

Chapter Ten

The Northern Territory: Seventh State or Internal Colony?

Professor Bob Catley

The Constitutional Background

The Australian Constitution allows for the entry of new States. It was and has been assumed that such entrants would be at a similar level of economic, social and political development as the original States and would have been British Colonies.

In June, 2003 the Northern Territory (“NT”) Labor government announced that it would pursue statehood for the Northern Territory, which is a dependent Territory of the Commonwealth government. The previous Country Liberal Party (CLP) NT government had made a similar effort, but was rejected by NT voters in a referendum in 1998. The Prime Minister, John Howard, was in mid-2003 reported to be supporting this revived objective. Whether this was merely out of a residual, partisan commitment to the failed CLP attempt of 1998, or from conviction based on other considerations, has not been publicly canvassed.

The Australian Constitution clearly permits such action (s.121) and also anticipates this situation (s.124). The exact procedure has not been determined since it has never happened. It may be assumed that the process would involve: a referendum of the relevant and applying electorate; a formal application from its Parliament; a response from the Commonwealth Parliament establishing the terms of entry; and, probably, a referendum of the Commonwealth electorate to amend the Constitution.

This paper argues against admitting the NT as a State because:

- It is too heavily dependent on the Commonwealth;
- It has too little independent economic development; and
- Its society is too welfare dependent.

The development of the Northern Territory

The NT comprises about 200,000 people, 60,000 of them Indigenous, on a landmass stretching from the tropical Top End peninsula to the arid desert of Central Australia. Its economy is heavily subsidised by the rest of Australia, to an extent unique even in Commonwealth-State financial arrangements.¹

In the mid-19th Century the Northern Territory became part of South Australia, which passed it to the new Commonwealth government in 1911. This meant that, unlike the major external Territory of Papua-New Guinea (“P-NG”), it was embraced by Australian nationalism: a nation for a continent and a continent for a nation.

For the next forty years the NT enjoyed slow economic development. In February, 1942 the Japanese fleet attacked Darwin and killed about 250 people in one day. The ensuing battle lasted for eighteen months and only ended when Japanese military power was pushed further north in late 1943. After the Second World War, an Australian military presence was retained in the Top End.

Until 1975 both P-NG – Australia’s largest external colony – and the NT – its largest internal colony – were administered by the Commonwealth Department of Territories. In September, 1975 Papua-New Guinea became an independent state and there was no serious suggestion that it become a state of Australia, clearly because its level of development and culture were so different.

The NT, however, remained a Territory of the Commonwealth, subject to the authority of

the Commonwealth government and Parliament. Many of the officers of the colonial state apparatus (Department of Territories) transferred from P-NG to the NT after 1975. The NT had had a partly elected, partly appointed Advisory Council from the 1940s. After 1969 this became wholly elected. During the late 1970s the gradual transition towards self-government commenced, and elections to a NT Parliament began in 1978. This evolution accelerated after 1983.

Until 2001 the CLP ruled the Territory, but its laws could be over-ruled by Canberra. In 1998, the CLP referendum to the NT electorate, that could have led to the NT becoming a State, narrowly failed, partly because Indigenous Territorians and their supporters opposed it, fearing that in the longer term a local CLP government would be less sympathetic to Indigenous claims, than would a Commonwealth government less dependent on the “redneck” vote. The Chief Minister, Shane Stone, resigned and was replaced by the former Army officer, Dennis Burke, who then lost the 2001 election.

In the late 1980s the primary strategic mission of the Australian Defence Force (ADF) was re-defined to be the defence of continental Australia itself. The naval stations at Darwin were augmented, the RAAF base at Katherine was expanded, and the Army’s presence in the NT was considerably increased by the creation of Robertson barracks in Palmerston, a large Darwin suburb.

In December, 1974 Cyclone Tracey flattened Darwin. The Commonwealth government decided to rebuild the city, and it was re-populated with its economy substantially underwritten by Commonwealth expenditure. Population growth was augmented in the 1990s by the movement of part of the ADF to the NT. This produced a spurt of growth in population in the mid-1990s, which ended in the years 1999-2001. By the onset of the 21st Century the NT was actually experiencing a minor decline in population. Between the 1996 and 2001 Censuses about 104,000 persons left the NT and about 99,000 arrived.

