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**Submission to the Standing Committee on Aboriginal  
and Torres Strait Islander Affairs Inquiry into  
Indigenous Employment**

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## **Inquiry into Indigenous employment**

The Central Australian Aboriginal Congress (CAAC) is an Aboriginal Community-controlled comprehensive primary health service with thirty years experience (established 1973) in Aboriginal health service delivery, advocacy and policy development and research.

Congress welcomes the opportunity to make a submission to the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs' *Inquiry into Indigenous Employment*. We have a two-fold interest in this Inquiry: firstly, as an Aboriginal community-controlled organisation, Congress seeks to employ and to further skill local Indigenous people; secondly, we believe that employment is a major social determinant influencing the achievement of health outcomes for Indigenous people.

One of Congress's chief objectives in its Indigenous Employment, Recruitment and Retention Strategy is to 'improve the range of positions held by Indigenous people, including those requiring professional qualifications.'<sup>1</sup> As an employer, Congress aims to market itself to potential Indigenous employees, to attract Indigenous professionals, and to provide support and encouragement for staff to develop and upgrade their skills and qualifications, and to engage in continual improvement.

As the main primary health care provider to Indigenous people in central Australia, it is highly desirable that we have Indigenous people employed in the front line of care to our Indigenous clients. Currently, there is a limited number of Indigenous doctors and other health professionals in Australia. At Congress, we have 63 Indigenous staff members out of a total of 140 staff. Of these, we have two Aboriginal nurses and fifteen Aboriginal health workers (AHWs), one trainee dental assistant, an AHW training to be an audiometrist, one qualified counsellor, one qualified youthworker, one qualified childcare worker, two trainee childcare workers and one unqualified childcare worker.

As a primary health care provider to Indigenous people, Congress also maintains the view that employment is a major social determinant of Indigenous health. Drawing on our own experience and the relevant national and international literature, Congress has identified five key social determinants of Aboriginal health:

1. Access to quality Primary Health Care services;
2. Alcohol/substance misuse;
3. Individual and community autonomy, identity and control – the antithesis of the passive welfare culture;
4. Education: preschool/primary/secondary; and
5. Employment and income support.

This is not an exclusive list; there are other determinants that are not included but we have identified these five as being the most important. In order to strengthen the social and economic fabric of Aboriginal communities in Australia, it is essential that all five of these determinants are addressed. Significantly, two of the other key social determinants we have identified – individual and community autonomy, identity and

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<sup>1</sup> Central Australian Aboriginal Congress, *Indigenous Employment, Recruitment and Retention Strategy*, Alice Springs, Congress, 2005, p2.

control; and education - are strongly implicated in achieving improved employment and income support outcomes for Indigenous people.

In commenting on the terms of reference set for this Inquiry, Congress has encountered difficulties in identifying positive factors which have improved employment outcomes in private and public sectors as a result of the federal Government's adoption of a 'practical reconciliation' approach to Indigenous policy and service delivery. Simply stated, we do not believe that practical reconciliation has achieved enough to be claiming 'wins' on its scorecard for Indigenous employment yet. Nevertheless, we think the Inquiry has merit in regard to assessing the impact of practical reconciliation on Indigenous employment outcomes, the factors that have contributed to these outcomes, and making recommendations to government for future policy development in this area.

This submission is presented from Congress's perspective on the basis of our experience as an Indigenous employer in the remote area of Central Australia. In particular, we wish to draw to the Committee's attention to the shortcomings of Indigenous employment-specific strategies now available following the termination of the Training for Aboriginals Program (TAP) and the introduction of the Indigenous Employment Policy (IEP) package. Our second main area of concern relates to the continuing need for reform of the Community Development Employment Projects (CDEP) Scheme, especially since the scheme is a major source of employment, training and other outcomes for remote and very remote Indigenous residents who make up our client base.

Congress's submission is structured as follows: the first section gives a snapshot of employment issues for the Indigenous population in the Alice Springs region, as an example of a remote centre. The next section reviews employment and labour force participation rates and related issues for Indigenous people, with special regard to remote and very remote areas. The third section investigates the impacts of the Coalition government's practical reconciliation approach on Indigenous employment. The following section examines the government's introduction of the Indigenous Employment Policy as part of its practical reconciliation approach, and contrasts the effectiveness of this policy with that of the former Training for Aboriginals Program. It gives particular attention to the options available under current mainstream and Indigenous-specific programs for Congress as an Indigenous employer. The fifth section undertakes an analysis of the CDEP Scheme and how it could be reformed to increase employment, training and community development outcomes for Indigenous people in remote and very remote areas. The final section of this submission summarises its main findings in regard to the effectiveness of current applications of 'practical reconciliation' to Indigenous employment issues and makes recommendations for further policy development to improve outcomes in this area.

