high public expenditure on Indigenous people, in reality under-expenditure has historically been the norm. On any needs-based equitable criteria there has been under-expenditure on Indigenous people in the areas of housing and infrastructure, health

and education, and employment services. This has left a legacy of neglect evident in poor housing, limited social and physical infrastructure at remote communities, and poor access to financial services. In making this important point, it is not being suggested that enhanced state expenditure alone will be the solution to Indigenous poverty. However, there are significant contemporary shortfalls that do require urgent attention.

Clearly there are also cultural prerogatives at work. Many people who were hunter-gatherers in pre-colonial times (as recently as in the 1950s in parts of Arnhem Land) retain a livelihood approach today. Many groups also demonstrate strong ongoing connections to their traditional lands.

Under such circumstances, an alternate model is urgently needed to understand the nature of the economy. Based on empirical research undertaken since 1979 in central Arnhem Land in the tropical savannah, a very different 'hybrid economy' model has been developed (Altman 2005). This model represents the economy as having three sectors; the public (or state), the non-market (or customary) and the private (or market) rather than the more standard two-sector (private/public) model. The model was developed from case study research among Kuninjku-speaking people that showed that in 1979-80, the imputed value of the customary sector (hunting, fishing and gathering returns) was the dominant component of the local economy totalling 64 per cent, with welfare (the state sector) accounting for 26 per cent and art sales (the market) for ten per cent (Altman 1987). Subsequently, in 2002-2003, a new set of data were collected collaborating with the same people in the same region to show that the customary sector remained important, alongside state income support and earnings from the sale of art (Altman 2003).

The hybrid economy model is depicted conceptually in Figure 1. While it is made up of three sectors represented by the circles marked 1, 2 and 3, a crucially important feature of the model is the articulations (or inter-linkages) between these sectors that are depicted by the segments 4, 5, 6 and 7. Another important feature of this model is that the relative scale of the three sectors and four points of articulation can, and probably do, vary from one local context to another. In remote Australia, many Indigenous people regularly move between these seven occupational niches with the mobility evident in pre-colonial times in the food quest now evident in livelihood adaptations. For example, an individual might participate in customary wildlife harvesting, the production of an artefact for market sale and in engagement with the state working-for-the-dole (under the Community Development Employment Projects scheme) all on the same day. Clearly in such circumstances people are not just reliant on state welfare, nor just on the customary sector, nor just on income from the sale of art. In a sense part of the emerging post-colonial adaptation observed is a risk-minimising livelihoods diversity that sees engagement in all sectors of the local economy. What differentiates the Indigenous Australian situation from many other Third World situations is the centrality of the state in supporting both customary and market activity. This support occurs directly, for example, by the provision of some income support and indirectly, for example, through the provision of limited state patronage of community-controlled art centres that broker the sale of arts and crafts.

NATSISS 2002 EVIDENCE

ABS:

Australian Bureau
of Statistics

NATSISS:

National Aboriginal
and Torres Strait
Islander Survey

Historically, the argument made above that the customary sector remains of significance could be dismissed as an atypical case study focused on a particular region, central Arnhem Land in the tropical savannah, where colonisation only arrived in the last 50 years. However, there is a growing body of official statistics that suggest that the Arnhem Land case might not be so exceptional and that allow some scaling up of findings.

In 1994, the Australian Bureau of Statistics (ABS) conducted the National Aboriginal and Torres Strait Islander Survey that showed that the customary sector (then termed the voluntary sector) was significant (Smith and Roach 1996). More recently, the ABS undertook the National Aboriginal and Torres Strait Islander Social Survey (NATSISS) in 2002 that included some questions on the customary sector, at least in remote and very remote regions.

Table 1: Percentage of Indigenous population (and estimated numbers) in remote Community Areas who fished or hunted in a group in the last three months, 2002

	Does not recognise homeland	Lives on homeland	Does not live on homeland	Total
Did not fish or hunt in a group	25.8% (800)	15.3% (3,400)	18.9% (4,200)	17.6% (8,400)
Fished or hunted in a group	74.2% (2,300)	84.7% (18,900)	81.1% (18,100)	82.4% (39,400)
Proportion who fished or hunted	6.7% (3,200)	46.7% (22,300)	46.7% (22,300)	100.0% (47,800)

Source: Altman et al. (2006:144)

Three findings from Altman, Buchanan and Biddle (2006) are summarised above. Table 1 provides responses to a question asked of persons aged over 15 years if they hunted or fished as a group. The responses indicate that over 80 per cent of Indigenous people living at remote Community Areas (discrete communities) did so, with those living on homelands most likely to do so. This question is very broad brush and needs considerable refinement when NATSISS is repeated in 2008, but it does suggest that the customary sector remains robust, although the survey methodology clearly has limitations in measuring the economic significance of such activity.