The NT’s private economy has been unable to generate sufficient economic growth to attract either interstate or international migrants in substantial numbers. New industries have become, if anything, more difficult to create. Some improvement in the tourism industry occurred in the 1990s, but the combined impacts of the war on terror, the collapse of Ansett and the SARS epidemic in 2001-03 produced a considerable downturn.

The development of the mining industry has also been problematic. The *Native Land Title Act* of 1976, passed by the Fraser Coalition Commonwealth government, provided for extensive Indigenous ownership of NT land, which now includes 55 per cent of the total and 80 per cent of the coastline. This contributed to the slow development of the mining industry, compared to the geologically similar regions of Western Australia and Queensland. The exception was off-shore gas (where native title has not applied), but its continuing work force would likely number only in the hundreds.

In 2001 the CLP government announced, jointly with South Australia and the Commonwealth, that the railway from Alice Springs to Darwin would be built by a private consortium underpinned by a considerable public subvention of over half a billion dollars. This project was completed in 2004, but even optimistic observers believed the railway would probably not make a clear commercial profit for two decades.² Critics described it as:

“..... the Great White Elephant Railway ... planning to run five trains a week.... on a piece of track that is costing close to \$2 billion ... the return on capital employed will be smaller than a tick’s testicles”.³

The NT now has a considerable economic infrastructure, much of which has been provided by Commonwealth subsidy during the last half century. This includes three tiers of government, including two MHRs – to be cut to one by redistribution after the 2001 population decline – and two Senators; a unicameral Parliament with the smallest electorates in the country, of about 4,500; and several well funded city councils, notably Darwin, Alice

Springs and Palmerston.

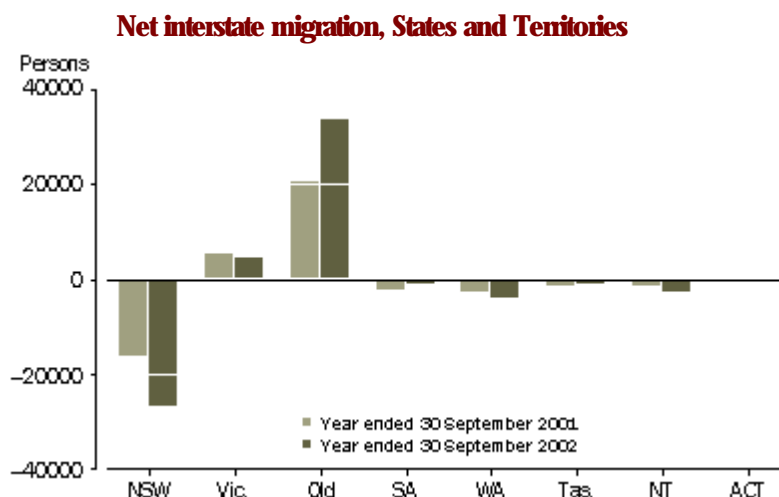
Darwin has a splendid Parliament House, built at a cost of \$200 million for 180,000 people compared with \$1 billion for the Commonwealth Parliament for then 17 million; substantial public service offices, continually being updated to capital city standard; a major hospital modelled closely on the Woden Valley hospital in Canberra; a major shopping mall, in part funded by a public car park which doubles as a community cyclone shelter; the now Charles Darwin University, funded at about 130 per cent per capita of the national average; an extensive CSIRO presence; a quite extensive telecommunications structure; a splendid highway system; and two substantial airports.

The NT also has several unique characteristics which mark it apart from the other jurisdictions of Australia: a static population; the highest proportion of Indigenous people; the least developed private economy; and the largest state sector. It is like an internal colony.

The NT population

At the June, 2001 Census in the NT about 30 per cent of the total population, or about 57,000 people, were Indigenous. This group had grown by about 12 per cent since 1996, an annual growth rate of just over two per cent. This growth occurred at a time when there was an increase in the total NT population for two years and then a decline for four. The increase was closely associated with the movement of some of the ADF to the NT, and the decline with outflows in net interstate migration between 1998 and 2002.