### **Snapshot of employment issues in the Alice Springs Region**

In 2000 the findings of a report commissioned by Alice Springs Town Council, *The Quality of Life in Alice Springs*, found that there is extreme income inequality between many Aboriginal people and non-Aboriginal people in Alice Springs. While the unemployment rate for the Alice Springs population was lower than the national average in 1999 (4.5 per cent compared with 7.6 per cent throughout Australia), the unemployment was 'clustered amongst young people and in particular Aboriginal youth', and that the majority of long-term unemployed in Alice Springs were also

Aboriginal people.<sup>2</sup> 16.3 per cent of the Aboriginal population were unemployed; however:

...if one considers that the dependency ratios are higher, i.e. by 20 per cent, that is more people in households dependent on the breadwinner, then this is more significant. Also the number would be higher if the Government-run training programs were excluded from the calculation. The median weekly individual income is \$184, for non-Aboriginal persons it is over \$468.<sup>3</sup>

The study found a lack of career pathways for Aboriginal people:

The reality is that the only form of employment is the CDEP program and training programs that currently do not lead to permanent employment of either a full time or part time nature.<sup>4</sup>

It also noted the following key issues associated with the resultant poverty experienced by the unemployed:

- The issue of extreme depression is associated with a sense of not coping with the demands of paying for living requirements (power and water, the telephone, taxis, food and rent).
- Depression and a sense of 'learned helplessness' has been identified in Alice Springs (as a result of the psychological assessment of users of Centrelink services). This concept refers to a sense that people have very little control over their lives.
- The intergenerational impact of welfare culture has been identified as another key factor by Rowse (*White Flour, White Power: From Rations to Citizenship*, Cambridge University Press, Cambridge, 1999)
- Hopelessness and associated alcoholism, violence and suicide were raised as being a matter of extreme urgency.
- The challenge is to address the sense of hopelessness associated with trying to break out of the spiral of debt and welfare dependency.
- Another is addressing the sense felt by some younger town camp residents that paying for services such as rent is not the same as paying off a mortgage and becoming independent.<sup>5</sup>

This information from one remote area centre indicates a strong correlation between social and economic determinants such as employment, education, welfare dependency and income inequality, and public health issues (e.g. mental and physical health; substance misuse and interpersonal violence). If practical reconciliation is to be successful as a policy approach to addressing Indigenous unemployment, it needs to take into account the interplay of these factors across delivery of all government services, rather than narrowly focusing on employment outcomes.

### **Indigenous employment rates, with particular reference to remote and very remote areas**

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<sup>2</sup> Alice Springs Town Council, *The Quality of Life in Alice Springs: Part 1*, Alice Springs Town Council, Alice Springs, 2000, p88.

<sup>3</sup> *Ibid.*

<sup>4</sup> *Ibid.*, pp88-9.

<sup>5</sup> *Ibid.*, p89.

The need for genuine employment outcomes with the capacity to increase the long-term productivity of the Indigenous population is of ever-growing importance, particularly in remote and very remote areas. The 2001 Census indicates that 410,000 people identified as being of Aboriginal and/or Torres Strait Islander origin, a 16 per cent increase since the 1996 Census.<sup>6</sup> About 26 per cent of the Indigenous population, some 120,000 people, are living in 1,200 communities in remote regions, with 9 per cent of the Indigenous population living in remote areas and 19 per cent living in very remote areas.<sup>7</sup>

Data on Indigenous employment from the 2001 Census indicates that 52 per cent of Indigenous people aged 15 years and over reported that they were participating in the labour force (meaning that they were engaged in mainstream employment, participating in CDEP or unemployed), in contrast to 53 per cent in 1996. 18 per cent of all Indigenous people who were classified as employed in 2001 were engaged in Community Development Employment Projects (CDEP). The labour force participation rate for non-Indigenous people was 63 per cent in 2001 (i.e. 11 per cent higher than for Indigenous people). When adjusted to include only people aged 15-64 years, the disparity in labour force participation widens further with 54 per cent of Indigenous people in this age group in the labour force compared with 73 per cent of non-Indigenous people. Labour force participation rates for Indigenous people decline with remoteness, with a 57 per cent participation rate in major cities compared with 50 per cent in remote areas and 46 per cent in very remote areas. Nationally, 46 per cent of all Indigenous people aged 15-64 years were not in the labour force in 2001; reasons for not actively engaging in the labour market included carer responsibilities, illness, disability or lack of market opportunities. By comparison, 27 per cent of non-Indigenous people in the same age group were not participating in the labour force.<sup>8</sup>

Genuine employment prospects should be identified, especially for young CDEP participants, and training, education and work experience should be tailored to and linked to pathways to real jobs. In remote areas where there are few mainstream opportunities, training should result in attaining skills of use to the individual and their community, rather than, for example, the 'menial' work mentioned in *The Quality of Life in Alice Springs* report. The fact that a higher level of income is available to young people through the CDEP scheme than through Abstudy or Austudy may as a further disincentive to continue education.

The 2001 Census data also confirmed the trend towards increasing 'youthfulness' for the Indigenous population that has been noted by demographers: the median age for the Indigenous population is 20 years, as compared to 35 years for the non-Indigenous population. In 2001, 18.4 per cent of the Indigenous population were aged 15-24 years and 25.8 per cent were 5-14 years, indicating the high influx of young Indigenous people entering or soon to enter the workforce. However, unemployment rates were highest for Indigenous people aged 15-17 years (31.8 per cent) and 18-24 Years (27.3 per cent) – approximately double the non-Indigenous

<sup>6</sup> The ABS estimate that three-quarters of this growth can be attributed to demographic factors (e.g. high birth rates), with the rest resulting from factors such as improved Census collection methods and increased Indigenous identification. See Australian Bureau of Statistics, *The Health and Welfare of Australia's Aboriginal and Torres Strait Islander Peoples 2003*, cat no 4704.0, Canberra, Commonwealth of Australia, 2003, p226.

<sup>7</sup> J Altman and M Gray, 'The CDEP scheme: A flexible and innovative employment and community development for Indigenous Australians', Refereed paper to Transition and Risk: New Directions in Social Policy, Centre for Public Policy, University of Melbourne, 25-27 February 2005, p3.

