INDIGENOUS leader Noel Pearson has urged the Rudd Government to scrap the dole to Aborigines under the age of 21, saying the generous payments trapped people in a cycle of welfare.

He said anyone thinking of leaving school should be confronted with a choice: earn or learn. Speaking to business leaders in Cairns yesterday, Mr Pearson said young Aborigines were knocking back work because welfare payments were too generous. They were "making calculations" and realising it was not worth their while to get a job.

"There are some choices that should not exist," he said. "It ought not to be an option for a young school-leaver to get welfare benefits. Young people should be presented with two options: you either earn or learn. (Welfare payments) should not be an option for people under 21."

His comments came as federal Employment Minister Brendan O'Connor rejected a call from indigenous leader Warren Mundine to cut welfare payments to the unemployed if they did not accept seasonal work in the horticulture industry, even if it meant moving across the country.

Mr Mundine pushed for the welfare overhaul after the Government announced this week it would allow Pacific islanders to work in Australia to fill seasonal jobs, such as fruit picking.

Critics said employers should first be encouraged to give jobs to unemployed Aborigines. But Mr O'Connor said the Government would not look at Mr Mundine's proposal.

"I understand the frustration that Warren Mundine feels about the opportunities for indigenous jobseekers and the fact that we haven't done enough in this particular area," he said.

He said the Rudd Government was reviewing the Aboriginal work-for-the-dole program, the Community Development Employment Projects, but he refused to commit to reviewing the dole.

"The Government is very committed to ensuring we provide every bit of support we can for indigenous jobseekers in order to close the gap between indigenous and non-indigenous people that are in work, but we will not treat Australians differently," Mr O'Connor said.
Brendan Nelson supported a "carrot and stick" approach. "We need to say: 'this country will look after you if you can't get a job or you're living in certain circumstances, but we expect you to make a contribution back'," he said. Mr Pearson said welfare payments discouraged people from accepting low-paying entry-level jobs. "You can get more on CDEP than working for Comalco (Rio Tinto Aluminium)," he said. "We need vigorous welfare reform. We need maximum hassle, maximum push for people to get up and take jobs. If you add the family tax benefit to work for the dole, then it's not worth getting a job."

High welfare payments meant it was easy for young Aborigines to find excuses to abandon work. "They can say the white boss is too harsh, they don't like getting the shit jobs, so they leave and go back to welfare where they will remain until kingdom come," Mr Pearson said.

He said he was disappointed few shops in Cairns employed indigenous Australians from Cape communities. "Magical things can happen when you give a person a job," he said. "We should be supporting policies that give people the capacity to choose lives that they value."

Under the Government's three-year guest worker pilot scheme, 2500 workers from Tonga, Vanuatu, Kiribati and Papua New Guinea will be given temporary work visas to help in agriculture industries.

Although Dr Nelson opposed the scheme, arguing Australia should not be importing workers when there were 500,000 unemployed people in the country, several Liberal and National MPs in country areas were in favour of foreign workers.

Nationals senator Kay Hull, who represents the NSW Riverland, said she was not sure where Dr Nelson was getting his advice. "My growers have been trying to source Australian labour for so long, they are almost on their knees through drought, and then they're expected to watch their crops rot because they are not able to access labour," she told ABC Radio.

Yesterday, Kevin Rudd seized on the divisions as an indication of a split in Coalition ranks. "The National Farmers Federation appears to be supporting the Government's position, yet we have Mr Nelson and (Opposition foreign affairs spokesman) Andrew Robb rowing in the exact opposite direction," the Prime Minister said.

Additional reporting: AAP