Thus, within a recently static and sometimes declining total NT population, the Indigenous population is growing strongly while the non-Indigenous population is declining. The Indigenous population is generally geographically stable and concentrated in the often remote Indigenous communities. The non-Indigenous population is very mobile and contains a substantial transient proportion. The NT does not attract substantial international migration, gaining about half (0.5 per cent) of its proportion (1 per cent) of the existing Australian population. The non-Indigenous population has a relatively high average income level compared to both the Indigenous population and the Australian average.



The reasons for the NT's population outflow were identified in a 1999 government survey of departing former NT residents, who nominated:

- *Lack of opportunities:* Specialist/higher level workers find professional opportunities limited. Limited choices in higher education.
- *Costs:* Cost of living – groceries, power, housing, etc. The high costs prevent people from retiring here. The high cost of (interstate) airfares.
- *Social/lifestyle issues:* Crime – personal safety, breaking and entering, gang violence.

Keeping drunks off the streets. Lack of activities for youth; parents finding it hard to cope with 14 to 17 year olds.

- *Services/facilities*: Standard of education perceived as being lower than in other States/Territories. Standard of health care perceived as being inadequate.
- *Environment (natural and built)*: Feeling of loss of control over the urban environment and heritage. Parking and traffic difficulties in Darwin. Too much of the bush being accessed by tourists. Reduction of fish stocks.
- *Isolation*: Limits access to family networks and quality shopping.
- *Governance*: Over-legislation and over-regulation. Need for Freedom of Information or similar legislation.

Many of these factors involve the increasing impact of the growing Indigenous population on the life style of the non-Indigenous.

The Indigenous population is concentrated in the Indigenous communities. Some of these may have existed as settled populations before European conquest, but most were the result of colonial period primary industry and religious missions. They were further consolidated under Commonwealth policy in the 1970s, first by the Whitlam government and then the Fraser government, which passed the *Native Title (NT) Act* in 1976. This provided the basis of the policy of “self-determination”.

Under the influence of one of the most powerful bureaucrats of that era, H C (“Nugget”) Coombs, the previous rather half-hearted policy of assimilation for Indigenous Australians, adopted during the Hasluck era,⁴ was replaced by one of encouraging separate development and the preservation of Indigenous cultural practices, including land holding usually in common. The centrepiece of this policy was the consolidation of the Indigenous population into established Communities.

A large Indigenous population

Indigenous people now comprise a larger proportion (30 per cent) of NT population than in any other State or Territory (none exceeding 4 per cent).

At about the time NT Chief Minister, Clare Martin, announced the new campaign for statehood, *The Australian* reported: *Black child abuse ‘at crisis point’*.⁵ It added:

“Violence in indigenous communities is endemic and getting worse, with ‘extreme action’ required to stop brutality against women and children, respected Aboriginal leader Mick Dodson has said. Slamming indigenous leaders for their failure to make headway on the problem, Professor Dodson also made a plea for Prime Minister John Howard to help. He said the level of violence against children was particularly ‘devastating’ and ‘beyond comprehension’ – including abuse of babies too gruesome for him to describe.

‘Our children are experiencing horrific levels of violence and sexual abuse’, the head of the Australian National University’s Institute for Indigenous Australia told the National Press Club in Canberra yesterday. The problem was ‘at crisis point’, as children suffered neglect, incest, pedophilia and assault, and babies fell prey to rapists, while women were ‘crying out for help’. ... [T]he Queensland Domestic Violence Taskforce has estimated 90 per cent of Aboriginal families are affected by violence. ... Aboriginal women were 45 times more likely than other women to be victims of violence. Another recent federal government study, by researcher Paul Memmott, found the rates and types of violence were getting worse in many areas.

“Professor Dodson said violence was spread by poverty and social exclusion, ‘which combine into a volatile cocktail of despair, anger, powerlessness and hopelessness’. Professor Dodson stressed such violence was not part of traditional culture. ‘But it is occurring principally because of the marginalisation of Aboriginal people, economic

and welfare dependency, high levels of unemployment . . . and the breakdown of community values' ”.