<sup>8</sup> Aboriginal and Torres Strait Islander Social Justice Commissioner, *Social Justice Report 2003*, Sydney, HREOC, 2004, p212.

rate.<sup>9</sup> These rates are reflected in statistics for youth in the Alice Springs and Central Remote regions in Central Australia,<sup>10</sup> where Indigenous population figures are highest for age groups from 0—35 years in contrast to a peak in the 25-54 years age groups for non-Indigenous people.<sup>11</sup> In 2001, 15 per cent of the 15—24 age group in the Central Remote region were CDEP participants and 3 per cent were in mainstream employment; the rest were either not in the labour force or unemployed. In the Alice Springs region, 11 per cent of the 15—24 age group were CDEP participants and 24 per cent were in mainstream employment, reflecting the greater availability of mainstream employment options in Alice Springs, although the rate of people unemployed or not in the labour force (65 per cent) is clearly higher than the national average for the Indigenous population.

Projections by the Centre for Aboriginal Economic Policy Research (CAEPR) have suggested that the Indigenous population aged 15 years and over will grow at 2 per cent per annum over the decade from 1996, compared to 1 per cent for the rest of the population, with the Indigenous population reaching 750,000 by 2021.<sup>12</sup> In 'The Job Still Ahead: Economic Costs of Continuing Indigenous Employment Disparity' published in 1998, Taylor and Hunter state:

...even with relatively high growth in employment, which allows for an expansion in CDEP scheme work, the employment rate will continue to fall and unemployment will not improve due to sustained growth in labour supply. Thus simply to prevent labour force status from slipping further behind it will be necessary to maintain a commitment to special employment programs as well as to generate additional outcomes in the mainstream labour market. However, to move beyond this, and attempt to close the gap between Indigenous and other Australians, will require an absolute and relative expansion in Indigenous employment that is without precedent.<sup>13</sup>

The 2001 Census indicated that the unemployment rate for Indigenous people had decreased slightly from 23 per cent in 1996 to 20 per cent in 2001.<sup>14</sup> Nevertheless, this unemployment rate is approximately three times higher than the rate for non-Indigenous Australians. CAEPR estimates that maintaining the status quo for Indigenous employment rates would require the creation of 25,000 jobs by 2006: the current federal government's Indigenous Employment Policy had generated 12,000 jobs by 2001.<sup>15</sup> A further 33,903 jobs will be required by 2011 just to maintain current Indigenous employment levels, and to 'achieve employment equality with the rest of the Australian population, an additional 77,000 Indigenous people would have to be employed.'<sup>16</sup>

### **Practical reconciliation: impacts on Indigenous unemployment**

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<sup>9</sup> *Ibid.*

<sup>10</sup> These regions are based on the former ATSI zones. Alice Springs is classified as 'remote' under ARIA zones; all other Central Australia regions are classified as 'remote' or 'very remote'.

<sup>11</sup> J Mitchell, R Pearce, M Stevens, J Taylor & I Warchivker, *Baseline Social and Economic Profiles of Central Australia, Alice Springs*, Centre for Remote Health, 2005 [unpublished], p20.

<sup>12</sup> B Hunter and J Taylor, 'Indigenous employment forecasts: implications for reconciliation', *Agenda*, 11 (2): 179—92.

<sup>13</sup> J Taylor and B Hunter, *The Job Still Ahead: The Economic Costs of Continuing Employment Disparity*, Canberra, Commonwealth of Australia, 1998, p5.

<sup>14</sup> Aboriginal and Torres Strait Islander Social Justice Commissioner, *op.cit.*, p212.

<sup>15</sup> J C Altman and B H Hunter, *Monitoring 'practical' reconciliation: Evidence from the reconciliation decade, 1991—2001*, Canberra, CAEPR, Discussion Paper No. 254/2003, p9.

<sup>16</sup> Taylor and Hunter, *op cit.*, p2.

In a study titled 'Monitoring "practical" reconciliation' comparing the census data available from the decade 1991-2001, Altman and Hunter suggest there has been a general decline in labour force status for Indigenous people during the period 1996-2001 when the current government's practical reconciliation agenda was introduced. They write:

This relative decline in Indigenous employment and participation was against the trend for the rest of the population. It was as much the product of improvements in non-Indigenous people's labour market status as of any decline in the status of Indigenous people....at a time when non-Indigenous labour force participation actually fell slightly. Unemployment rates fell by less for the Indigenous population than for other Australians, despite rapid economic growth over the five year period and growth in numbers participating in the CDEP scheme. There is little evidence of trickle down improving Indigenous economic participation and reducing the significance of non-employment (welfare) income. Given that low skilled workers are often the first to lost work in an economic downturn, the lack of improvement is worrying, especially if there is any significant deterioration in the Australian and international economies in the near future.<sup>17</sup>

Altman and Hunter go on to observe that private sector employment improved for Indigenous people, possibly as a result of the Indigenous Employment Policy, although some of these may merely be 're-badged' former public sector positions. While the income status of Indigenous Australians increased between 1996 and 2001, the relative income disparity between Indigenous and other Australians also increased.

