

Costello embraces Pearson's radical reforms

By Michael Gordon

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Peter Costello is ready to embrace radical welfare reform in indigenous communities, including taking payments away from parents who squander money intended for their children on gambling and alcohol.

Indigenous leader Noel Pearson raised the issue with the Treasurer during a three-hour meeting yesterday, later pressing the need for profound change to ensure that welfare recipients were obliged to be responsible.

"We need a much more effective way of re-allocating responsibility for that income away from deadbeats to people who are actually taking the responsibility," Mr Pearson said.

"In too many circumstances, it is the grandmothers who are taking that responsibility, but they're paying for this out of their pension."

He said the support of the Treasury was crucial to achieving change because the reforms required fundamental changes to rules on welfare payments.

Mr Costello will discuss the ideas in detail today with leaders in two remote Cape York communities, Coen and Aurukun.

He said last night that Mr Pearson's proposal was worth backing, provided it had support. "If a community wants it, if a community supports it, if a community believes that it is going to be helpful, you've got to be open-minded to it," he told *The Age*. "It sounds pretty tough, doesn't it? But we've got to learn from our mistakes here and one of the mistakes of the past has been that welfare can be misused and you've got to think up ways of stopping that being misused."

Mr Costello said Mr Pearson was a "very original thinker and an original voice" who had been leading the debate on indigenous policy in the past two years.

Mr Pearson stressed that the proposal was not to reduce the assistance flowing to poor communities.

"It's not about losing the money. It gets re-allocated to a responsible adult. So if the parent or guardian is receiving money on behalf of kids and they're blowing it, not feeding the kids, not providing clothes for the kids, they're drinking it or gambling it, then the proposal is we want an intervention there," he said.

"We want to take the money off that guardian and place it with a

grandmother or another responsible member of the family to have charge over it.

"What it is about is we're not going to tolerate a continuation of a situation where parents receive money on behalf of kids and use it at the pokies or use it down at the tavern."

Mr Pearson will also show Mr Costello how partnerships with companies and philanthropic organisations can boost capacity and economic independence in remote communities.

He said companies including Westpac, the Boston Consulting Group and the Body Shop had provided Cape York communities with top-line people who had helped on a wide range of fronts. He believed the model could be transplanted across the country with other clusters of companies.

Mr Costello responded to the meeting by saying he was "very focused" on the challenge of narrowing the 20-year gap between the life expectancy of indigenous and non-indigenous Australians. "I'm here because I want to learn more and I'll freely say to you, I'm not an expert, but I want to engage. This is an issue that is on my mind and I think it's on the minds of a lot of Australians, frankly."

He said he did not believe there had been a shortage of money devoted to indigenous programs over the past decade.

"I think what the problem is, is that probably we've been devoting money to many things that don't work rather than devoting money to the things that do work."