There had recently been a number of similar analyses of the conditions in which Indigenous Australians live, especially in the northern part of this country in designated communities. Among the best publicised were those of the academic, Peter Sutton;⁶ of the first Australian Indigenous Cabinet Minister, John Ah Kit;⁷ of one of the few Indigenous Professors in the country, Mick Dodson;⁸ of the articulate and well respected leader of Cape York Indigenous people, Noel Pearson;⁹ and, by implication, of the recent review of ATSIC.¹⁰

These reports revealed that Indigenous Australians, particularly those living in separate communities, experience what can only be described as acute, Third World-style poverty. The indicators of this include: incomes are very low; unemployment rates are very high; average life expectancy is lower than for other Australians by up to 20 years; literacy rates, and participation in the formal education system, are much lower than for other Australians; and law and order are poorly enforced. Other symptoms of social dysfunction include high rates of physical assault, child molestation, rape and murder, the widespread usage of drugs – including glue and petrol sniffing – and other harmful substances, and the physical abuse of women at ten times or more than the incidence in the wider community.

This is seldom seen or reported, especially by video, to the wider national community, because Aboriginal communities generally occupy communal land, which is treated as private property to which access is therefore restricted.

Poverty eradication for Indigenous Australians would involve entry into the wider market and society. In the case of Indigenous peoples in NT, policy makers have chosen to impose regimes which develop exactly the opposite structure of incentives and development to those required for poverty elimination. These have included geographic immobility, welfare dependency, reliance on state generated employment like the Community Development Employment Projects Scheme,¹¹ and rent-seeking, political activism as a primary means for accessing income. The result is to make the eradication of poverty that much more difficult.

The development of settled Indigenous Communities, particularly in remote areas – “outback ghettos”¹² – has made integration into the wider economy and society *more* difficult. Whereas the application of a lands rights policy may have granted over half the land of the NT to Indigenous ownership, it is not fostering integration into the wider, wealth generating market, nor development. This is only accentuated by the provision of non-portable welfare payments directly to remote communities, and the operation of the CDEPS that creates a disincentive to labour mobility. Commonwealth programs like CDEPS are in fact creating substantial disincentives for Indigenous people to pursue economic opportunities by locking them onto Communities.¹³

By allowing the breakdown of functional social conditions in communities which exist outside the scrutiny of the media's reporting, and sometimes effectively outside the reach of the law of the land, policy makers are encouraging alienation from economic development.

While the evidence is fragmentary, it would seem that much of the recent gains made in terms of education, incomes and general welfare by Indigenous Australians has occurred among those who have entered the modern Australian economy and live in its capital cities or even regional towns. Those who have remained within the remote communities have enjoyed little improvement in circumstance and may even, as suggested by the reports cited earlier, have experienced some deterioration in their conditions of life.

The policy of self-determination even took policy makers seriously in the direction of canvassing a Treaty between Indigenous people and, presumably, the Commonwealth. This excited some Left support in the mid-1980s, but it was replaced during the Hawke Labor government by the Aboriginal and Torres Strait Islander Commission (ATSIC) system in the late 1980s. A Treaty may now be revived, as a predominantly Indigenous State – the projected

“State of the Northern Territory” – emerges within the Australian Constitution, itself a Treaty of sorts.

There are officially over 600 Indigenous Communities in the NT, but only about 300 have a stable, regular population. Most are remote, but there are also Indigenous communities within the major NT towns, including several in Darwin, a dozen or so “town camps” in Alice Springs, and in other communities in Tennant Creek and Katherine. Port Keats, or Wadeye, is among the largest of Indigenous settlements, and attracted adverse publicity in 2002 and again last month.

These are dysfunctional communities in which health is poor, educational attainments declining, economic independence rarely achieved, and assault and substance abuse are rampant. Peter Sutton, previously an advocate for such Communities, has recently documented these appalling conditions and suggested some reasons for their extensive failure in terms of social outcomes.¹⁴ Many other critics then go on to advocate the re-adoption of the solution of the Hasluck period – progressive assimilation of most Indigenous peoples on terms akin to other ethnic minorities within the predominantly Anglo-Celtic nation and state. In the main it is, indeed, those Indigenous people who live in the large southern cities that have performed best in terms of life expectancy, income, and educational outcomes. Another contributing factor may be increased willingness to identify as Indigenous among urban people more likely to be economically successful.