In regard to education outcomes, Altman and Hunter noted the 'incidence of leaving school early fell by much more for the non-Indigenous population, leading to substantial reduction in the relative educational attainment of Indigenous adults.'<sup>18</sup> Although there was a slight increase from 1991 to 2001 in the number of Indigenous youth (15-24 years) attending university, there was also a decline in the Indigenous to non-Indigenous ratio of students attending university during 1996 to 2001, a development driven primarily by the increase in numbers of non-Indigenous students attending university. Educational outcomes for Indigenous people in rural and remote areas tend to be very low in contrast to those of non-Indigenous Australians in rural areas and Indigenous people in urban areas.<sup>19</sup> Altman and Hunter argue that attendance of tertiary education is a key indicator 'for what will happen to educational attainment [for Indigenous people] in the near future.'<sup>20</sup> There were minor improvements in the proportion of Indigenous adults with post-school qualifications during 1996—2001, with TAFE attendance growing strongly in contrast to university attendance by Indigenous adults. Hunter and Schwab observe elsewhere in a study of educational outcomes under practical reconciliation that increases in Indigenous adults with post-school qualifications occurred mainly at the basic vocational qualification end of the scale, rather than university qualifications. They also query

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<sup>17</sup> Altman and Hunter, *op cit*, pp 8-9. See also Australasia Economics, 'Key Social and Economic Indicators for Indigenous Australia: A comparative analysis', a study prepared for the Office of Aboriginal and Torres Strait Islander Affairs, Canberra, Department of Immigration and Multicultural and Indigenous Affairs, 2004; and Altman and Hunter, 'Rejoinder to "Key Social and Economic Indicators for Indigenous Australia: A Comparative Analysis"', Canberra, CAEPR, CAEPR Topical Issue 2005/03, March 2005.

<sup>18</sup> Altman and Hunter, *op cit*, p10.

<sup>19</sup> B H Hunter and R G Schwab, 'Practical reconciliation and recent trends in Indigenous education', Canberra, CAEPR, CAEPR Discussion Paper No. 249/2003, p17.

<sup>20</sup> Altman and Hunter, *op.cit*, p10.

whether changes to Abstudy in 2000 which reduced eligibility criteria may have impacted on educational outcomes for Indigenous Australians.<sup>21</sup>

These findings are significant as a lack of secondary and tertiary qualifications impact negatively on an Indigenous person's ability to obtain ongoing, gainful employment. Disparities in the proportion of Indigenous people with tertiary qualifications, for example, will have an impact on their access to well-paid professional positions, in contrast to the non-Indigenous population. It is also well-known that higher socio-economic status and education levels are allied to better health status. In their landmark essay collection *Social Determinants of Health*, Marmot and Wilkinson argues that: 'If social environment is an important cause of ill health, this is likely to be manifested as social inequalities in health.'<sup>22</sup> In their WHO publication, *The Solid Facts*, they identified work and unemployment as key social determinants of health.<sup>23</sup> Wilkinson's *Unhealthy Societies: the Afflictions of Inequality* has presented evidence that income inequality is an important determinant of health status: that is, there is a direct relationship between income levels and health.<sup>24</sup> International and local evidence indicates a strong interrelationship between education levels and access to primary health services, suggesting that education levels within populations are a major determinant of health outcomes.<sup>25</sup> Conversely, poor health status (e.g. deafness, blindness) can make participation in education difficult, especially at secondary and tertiary levels.

If practical reconciliation is to make any worthwhile gains in overcoming Indigenous disadvantage and the inequalities that exist between the Indigenous and the mainstream population, the current 'silos' approach to service delivery needs to be dismantled, and strategies need to be developed that are likely to have far-reaching effects in transforming Indigenous people's social environments. There also needs to be effective resourcing of policies and programs targeting the needs of Indigenous people. Hunter and Schwab's study of educational outcomes recommends that the 'rhetoric of practical reconciliation needs to be backed up by real resources commensurate with the task at hand if its putative goals are to be realised.'<sup>26</sup> They further observe that: 'Policies aimed at reducing or eliminating targeted educational support programs for Indigenous people in favour of mainstream programs risk undermining past gains in educational participation, and ultimately in employment.'<sup>27</sup>

This observation, and the findings of both CAEPR studies, concurs with Congress's perspective as an Indigenous employer that 'practical' reconciliation has been remarkably short-sighted in creating further opportunities to facilitate further training, education and employment prospects for Indigenous employees. These forecasts have sobering implications for remote and very remote regions in Central Australia, where youth make up an ever-increasing proportion of the Indigenous population, mainstream employment and training opportunities are limited, and educational levels are low. It is Congress's opinion that the correlation between relative decreases in educational and employment outcomes for Indigenous Australians may well be indicative of the decline of support for flexible and innovative Indigenous-

<sup>21</sup> Hunter and Schwab, *op.cit*, p17.

<sup>22</sup> M Marmot, 'Introduction', in M Marmot and R Wilkinson (eds), *Social Determinants of Health*, Oxford, OUP, 1999, p10.

<sup>23</sup> R Wilkinson and M Marmot (eds), *The Solid Facts*, 2<sup>nd</sup> edition, Copenhagen, WHO, 2003.

<sup>24</sup> R Wilkinson, *Unhealthy Societies: the Afflictions of Inequality*, London, Routledge, 1996.

<sup>25</sup> See, for example, J C Caldwell and G Santow, (eds), *Selected Readings in the cultural, social and behavioural determinants of Health*, Canberra, ANU, 1991; Evans et al, *Why are some people healthy and others not? The determinants of health of populations*, New York, Aldine De Gruyter, 1994.