In Table 2, information is provided on those who resided in remote and very remote regions who indicated that they participated in cultural activities. A proportion of adults indicated some engagement in such activity (not all of which is customary), with a high proportion being paid, especially for the production of art and craft.

Table 2: Percentage of Indigenous population in remote and very remote Australia who participated in, and were paid for, various cultural activities, 2002

	Arts or crafts (%)	Music, dance or theatre (%)	Writing or telling stories (%)
Participated	19.1	10.4	12.9
Paid (of those who participated)	51.9	26.3	23.7

Source: Altman et al. (2006:146)

Table 3: Percentage of each state/territory engaged in fishing or hunting in a group, paid and unpaid arts and crafts activity, 2002

State/territory	Fished or hunted in a group (%)	Participated in arts/crafts (%)	
		<i>Participated (%)</i>	<i>Of those participated, paid (%)</i>
NSW	N/A	16	15
Victoria	N/A	14	17
Queensland	82	14	26
South Australia	76	21	43
Western Australia	80	16	33
Northern Territory	84	20	68
ACT/Tasmania	N/A	11	16
Australia	51	16	13

Source: Altman et al. (2006:147)

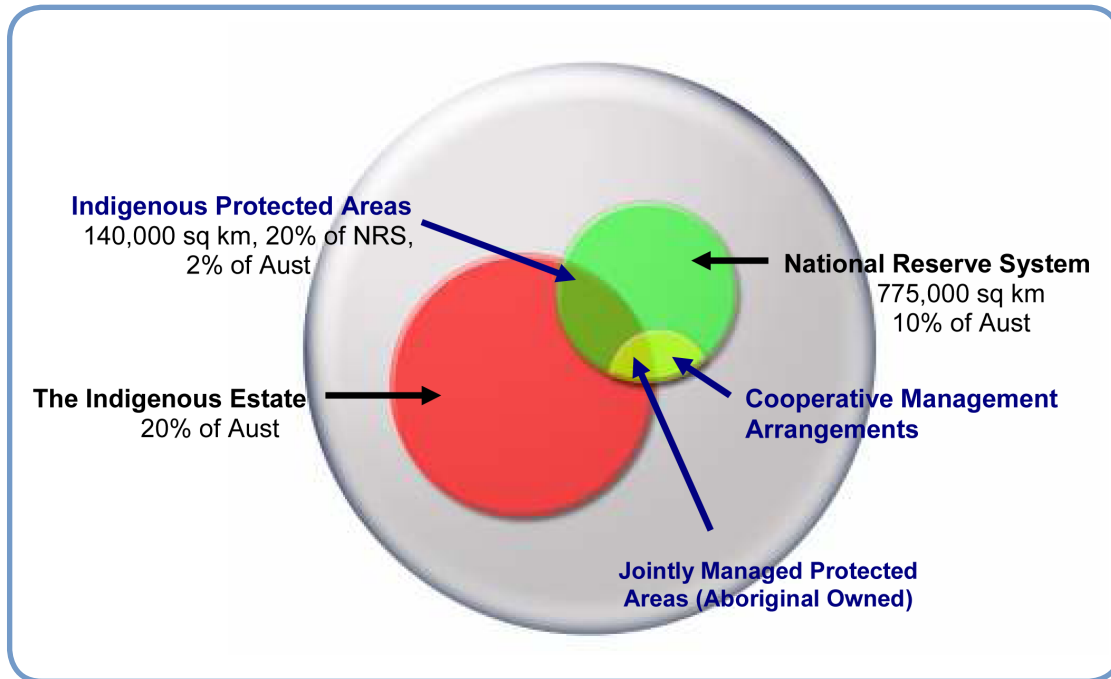
In Table 3, the information from Tables 1 and 2 is summarised and augmented to show participation in the customary sector as represented by hunting and fishing; and extension of the customary to market engagement as represented by participation in art and craft manufacture and its commercial sale. Note that the data on hunting and fishing is limited to Community Areas; it is not that such activity does not occur in places like New South Wales or Victoria, indeed there is evidence that it does (Gray and Altman 2006); it is just that NATSISS 2002 did not ask the question in these more settled states. There is certainly some indication in Table 3 that where land rights and native title is strongest, people are more likely to engage in the customary sector or to combine customary skills with contemporary opportunity in the production of art for sale in the market.

