

THE FAILED STATE

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The Northern Territory is a lost cause. We've had three decades to get it functioning, and now it's time to admit the system doesn't work and needs to be replaced



IN Australia we are used to seeing progress in governance, not failure. We expect governments in our jurisdictions that function well, provide efficient services, and maintain a fair match between the rhetoric of politics and the facts on the ground.

There is, though, a failed state in our midst. That state is not Aboriginal north Australia, where the social fabric is in shreds and tatters. No: it is the jurisdiction largely responsible for entrenching this degree of indigenous disadvantage: the modern-seeming, self-governing Northern Territory.

On the face of things, all the standard attributes of a democratic society are present here in Darwin: a parliament, political parties, government departments, a range of key social institutions that look much like their southern equivalents. But in fact the Territory is best understood as an interlocking set of interest groups. It is heavily dependent on outside funding, the bureaucracy is shot through with politics, almost all medium-sized business relies on public sector contracts and the entire system is founded on the administration of an Aboriginal underclass.

The original act of dispossession is echoed today by a permanent process of pillage, in which the Territory helps itself to special-purpose federal funding meant to alleviate remote area disadvantage, then delivers grossly inadequate services to the indigenous societies of the bush.

The various problems with the regime in place in Darwin are structural as much as moral; they lurk at the heart of the political economy of the NT, well concealed. Thus they require a degree of anatomical description before the workings of the state become plain and reforms can be canvassed.

The most grievous aspect of this architecture is that the Aboriginal underclass has become absolutely necessary to the system, and the system, as it has evolved, perpetuates the underclass: a bitter trap and one not foreseen when the Territory gained a high degree of authority over its own affairs on July 1, 1978.

The Territory has always been a special part of Australia: the last area to be settled, the most thinly populated and the only region with a sizeable bush indigenous minority.

As a result, it has special responsibilities, and these have been coming into sharp clarity in recent years.

The 2007 commonwealth intervention was in great part an acknowledgment that the NT had failed to provide proper care for its Aboriginal citizens in remote communities.

Yet the NT still steers by the prevailing ideology of its first political generations, an ideology of development, based on the idea that an advanced society can be built in the tropical north, founded on large-scale resources projects, increased settlement and rapid population growth.

The political arrangements reflect, and act to strengthen, this world view. It was telling that the Territory election last year was fought by the Labor government on a platform of bringing certainty for the INPEX gas project, a vast liquefied natural gas plant that is to be sited just across the harbour from Darwin's city centre.

The unicameral parliament, housed in a large wedding cake structure, is the most visible of the Territory's failed institutions. On the 33 days a year that it sits, it is a place of confrontation, not a chamber for debate between its 25 members.

The contending Labor and Country Liberal parties are almost equally represented; they occupy similarly centrist political terrain but are fiercely adversarial. Elections are strange affairs here, for the constituencies have fewer than 5000 voters and voter participation at the polls stands at a mere 75 per cent.

The Territory's population is about 220,000, young, with an average age of 30, and highly transient. Each year, one-quarter of urban Territorians change their address. During the four years between elections, about one-fifth of the population of Darwin leaves the Territory, to be replaced by new temporary residents. The demographic breakdown is equally unusual.

More than 17,000 Territorians are public servants: the administering class and their families thus form the key interest group and voting bloc, almost one-third of the 110,000-strong electorate. Another 13,000 Territorians serve in the armed forces.

Most of the long-term stayers in the Territory, of course, are Aborigines. Indigenous numbers are estimated to be above 70,000, or 32 per cent of the total population, but this is very likely a serious under-count. Aboriginal Territorians have their own distinctive statistical profile: their age average is 21, they are sharply under-represented in Darwin, where elections are decided, and hardly any indigenous remote community residents are in the wages economy.

The effects of this structure are striking. Since people are constantly coming and going, there is no strong sense of social memory in Territory public affairs, and politics collapses to straight vote-buying and the provision of high-cost "bread and circuses" projects, while the minute size of the seats ensures that campaigning remains ultra-local in focus, and ideas and contending visions for the future of the Territory play no part.

Four decades have provided the data. Elections tend to yield two results, landslides or near-hung, immobilised parliaments -- as presently, where the ruling Labor Party is held hostage by a single independent.

There are good reasons for this pattern of long-lasting governments and sudden, sharp, exasperated swings of the pendulum. With the state sector so all-dominating, and its patronage so rich, political affiliation matters. Why support an opposition party when you will be excluded from the circle of favour that expresses itself in consultancies, contracts and development opportunities?