<sup>26</sup> Hunter and Schwab, *op.cit*, p15.

<sup>27</sup> Hunter and Schwab, *ibid*, p18.



specific programs designed to facilitate education, training and employment pathways, such as the pre-2000 version of Abstudy and the IEP's predecessor, TAP. The remainder of this submission will review some of the key components of the government's practical reconciliation approach to Indigenous employment. The next section will compare the objectives and outcomes of the IEP with those of TAP. The final section will examine the role played by the CDEP Scheme in providing training and employment options for Indigenous Australians, especially in remote and very remote areas.

### **Practical reconciliation: the Indigenous Employment Policy**

The federal government's application of a 'practical reconciliation' approach to Indigenous employment has been characterised by the following key factors:

- Emphasising the mutual obligations of income support recipients, government and the community with a view to moving beyond welfare dependency by increasing self-reliance and employment opportunities; and
- Increasing Indigenous people's participation in the formal economy, especially the private sector.

The centrepiece of the federal government's 'practical reconciliation' approach to Indigenous employment has been the Indigenous Employment Policy, launched on 1 July 1999. It consists of the following three elements:

- *The Indigenous Employment Programme*, which includes:
  - Wage Assistance - an incentive to help Indigenous job seekers find long-term employment by giving credit breaks to employers;
  - The CDEP Placement Incentive - bonuses for CDEP participants placed in outside employment for at least 20 hours a week;
  - the 'Corporate Leaders for Indigenous Employment Project' - a project to place more Indigenous Australians in the private sector;
  - Structured Training and Employment Projects (STEP) - to provide flexible funding for the training and employment initiatives of employers and other organisations;
  - Indigenous Community Volunteers - a foundation to utilise voluntary service to Indigenous communities; and
  - the National Indigenous Cadetship Project - to assist employers who offer cadetships to Indigenous tertiary students.
- *The Indigenous Small Business Fund*, which was established to offer assistance to Indigenous small businesses, and
- *A package of measures to improve the accessibility of mainstream programs to Indigenous people, particularly Job Network*. Areas targeted for improvement included coverage by Job Network catchment areas; the establishment of Indigenous employment specialists; and requirements for job providers to include Indigenous service strategies.

Commentary has been mixed on the effectiveness of the IEP. The Commonwealth Grants Commission's *Report on Indigenous Funding 2001* commented positively on the initial employment outcomes achieved under the Indigenous Employment Program, stating a 'significant proportion of IEP assistance is being delivered to remote regions, and the employment outcomes being achieved under IEP seem to be good relative to outcomes for Indigenous people from mainstream assistance

programs'.<sup>28</sup> A high degree of variability of access to services provided under the IEP by Indigenous people across the regions was noted.<sup>29</sup> Awareness and acceptance of Job Network across the Indigenous community was initially poor, which led to the establishment of the Indigenous Employment Centres to respond to difficulties experienced by Indigenous job seekers in accessing the Job Network, especially outside urban areas.<sup>30</sup>

Both the Commonwealth Grants Commission's *Report on Indigenous Funding 2001* and the ANAO's 2003 performance audit of the Indigenous Employment Policy noted that DEWR had not fully expended the Indigenous employment appropriation since 1999.<sup>31</sup> Employment outcomes appeared to be low relative to commencements (i.e. inputs) on 'intensive assistance' for job seeking via Job Network.<sup>32</sup> The ANAO found that while employment opportunities achieved by the IEP are growing steadily:

...overall, the IEP has not achieved the number of commencements estimated when the policy was first developed. While commencement data indicates the extent to which participants are entering various IEP elements, a full assessment of IEP performance requires consideration as to how commencements result in sustained, unsubsidised employment. However, when the ANAO examined how DEWR measures the sustained impact of the IEP, it found that the employment outcome percentage rates reported by DEWR do not provide an indication of the actual number of employment opportunities facilitated by the IEP.<sup>33</sup>

Take-up rates of Wage Assistance were low, resulting 'in a lower number of final job outcomes', and STEP 'achieved a significant number of job outcomes, but requires a high number of Indigenous job seekers to achieve these outcomes as many STEP participants are not guaranteed employment'.<sup>34</sup>

As noted in the above extract from the ANAO report, it should be emphasised that an 'employment outcome' under the IEP is not a job, nor will an employment outcome necessarily ensure a job. The information in the table below from the ANAO Audit Report<sup>35</sup> contrasts the number of commencements (expected and actual) in STEP and Wage Assistance with DEWR's estimates of actual job opportunities created:

IEP element	Expected commencements (in a year)	Actual commencements in 2001--02	DEWR estimate of employment opportunities (jobs) for 2001--02
STEP	3000	5660	2045
Wage Assistance	5000	2092	1282

Approximately 36 per cent of STEP commencements resulted in jobs in 2001—02, and approximately 61 per cent of Wage Assistance commencements resulted in jobs, although the latter program was underutilised and STEP placements exceeded

<sup>28</sup> Commonwealth Grants Commission, *Report on Indigenous Funding 2001*, Canberra, Commonwealth of Australia, 2001, p254.

<sup>29</sup> *Ibid*, pp 245, 254.

<sup>30</sup> *Ibid*, p251.

<sup>31</sup> *Ibid*, p256; ANAO, *Implementation and Management of the Indigenous Employment Policy*: DEWR, Audit Report No. 47 2002-3, Canberra, ANAO, 2003, Summary, par 10.

<sup>32</sup> CGC, p245.