The Indigenous Communities may have been intended to provide the seeds of the revival of Indigenous culture and society within a self-governing system, where property is held in common and the community governed democratically through elected councils and the extended Land Councils. But these conditions are only sustained by considerable Commonwealth government subvention and a legal title that excludes independent observers from reporting conditions within the Communities.

The debate about Indigenous Australians in the NT often looks like a Left versus Right debate involving the ideas, policies and legacies of Coombs and Hasluck.¹⁵ But in the north, real tangible interests are also deeply involved. The political Left pursues self-determination for ideological reasons, and is deeply enmeshed and often employed in the system thereby created; and the Right supported the CLP, and was quite happy to keep the natives “on the reserves” and away from its suburbs.

The future of the NT is inextricably bound up with the future of the rapidly growing Indigenous population.

Indigenous communities, including some within or adjacent to the major urban settlements, are heavily supported by and usually dependent on Commonwealth programs, like the CDEPS, the Community Housing and Infrastructure Program (CHIP) and the Aboriginal and Torres Strait Islander Commission (ATSIC), occasionally supplemented by royalties from productive economic activities like mining (alumina at Nhulunbuy in Arnhemland), some tourism ventures (Katherine Gorge and Uluru), Indigenous art production, and some pastoral activities.

A low growth economy

Economic growth in the NT was rather quicker than that of Australia as a whole after 1945 – almost all of it induced by Commonwealth state expenditure – but it has recently slowed.

Most of central and arid Australia is like a part of the Third World. Its economic basis is in primary industry – pastoral and mining, with some tourism – and its population is increasingly Indigenous with Third World living standards, life expectancy and social indicators. The level of economic development is probably declining as non-Indigenous people are leaving. The Top End is dominated by Darwin, which has the appearance and much of the reality of a modern, prosperous Australian city. This too is underpinned by very

large financial subsidies from the Commonwealth taxpayer. Without this large Commonwealth monetary subsidy, all of the NT would be a Third World economy with a garrison town at Darwin.

One of the great paradoxes of the NT economy is that, while almost all projections for future growth have it the best or among the best performing region in Australia, it has not done well, particularly during the last three years. Growth has been sluggish, population stagnant and real property values may even have fallen, even during a period of considerable state-induced infrastructure development in gas and the railway.

The NT is an immature economy in which big, often state-induced projects, employing itinerant labour, assume a high consequence. This produces growth in bursts, or what is popularly known as a boom-bust economy. This is quite typical of a colonial economy dependent on primary production and lacking the stability provided by large secondary and tertiary sectors. Only the large state sector, subsidised by the Commonwealth, stops the oscillations being even greater. Indeed, it might be argued that NT is only behaving in the manner that the original six Australian Colonies behaved before Federation.

The growth of 2002-2003 was stimulated by the substantial injection of public funds into the construction sector. The two major recent projects have been the Alice Springs to Darwin railway and the offshore gas development. This probably means that, when they are completed, the projections for rapid economic growth in the next five year period will again prove over-optimistic.

An Indigenous dominated future is more likely. As social life becomes consequently more difficult, it will become harder to attract non-Indigenous people to the NT. In the longer term this would imply a Port Moresby future for Darwin, in which political management shifts away from development, modernisation and growth. But while Australia could walk away from its external Territory, P-NG, the NT is an internal Territory and will have to be developed to standards thought appropriate in the rest of Australia. It is a long way from accomplishing this task.

A large state sector

The state sector is much larger in NT than elsewhere in Australia. The 2002 Budget papers held that the gross NT product was about \$6.5 billion. The Commonwealth direct subsidy to the NT Treasury that year was about \$1.8 billion. The ATSIC budget was around \$1.1 billion for programs. Since about 60,000 Indigenous people live in the NT, and so comprise about 15 per cent of the national total, if they receive a similar percentage of ATSIC funding – a reasonable assumption – this would involve a subsidy of around \$180 million. The armed forces claim they generate 15 per cent of the NT economy, or \$1.2 billion.

If we ignore extra per capita spending on institutions like the Charles Darwin University, and the Commonwealth subsidy to the Alice Springs to Darwin rail link and the Darwin airport, total Commonwealth expenditure in the NT was therefore around \$3 billion a year. Nearly a third of workers in the NT are employed in the public sector. Further, within those aggregates the size of the NT state is proportionately the largest of any State or Commonwealth government.