PAYMENT FOR ENVIRONMENTAL SERVICES

At present, climate change and associated national concerns about water quantity and quality and potential loss of biodiversity are all high priorities. In Figure 2, a conceptual outline is again provided that shows the Indigenous estate and its overlaps with the national conservation reserve system. A cadastral map would show that many parts of the Indigenous estate abut the conservation estate. Research undertaken in 2006 shows that the Indigenous estate includes some of the most biodiverse lands in Australia. Official natural resource atlas maps produced by Land and Water Australia and the Department of Environment and Heritage indicate that many of the most intact and nationally-important wetlands, riparian zones, forests and rivers and waterways are located on the Indigenous estate. Mapping also shows that these lands are at risk of species contraction and face major threats from feral animals, exotic weeds, changed fire regimes, pollution and overgrazing. The latest available climate science suggests that substantial biodiversity impacts are inevitable.²

Unfortunately, NATSISS 2002 did not ask Indigenous people in remote Australia and living on the Indigenous estate about their participation in natural resource management activities. However, there is a growing body of evidence that in the last decade community-based rangering activity, often undertaken while participating in customary activity, is generating environmental benefit. Such activity is highly variable and includes fire management, weed eradication and feral animal control (see Northern Land Council

Figure 2: The Indigenous Estate



2006). A recent project in Western Arnhem Land has seen a multinational corporation Conoco Phillips pay Indigenous rangers to abate 100,000 tonnes of carbon emission per annum via wildfire management. And the Australian Government supports an Indigenous Protected Areas program at 20 sites on the Indigenous estate.

There is a crucially important potential role for Indigenous people in environmental management of the Indigenous estate they own. This is an area where Indigenous ecological knowledge and Western science can be linked and where Indigenous people seek enhanced engagement. While much is already undertaken, Indigenous people are poorly remunerated for the provision of a range of environmental services. There are significant opportunities to enhance such Indigenous engagement as an element of the hybrid economy.

ENHANCING LIVELIHOOD OPTIONS

Much of the policy debate in Australia in recent years has focused on the need for enhanced Indigenous engagement with the 'real' economy in remote Australia (Pearson 2000). This paper argues that there is emerging statistical evidence that indicates that the real Indigenous economy in remote regions includes the customary sector. Conversely it is argued that the free market alone will not deliver pro-poor outcomes in remote Indigenous Australia for a wide range of historical, structural, resource endowment and cultural reasons. Nevertheless, there are many livelihood opportunities in remote Australia and poverty alleviation policies could benefit by recognising the complex nature of the three-sector hybrid economy in such situations and the sectoral articulations between market, state and customary sectors. Policies need to be crafted that recognise this reality and diversity; and simultaneously communities and individuals need to be empowered to pursue a livelihood approach that suits their particular circumstances. There is much evidence in the development literature than a state-imposed, top down and monolithic form of imposed development is unlikely to prove effective in addressing poverty.

CONCLUSION

A paternalistic and assimilationist approach to Indigenous economic development in remote Australia will not work and runs the danger of exacerbating rather than alleviating poverty. Such an approach is limited because it fails to recognise the role and comparative advantage of the customary or the futility of forcing mainstream solutions onto very non-mainstream situations. This paper suggests that a fundamentally different approach is needed that empowers communities to grow all sectors of the hybrid economy to alleviate local poverty. The possibility of engaging Indigenous people in the wholesale provision of environmental services on the massive Indigenous estate is likely to generate local, regional and national benefits.

Are there lessons from Indigenous Australia for other Third World poverty contexts? At present, Australia is looking to export a brand of development thinking that is focused only on the free market. But such an approach is not working in remote Indigenous Australia in part because it has mis-specified the development problem. A livelihoods approach that recognises the importance of all sectors in the 'hybrid economy' including the customary and the importance of community-control of development processes will alleviate poverty more readily than any monolithic approach currently being promulgated.

NOTES

1. In some of his writings, Pearson (2000:88-89) advocates for the development of greater community self sufficiency and of internal subsistence economies, but these views receive limited attention in contrast to his view that welfare dependency must cease and engagement with the 'real' economy or free market must be given priority.
2. The earlier conference version of this article was able to present a series of maps that demonstrated these spatial correlations clearly. These maps are available at the CAEPR website: see the seminar handouts for 'The biodiversity value of the Indigenous estate and paying for environmental services: Win/win or lose/lose?' by Jon Altman, 30 August 2006, available at <<http://www.anu.edu.au/caepr/events.php#BD>>.

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