<sup>33</sup> ANAO, *op cit*, Summary, par 16.

<sup>34</sup> ANAO, *ibid*, 3.26.

<sup>35</sup> ANAO, *ibid*, 3.14, 325.

expectations. The relative utilisation rates for these programs should raise some questions for evaluation: i.e. does Wage Assistance offer significant enough subsidies for employers or operate for a substantial enough time-frame? Is there a greater need for a program offering on-the-job and other training options such as STEP, and should STEP increase the range of options available?

One of the most significant issues that Congress has had with the IEP's programs is their lack of adaptability in meeting the training and employment needs of Indigenous employees, potential and current. For the most part, Congress has found the government's mainstream program, New Apprenticeships, to be of more use in engaging and creating opportunities for Indigenous employees. It is our observation as an Indigenous employer that the arrangements formerly available under the Training for Aboriginals Program were more flexible in their use and more extensive in their application than any of the mainstream or Indigenous-specific options now available. While some facets of TAP have been retained under the IEP, we believe that the original TAP has in effect been 'wound back' through the introduction of the IEP, with detrimental effects for Indigenous Australians. A brief comparison of the initiatives and subsidies available under the Training for Aboriginals Program to those under the IEP follows.

#### *Comparison of the initiatives available under the TAP and the IEP*

The overarching objectives of the Training for Aboriginals Program (TAP) were 'to provide assistance to any Aboriginal person seeking a job, who is unable to find suitable employment; and to remedy imbalances in the labour market between Aboriginal people and other Australians.'<sup>36</sup> It offered a package of flexible assistance designed specifically to increase the skills and employment levels of Aboriginal and Torres Strait Islander peoples by providing training and employment opportunities, for job seekers and those already within employment. It consisted of two components: direct assistance, which was delivered through the Commonwealth Employment Service (CES) and included skills development, transitional assistance and assistance to participate in formal training; and employment strategies to provide ongoing employment and career development opportunities for Aboriginal and Torres Strait Islander people within the structure of a host employer organisation.

TAP comprised the following:

- *Special courses* – employment-oriented training programs held in response to the identified needs of Aboriginal people in areas where no comparable training is available; may include on-the-job training, formal training at an institution or in a community setting, or a combination of both.
- *Formal courses* – any employment-oriented course conducted by a recognised educational institution using its own resources; the objective is to enable Aboriginal individuals to obtain formal pre-requisite qualifications for employment in professional, para-professional and technical occupations. Trainees in Special Course and Formal Course Training receive a training allowances (set at 20 per cent of the male adult average award wage for participants 18 years and over) plus book, equipment and Living Away from Home allowances.
- *Public sector training* – employment of an Aboriginal person by a public sector employer; may be supplemented by formal instruction.

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<sup>36</sup>

Miller Report, p104.

- *Other assistance* – accommodation assistance for Aboriginal job seekers to enable them to attend interviews for employment outside their local area and to assist young Aboriginal people who secure employment away from their normal place of residence.
- *Negotiated fee* – for on-the-job training for which a variable rate and duration of subsidy is negotiated with an employer for an Aboriginal person with a specific training goal towards which some training has already been completed, or a degree of skill already exists.
- *Work experience* – a period of paid employment not exceeding three months with any one employer (public or private sector), and for which 100 per cent wage subsidy is paid by the CES.
- *Standard subsidy* – where an employer is paid a fixed rate of subsidy for the purpose of on-the-job training by employing an Aboriginal job seeker who has some of the required skills for the job, but needs to develop and upgrade skills through experience and training.

The popularity and widespread use of TAP is acknowledged in ATSIIC's Office of Evaluation and Audit *Evaluation of the CDEP* in 1997, which found that of 'those who knew of DEETYA programs, the largest number (80 per cent) knew of the Training for Aboriginals (TAP).' TAP was also the DEETYA program used most by CDEP Coordinators (72 per cent), and was successful in finding placements for Aboriginal job seekers in the private sector.<sup>37</sup> The Report of the Committee of Review of Aboriginal Employment and Training Programs (known as the 'Miller Report') noted that although nearly two-thirds of the total TAP budget for 1983-84 was spent on job placements in the public sector, 'more placements were made under the private sector provisions of the TAP, than in Public Sector Training, even though only 24 per cent of the TAP 1983-84 budget were used for the private sector provisions.'<sup>38</sup>

The TAP program were terminated as a result of the 1996-97 Budget Review, although some elements of its employment strategies were retained within the package of initiatives (STEP, Wage Assistance and NICP) accompanying the federal government's introduction of the IEP in 1999. However, in contrast to TAP, the package of initiatives accompanying the IEP offers lower subsidies and for shorter periods of time. The IEP's Wage Assistance offers subsidies of up to \$4,400 over 36 weeks for a full-time job or \$2,200 for ongoing part-time work of a minimum of 15 hours per week to employers to help with wages and other costs in recruiting Indigenous employees.

Under the Structured Training and Employment Projects (STEP), differing types of training such as on-the-job training, apprenticeships and traineeships are negotiated, 'depending on the employer's needs';<sup>39</sup> funding for other initiatives can also be negotiated (e.g. wage subsidies, mentoring, job placement, assistance development an Indigenous employment strategy, marketing initiatives to identify suitable participants, personal assistance to participants prior to commencing training or work).<sup>40</sup> STEP outcomes range from 'participant starts a job' to 'participant remains in a full time job for 26 weeks', and can also include part-time employment.