In this environment, a party-state comes into being, and both sides in politics have developed such a regime during their years in power. Bureaucrats carrying out party dictates, politicised appointments to key posts, a climate of obedience, a culture of prudent silence: these are features of the Territory's map.

It is easy to blame the present regime for some of the system's more peculiar traits: the creation, for instance, of parallel constituency "offices of the chief minister" in regional centres, staffed by failed parliamentary candidates. But in their quarter-century in power, the conservatives presided over a similarly bizarre "total state", with implicit codes of loyalty and allegiance lying at its heart.

Buttressing this inner cement of unspoken ties is a culture of vociferous announcement. At the core of the Territory system is a mind-set reminiscent of Pacific Island cargo-cults. An institution is named, set up, housed and lightly staffed: problem solved.

Thus Darwin is full of facades rather than real structures: an Environmental Protection Authority without powers, an indigenous advisory panel without input, a climate change portfolio without policies, a museum with insufficient funds. Such facade institutions, and the philosophy behind them, infect the air. They create a fantasy approach to administration, where Canberra always lurks, saviour-like, in the wings, and the declaration of a policy is sufficient to change the world.

Hence the avalanches of official plans and blueprints, and the ramifying public service needed to generate them, even as conditions in the real universe continue to deteriorate. The trend is plain and hard to mask. Indeed, its veiling necessitates a ceaseless production of propaganda and spin.

No surprise, then, that a large media army is at the service of the state sector. The Territory government and its various departments employ 109 journalists and spin doctors, at a cost of more than \$9 million a year, to communicate its various upbeat messages and exalt the "RTL" (relaxed Territory lifestyle).

This is the large majority of journalists working in the Territory. The non-governmental media forms a strange but crucial part of the information eco-system: the absence of a high-quality local paper of an independent-minded stripe in the capital is keenly felt. There is no print forum for the reflection of events.

This lack is deepened by the absence of public intellectuals or independent commentators with a profile and a stature in society, and a platform from which to speak. The result is a

strange void at the heart of things, a silence, a failure of serious conversation about the future and the Territory's path ahead.

That path is shadowed. The key is economics: the Territory is non-viable without federal transfer payments, which go to meeting the costs of its First World standard of life. The finances of the Darwin Treasury were transformed by the introduction of GST payments in 2001. The Commonwealth Grants Commission allots the Territory extensive funds for the remediation of the disadvantages caused by remoteness and high service delivery costs. Essentially these are funds intended for remote Aboriginal community needs, though they are not tied.

This year's Territory budget gives a revenue figure of about \$4 billion, but only one-fifth of that sum is "own source": mining, property and gambling taxes, the like. Fully 55 per cent is GST money and the remaining 25 per cent comes in special purpose payments allocated by Canberra, mostly for indigenous-related projects. Simply put, there is no substantial real economy; the lion's share of money comes in from one outside source and the Territory government is a distribution post, dividing up the constantly flowing plunder.

Little in the way of serious oversight of the system takes place. It is opaque; departments cream off management costs from programs, bureaucrats receive vast salaries and perks, consultants feed at the trough.

This was the untroubled way of things until two years ago, when the scale of city and suburban lifestyle project spending, and the manifest neglect of the bush, bred sufficient controversy for a Senate inquiry to be arranged. The Territory government had already staged an indigenous expenditure review of its own and it was ready to face down this rather tame inquisition with a further blizzard of statistics and grotesque accounting formulas.

But there was a clear, still voice standing against the whirlwind. Barry Hansen, then the president of the Northern Territory Council of Social Service, produced a study of the funding situation. It is the key moral document laying bare the nature of the modern Territory. NTCOSS was easily able to prove that the Darwin government was underspending by more than \$500 million a year in crucial social welfare categories where specific CGC allocations had been made, and that the resultant spending priorities exacerbated "the differences in measures and sense of equality for low-income and disadvantaged people", according to the council. In this way they contributed to "the reduced life expectancy, poor health, violence and other differences they are intended to address".

This is still the gradient of Territory public spending, but the argument over dollar figures is almost beside the point. The deeper question is whether it is conscionable for an administration to fund the needs of the majority as lavishly as at present when the indigenous minority lives in such poor conditions.

Yet the regime in Darwin is merely doing what governments in democratic states do: paying attention to its constituents, according to political logic. Hence the enormous middle schools that have gone up across the capital while decent secondary education in the remote communities and outstations remains a dream. Hence the new commuter highway extension being built from Palmerston while the bush roads are still unsealed. The state is set up in such a way as to guarantee the delivery of such results.