Assuming a multiplier effect of between 1.5 and 2, Commonwealth spending generates about two-thirds of the NT economy. A hugely disproportionately large slice of NT economic activity results from Commonwealth spending, at a rate much higher than in the six States.

In the 1980s Australia adopted the new orthodoxy of economics and successfully pursued a market driven economy. But 20 years ago Australia was a mature economy with an extensive secondary and tertiary sector whose further, efficient development was being arrested by the continuation of statist and protectionist policies.

The NT economy, in contrast, is not mature and developed. On the contrary, the NT

economy resembles a colonial economy in the size of the state sector, the proportion of poor Indigenous people, the dominance of primary industries and the small size of a competitive secondary and tertiary sector. Precipitate liberalisation of such a structure would not lead to maturity but decline. It may be wholly appropriate that the state be substantially proportionately larger in NT than elsewhere *and* that it be subsidised by the rest of the country.

An immature economy

In the 1960s W W Rostow introduced the idea of a “take off point” to economic development theory, that a colonial economy would grow in its dependent statist trajectory until large enough to undertake independent self-generating and market oriented growth. Australia reached that point 30 years ago and deregulated about a decade later.

The NT is a long way off it. The route being followed by the NT is, in fact, quite similar to that pursued by the other States of Australia. The steps have been:

- an initial period of state-subsidised conquest and military consolidation until the mid 19th Century;
- followed by a period of state-induced economic development with the attraction of (mostly British) labour and capital, based on primary industry, until Federation;
- leading to further state subsidised and protected domestic economic development within a now national market, with encouragement given to local corporations to get involved in secondary industry;
- until the 1970s produced the crisis of stagflation;
- enabling, in the 1980s, the liberalisation of economic activity;
- and, after the shake out of the 1990-91 recession;
- the successful globalisation of activity, with a greatly expanded and very competitive tertiary (services) sector.

This route has been followed by the six States of Australia (and by New Zealand) with varying degrees of success during globalisation.

The most successful regions have been: at first, Queensland and Western Australia, based chiefly on mineral wealth in the 1980s; then the Sydney region, as the deregulated Australian economy emerged as one of the most successful in the world, with Sydney as its commercial epicentre; then Melbourne in the late 1990s- early 2000s, as it recovered from the shock to its protected manufacturing sector and the financial disasters of the early 1990s; and, last, South Australia and Tasmania, as they struggle to find appropriate, low cost roles in the deregulated Australian environment. In New Zealand the Auckland region has, rather like Sydney, grown quickest, although the old agricultural sector has been revamped and, with tourism, has benefited from the low cost, low Kiwi dollar economy and economic integration with Australia.

The NT is not like any of these other regions. It now has a larger state sector, a smaller population, a higher Indigenous proportion, and less developed and competitive secondary and tertiary industry sectors than other States. It cannot afford to deregulate or to shrink the role of the state. It is a long way from the take off point that led to the successful liberalisation of the rest of Australia during the last 20 years. The state will need to continue its dominant role in the NT until an appropriate take off point is reached and the efficiency of the market may be turned to.

An internal colony

The NT has many of the attributes of a classic colony. But because it is *within* the physical boundaries of a modern nation state, Australia, it is not generally perceived as such.

Its economy is heavily dependent on the metropolitan economy. Its productive and

exporting sector comprises largely primary produce. It has a “conquered” native population which is considerably poorer, has not been integrated into the modern economy and society, and which is growing more quickly. At present rates, within two decades the Indigenous will be a majority. Somewhere before that time, the political structure of the NT will be dominated by Indigenous interests.

These Indigenous interests are presently being formed by a combination of Indigenous ideas and practices, supplemented by other ideas imported from the larger metropolitan society and from overseas. The Indigenous interests lie mostly now in the acquisition of land rights; access to royalties and other payments; and in the maintenance and expansion of existing welfare programs. In addition, other ideas have been presented to Indigenous people in terms of the rights they should acquire within the Australian state. These include the right to self-determination within indigenous, self-managed communities. These are almost exclusively rent seeking activities.