<sup>37</sup> ATSIIC Office of Evaluation and Audit, *Evaluation of the Community Development and Employment Program*, September 1997, p15.  
<[http://www.atsic.gov.au/about\\_atsic/Office\\_Evaluation\\_Audit/Docs/cdep-septemberper cent201997.pdf](http://www.atsic.gov.au/about_atsic/Office_Evaluation_Audit/Docs/cdep-septemberper cent201997.pdf)>

<sup>38</sup> M. Miller, *Report of the Committee of Review of Aboriginal Employment and Training Programs*, Canberra, AGPS, 1985, p104.

<sup>39</sup> DEWR, *STEP: Guidelines for Organisations Interested in STEP Funding*, Canberra, DEWR, Sept 2004, p4.

<sup>40</sup> *Ibid*, p6.

Payments for STEP are subject to the agreement the employer negotiates with DEWR.

DEWR funds employers through the National Indigenous Cadetship Project to pay an Indigenous cadet a study allowance (\$12,000 pa plus books, equipment, employer administration fee, GST, travel allowance) while the cadet studies full-time. The cadet receives 12 weeks paid work placement from employer, usually during the long vacation break; and the employer is expected to offer the cadet employment when they have finished their cadetship.

These arrangements available through the IEP are not as extensive or flexible as those that were available under TAP. TAP offered on-the-job private and public sector trainees award or going wage rates for the training they undertook. Public sector organisations were reimbursed the total wage costs of the trainee and the associated training costs. A 100 per cent wage subsidy was paid to private sector employees under Work Experience, and the subsidy rate was negotiated with the private sector employer in each case under Negotiated Fee. Under TAP, an employer could be subsidised for the lowered productivity of the Aboriginal employee during training for up to 12 months. Although the NICP, the closest corollary to the 'standard subsidy' under TAP, offers a 12 months study allowance for cadets, it only guarantees 12 weeks paid work placement from an employer. It does not permit trainees (already employed or otherwise) to continue to receive award or going rates during training, as was possible under TAP. In the case of STEP:

[g]enerally payments will be made for the placement of Indigenous Australians in jobs and for helping them stay in employment.... [although] payments may also be made to reflect the training provided to, and acquired by participants and, in certain agreed circumstances, for the provision of other services and activities.<sup>41</sup>

While an employer can negotiate to continue to pay already employed Indigenous trainee(s) while they undertake further training under STEP, employers are expected to make a funding contribution and STEP participants are not guaranteed employment.

Significantly, these initiatives under IEP focus less on the needs of the Indigenous individual and more on the interests of the employer. While it is important to engage employers in recruiting and supporting the development needs of Indigenous employees, an advantage of TAP was that it focused on the Indigenous client in facilitating their employment needs. However, the decreased subsidies and the shorter periods of availability of these subsidies under IEP have implications both for employers and for Indigenous individuals seeking to enhance their employability. For example, the current deputy director of Congress was able to enhance her skills level and retain her position in another organisation by undertaking 12 months training under TAP. The experience had obvious benefits for her in progressing to the position she currently holds at Congress. Programs such as TAP are also particularly important for Aboriginal individuals with family obligations in order to assist them in maintaining current family income levels. Income support for already employed Aboriginal individuals may be an important determinant in whether they decide to take up training and education options; without guaranteed income support, such individuals and their families may face significant poverty.

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<sup>41</sup> *ibid*, p7.

The winding back of TAP under IEP has implications for employers such as Congress seeking to employ further Indigenous individuals and to upgrade the skills level of Indigenous staff. Our focus is largely on developing existing staff rather than recruiting new trainees, as we do not have the economies of scale or operational capacity to recruit large numbers of trainees into the various sections of our organisation. Our childcare service is the only area in which we have the capacity to take on a significant number of unskilled workers against an adequate ratio of skilled staff.

Indigenous-specific programs such as STEP, Wage Assistance and the NICP have not proved to be of much use for training staff at Congress. The Wage Assistance subsidies are too minimal and are offered for too short a period to be of value to Congress in recruiting Indigenous staff. Congress considered the use of STEP for training Aboriginal Health Workers, but this was unfeasible, as Congress Clinic cannot use Aboriginal Health Workers until they are accredited and STEP participants would have to be against AHW places within the organisation. Likewise, Congress has not been able to utilise the NICP scheme, as it is difficult to ensure that both twelve weeks work experience and a permanent position within Congress on completion of the scheme will be available to a cadet.

Congress has found the mainstream program, New Apprenticeships, to be more advantageous than any of those available in the IEP package for providing opportunities for unskilled and unqualified Indigenous staff. The New Apprenticeships scheme is used for a number of positions at entry level, including administrative staff, medical and other receptionists, dental assistants and childcare workers, to assist Indigenous staff in receiving training and formal qualifications, with a view to pursuing a career pathway at Congress. (Congress also employs some administrative assistants on Cooperative Research Centre for Aboriginal Health traineeships.) These apprenticeships provide opportunities for staff to achieve training and formal qualifications, and to develop an attitude towards continuous staff and development. There are special conditions for Indigenous apprentices on New Apprenticeships programs, some of which are favourable. Indigenous staff, unlike non-Indigenous staff, can be placed on the program even if they have already been with the employer for three months. However, if they are placed on the program after three months, the employer cannot access incentive payments. New Apprenticeships has the further advantage that employer doesn't have to pay payroll tax and can put trainees on training assistance.