The story at the heart of the Northern Territory is really a story of relative positions. Social scientists regard the place of a group in society as an important determinant of the degree to which its members thrive. It is an insight increasingly being applied to Aboriginal Australia and clearly indigenous Territorians are in a very strange position. They are the only Aboriginal population who form a sizeable minority in their jurisdiction, which is still very much regarded as "their country", they have strong traditional practices, they own, if collectively, half the land mass, they are the obsessive focus of a vast helper class of bureaucrats, and an intervention has been staged for them. They generate the shimmer of cultural prestige in which the Territory basks and on which its tourism depends.

But they are much poorer than most Territory residents, and have few jobs and little Western education.

A prominent school of social thought associated with public health researcher Richard Wilkinson, author of *The Spirit Level*, holds that inequalities in the social fabric of Western states lower the wellbeing of the entire society and that differences in wealth levels accurately predict social dysfunction.

It is tempting to view the Territory, probably the most unequal Western society in the world, and a highly troubled one, through this optic, and to consider whether a standard majority-interest democratic government can deliver any significant improvements here.

The differences between indigenous and non-indigenous in the north also have other, less obvious consequences. Many members of the mainstream population make their living from the social or cultural services they provide to Aboriginal groups, they are specialists in the field, and indigenous affairs and its problems thus come to underpin the mainstream economy.

Aboriginal community people, for their part, cannot avoid seeing themselves through mainstream eyes. They know they occupy the lowest rungs of the social hierarchy and that knowledge forms the bitter gruel in the remote bush welfare diet.

Yet sweeping divisions of the Northern Territory into distinct racial groups, or into town and bush, don't quite work. For so minuscule a political and social system, the currents are complex. Northern Aboriginal society is far from a unitary bloc. It is itself deeply segmented by region and degree of modernisation, and it includes an administrative middle class.

Alice Springs and Darwin are distinct geographic and economic realms, diverging fast, as a result of the hectic pace of speculative development in the Top End and the heavy concentration of government spending in the capital.

It is not, in fact, social measures that tell the most important tale. The heart of the matter lies more in the realm of psychology. There is a crucial bond shaping the Territory and the implications of that bond are rarely brought into the open.

This tie is the dependent relationship between mainstream and bush Aboriginal society. The two are bound together by the present system in unconstructive ways. More and more, these societies living side by side look past each other; the sense of shared endeavour is gone.

The tie involves money and power, and inequality; it brings politics in its wake. Much remote

community Aboriginal life is consumed in managing the relationship with the centre, with the federal and Territory governments and their myriad program officers. Meanwhile, the bureaucracy in Darwin is consumed by its obligation to manage the remote indigenous domain, a task for which it lacks the appetite and the capacity.

The Territory's raft of newly proclaimed indigenous policies, on homelands, on education, on the formation of 20 bush towns, are all just more facades, worthless pieces of paper, unfunded expressions of good intent, reliant on yet more federal money for their realisation. No Territory chief minister can go to a Council of Australian Governments meeting and pretend to be running a normal government, so great is the overhang of unfulfilled indigenous issues and so deep the failure in this critical realm.

Such is the pattern in today's north. Two worlds, each with its own trajectory. The mainstream society in Darwin has its natural aspirations. The Territory government aims at development, it wishes its capital to become a regional centre and resources industry service town, buoyed by sectoral growth and linked to Asian neighbours. But it is held back, hobbled by its responsibilities to a dispersed and devastated indigenous culture. That culture, still reeling from the effects of colonial settlement and a generation's worth of harmful welfare policies, struggles to survive, while constantly subjected to strange shifts in direction and control from Darwin.

It is a failed relationship, lying at the heart of a failed jurisdiction. The evidence is in. But change is possible. The Territory is not a state, with permanent constitutional arrangements, though it campaigns for statehood. In truth it exists in its present form purely as the result of an act of federal parliament, and that act can easily be modified. We can easily redesign the north, and effect a revitalising intervention into its affairs and governance.

There are intriguing international models to draw on. The most obvious short-term revision of the Territory's workings would be a simple, straightforward decision to tie the GST grants Darwin receives, and require that they be spent on indigenous disadvantage.

The most drastic reform would be to sweep aside the entire panoply of representative government, dispense with the murk and contest of politics, and install a Territory council of administration.

But there is another model that holds out much greater promise for the mainstream population of the Territory and its indigenous citizens. That model involves the separation of the Territory into two distinct jurisdictions and an evolution towards Aboriginal autonomy in specific regions. It will form the subject of a further article in *Inquirer* next week.