For the most part, the Indigenous Communities of the NT have social and economic records which would be totally unacceptable if applied to other Australians. It is a tribute to the power of ideology that they have, none the less, remained acceptable to and have been supported by the political Left for over three decades. But they have also remained unchallenged by those who might otherwise provide criticism of such conditions – broadly, the pragmatists and the political Right – were it not clear that a major consequence of reforming these communities and loosening their hold on Indigenous Territorians would be a more rapid migration to the urban settlements.

This is the implicit pact of Left and Right in northern Australia.

But as the Indigenous population becomes a larger proportion of the total NT population, so will the outflow of the non-Indigenous population from the NT accelerate. The reasons for this are made clear in the survey cited earlier. The implicit pact between Right and Left will expire as all issues receive consideration from an Indigenous perspective.

In a more typical colonial situation, such demands would eventually include sovereign political independence and would be supported by the United Nations, as happened to Papua-New Guinea. In the case of an internal colony, this is usually unacceptable to the metropolitan power for strategic reasons. Political independence may also be unacceptable to the majority of the Indigenous population, who would be deprived thereby of their principal source of income – Australian subsidisation.

Conclusion: Statehood for the Northern Territory?

The central policy objective for the NT should be, therefore, to maximize the rate of absorption of the Indigenous population into the modern sector of the NT economy and society.

In order to achieve this, more attention will need to be paid to the social, cultural and educational attainments of the Indigenous population. This is not occurring as rapidly in the NT as in the major southern cities of Australia, where the outcomes are more promising. Had the same resources been devoted to integrating Indigenous people during the last 30 years as has been spent on self-determination, the results may have been more positive.

This issue of demographic change and its attendant impact is accumulating quickly. It is beyond the capability of the NT governing regime to deal with. In part, the victory of the Labor Party in the 2001 election was the result of the increased numerical importance of the Indigenous vote. It was followed by a reversal of the mandatory sentencing regime, more relaxed policing of vandalism, and a widely held belief that crime was again increasing. The demographic and the political interest structure transition had begun.

The Commonwealth government will need to address its consequences seriously or it may face the prospect of a Papua-New Guinea *within* the Commonwealth of Australia.

The Commonwealth Constitution allows for the accession of new States, but clearly had/has in mind States and societies at a similar level of development to the original six Colonies. The NT is the least developed, most statist, and most heavily subsidised jurisdiction in the Commonwealth. It is also the most culturally distinct. Even if statehood were to be granted, it would continue to require heavy subsidisation. It would also quickly develop a political structure dominated by Indigenous interests. Labor is already moving in this direction; and the CLP's recent despatch of Burke was, in some measure, a recognition that the *ancien régime*, based on a good old boys network, was no longer functional.

At present, the Commonwealth subvention is mostly used to underwrite southern Australian income levels for the majority of non-Indigenous Territorians. Some is also used to underwrite – arguably enforce – Third World living standards on most of the 30 per cent of the population that is Indigenous.

But in the central power structure of the Northern Territory, Indigenous people have until recently been almost totally unrepresented. Even today they have, for 30 per cent of the population, only two recently appointed junior Cabinet Ministers, a few backbenchers and almost no senior public servants. Indigenous businesses are important only in some areas of successful rent seeking; much land, much of little worth, is held; modest mining royalties are collected; and the distribution of welfare is an important Indigenous activity (although in most Communities the manager is non-Indigenous). The police, the courts, the prisons, the public service, the education system, the media and the private sector are staffed and controlled, and their processes determined, almost entirely by non-Indigenous people and their practices.

When the Indigenous population of the NT was less than a fifth of the total and modernist ideas about progress, including Hasluck's policy of assimilation, were dominant, this situation may have been acceptable and, more to the point, sustainable. But this situation no longer prevails. Modernist ideas that privilege some cultures above others are now difficult to sustain.

There will be a progressive increase in the power of Indigenous people within the NT state apparatus. As they form a larger proportion of the voters, so they will become a larger proportion of the politicians, and then officials, at all levels of government. As these persons increase in numbers and influence, so the interests of Indigenous people will get precedence in the distribution of resources and the structure of legal, political and social processes.

This may well include the adoption of customary law, the loosening of criminal law enforcement where it is deemed racist, and the modification of educational and social practices enforced by the state. These developments will generally make the NT more attractive to Indigenous people, who will go there, and less attractive to non-Indigenous people, who will leave. The more the NT has the powers of a State, as laid out in the Constitution, the more likely and more quickly will these developments occur, unfettered by Commonwealth intervention.

The next stage in this process of the formation of an Indigenous interest dominated state, is usually, in the post-colonial world, the demand for political independence. It is extremely unlikely that any Indigenous NT government would seek this option in the near future. If the present GST arrangements are maintained, financial transfers to the NT would at least match the growth rate for the national economy. None the less, demands for independence will be voiced – as they have been already – and financial disadvantage is not certain to be, forever, a determining factor. From the viewpoint of the rest of Australia, a heavily subsidised Northern *Territory* is preferable to a State potentially seeking political independence with the likely support of the relevant UN agencies and rival states.

The most obvious alternative to these developments is the adoption of a policy framework which seriously integrates Australia's Indigenous population into the national social, economic and political fabric. Were the condition of Indigenous people more like that

of the rest of prosperous Australia, there would be less cause to be concerned about their gaining a political jurisdiction of their own. Indeed, while their living conditions remain so appalling, there may be some *moral* case for improving their capacity to successfully pursue rent seeking activities. None the less, delaying statehood for the NT is the appropriate *political* response.

The Left has generated the appalling policy structure of self-determination, and has sustained it through the general deterioration of living conditions for that Indigenous population that has had to live with the consequences. The majority non-Indigenous population of the NT under the previous CLP regime, in fact, accepted those appalling conditions on Aboriginal communities as a better outcome than having to confront the consequences of Aboriginal movement into the urban settlements. The existing power structure of the NT is now seeking the considerable constitutional autonomy of statehood, in the unspoken belief that the political identity and aspirations of the Territory will remain the same – southern sourced, middle class led, Darwin centred – despite the demographic wave which is about to run over it.

Darwin may either be the next Brisbane – or the next Port Moresby. A successful Territory would be better than a failed seventh State. For this reason, the admission of the NT to statehood within the Australian Constitution should be delayed until its level of development corresponds more closely to that of the other six States. This was the intention, if not the text, of the Constitution.

Endnotes:

1. The situation of the ACT is sometimes taken to be analogous. See, for example, John Stone, *Why Canberra?*, in *Upholding the Australian Constitution*, Proceedings of The Samuel Griffith Society, Volume 8 (1997) and *Canberra – An Overmighty Territory*, in *Policy*, Centre for Independent Studies, Summer 2003-04.
2. Neil Conn, *Commitment aplenty rolling down the line*, in *The Australian*, 15 January, 2004.
3. Chris Corrigan, *Scrapbook: What a waste of tax dollars*, in *The Australian*, 16 January, 2004.
4. See Paul Hasluck, *Shades of Darkness* 1988, for a clear expression of his attitudes.
5. Schubert and Toohey, *The Australian*, 12 June, 2003.
6. Peter Sutton, *The Politics of Suffering; Indigenous Policy in Australia Since the 1970s*, Inaugural Berndt Foundation Biennial Lecture, September, 2000, published in various places.
7. Speech to the Northern Territory Legislative Assembly, 7 March, 2002.
8. As reported in *The Australian*, 20 July, 2003.
9. In *Quadrant*, December, 2001.
10. See *The Australian*, 21 July, 2002.
11. See Don Fuller and Myles Howard, *The Community Development Employment Projects Scheme: A Critical Review*, School of Economics, Flinders University, April, 2000.
12. Peggy Brock, *Outback Ghettos, A History of Aboriginal Institutionalisation and Survival*, Cambridge, 1993.
13. Former Commonwealth Minister, Gary Johns, *Integration gives head start to life chances*, in *The Australian*, 2 February, 2004, believes that:

“Since 1967, the Commonwealth ... has squandered too much of its power on symbolism, rhetoric and ideology. It has invested too much taxpayers’ money on building remote slums”.

14. Peter Sutton, *The Politics of Suffering* in *Australian Anthropologist*, December, 2001.
15. Geoffrey Partington, *Hasluck Versus Coombs: White Politics and Australia’s Aborigines* Quakers Hill, Sydney, 1996.