Congress has also had difficulties in subsidising the on-site health education and training it provides for Aboriginal Health Workers. There are currently nine trainee AHWs enrolled in the program at Congress. Abstudy is the mainstay for AHW trainees and some have been successful in obtaining Puggy Hunter Scholarships (seven apprentice AHWs in 2004; six in 2005) and the also the NT Department of Health and Community Services Studies Assistance (\$400 each). Formerly, the VET sector was eligible for Aboriginal and Torres Strait Islander Student Tutoring Program assistance but this funding is now only available to secondary schools. Given the inadequacy of current assistance, there are inevitable drop-outs from the AHW training program: Congress's Annual Report for 2003 summarises the situation as follows:

However, some issues are outside the direct control of the program. These issues, such as the poor level of the Abstudy allowance leading to students living in poverty and the difficulties experienced by some students in balancing their role as young mothers and students, must be dealt with at a broader level.... [There needs to be] government reform in education

financing policies or assisting students to seek childcare places or counselling students on the appropriate time for them to return to study.<sup>42</sup>

Congress would be in a better position to support or facilitate quality training for existing staff if IEP programs were available that offered subsidies that match award or ongoing rates. Under current arrangements, employers such as Congress are obliged either to make up the shortfall in wages for Indigenous employees who wish to undertake further training or not to provide income support at all. At present, there is no compensation for lowered productivity in the absence of an experienced employee while they attend training or for expenses incurred in backfilling their position (e.g. advertising for a temporary position, etc). The preference of the IEP arrangements for supporting shorter term training periods also acts as a deterrent to Indigenous employees taking up longer-term, more substantial training or education. The emphasis of the IEP appears to be on 'value for money' for the government rather than for Indigenous individuals, communities and organisations.

Some of the problems that Congress faces in trying to access elements of the IEP package may not be shared by larger organisations such as hospitals, public service agencies or private sector companies. Nevertheless, the fact that a small-scale not-for-profit, Aboriginal-community-controlled organisation which services the local Aboriginal population and desires to employ Aboriginal people to do so finds the IEP package to be of little value does not reflect well on this initiative. As the Commonwealth Grants Commission's *Report on Indigenous Funding 2001* observes regarding Indigenous training outcomes:

Training should not be provided just to increase participation rates. It is essential to focus on improving the outcomes of Indigenous people in training through courses structured to meet the needs and aspirations of their communities. It must be relevant to the local labour market (to the extent that it exists).<sup>43</sup>

### **The Community Development Employment Projects (CDEP) Scheme: the need for reform**

The Community Development Employment Projects (CDEP) Scheme also plays a central role in supporting the current federal government's mutual obligation approach to Indigenous employment. The CDEP Scheme has been in operation since 1977. It enables local Aboriginal organizations to provide employment and training as an alternative to unemployment benefits. CDEP participants forgo their rights to social security entitlements and receive wages from CDEP organisations at a similar level to benefits in return for part-time work. A CDEP grant to an organisation also provides on costs funds for the administration of projects and the purchase of materials, equipment and services. The CDEP Scheme operates in a diversity of contexts across Indigenous Australia, and provides a base for training, skills and enterprise development, as well as contributing to other economic, social and cultural outcomes in communities. The Scheme is led by the communities and participants involved, and any activity that benefits the community can be classified as a CDEP activity.

Wages provided to CDEP participants are similar to or a little higher than income support payments. This is partly because the income test applied to CDEP

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<sup>42</sup> Central Australian Aboriginal Congress, *Annual Report 2003*, Alice Springs, Congress, 2003, p24.

<sup>43</sup> CGC, *op.cit*, p227.

participants is more generous than that applied to income support payments, but also because CDEP organisations have the capacity to develop enterprises and to win contracts, which provides further income that can be used to 'top-up' CDEP participants wages. CDEP organisations can also access STEP funding to provide training and apprenticeships, which can in turn generate further income. CDEP has become a key component of the government's application of its mutual obligation and welfare reform agenda to Indigenous people since the introduction of the IEP, with important linkages to its Indigenous Employment Centres, which seek to make Job Networks more accessible to the Indigenous job seeker. Positive outcomes from the CDEP scheme have been recorded, such as higher than average incomes than the unemployed, some training and employment outcomes, and a sense of wellbeing for individuals and communities.

However, there have been major criticisms of the CDEP Scheme, which can be summarised as follows: "it does not provide "real jobs", that not enough participants leave the scheme for unsubsidised employment, that it allows participants to stay within their comfort zone, and that governments can use the scheme as a way of cost shifting."<sup>44</sup> The CDEP Scheme is also seen as trapping people into low-paid, part-time work, and as 'keeping total Indigenous unemployment in some sort of holding pattern'<sup>45</sup> ATSI's 1997 Spicer Review of CDEP commented that the Scheme ran the risk of becoming a 'life-time destination' for the Indigenous unemployed, rather than a 'conduit to other employment options.'<sup>46</sup> A 1997 Office of Evaluation and Audit survey of an urban CDEP indicated that within two years of leaving the scheme, 24 per cent of ex-participants had gone into a job immediately afterwards, 50 per cent were unemployed and 26 per cent were not in the labour force.<sup>47</sup> Data from the 2001 ABS Census indicated that compared with all Indigenous people who were employed, Indigenous CDEP participants were:

- twice as likely to work part time (74 per cent compared with 38 per cent);
- more likely to report working in a low skilled occupation (79 per cent compared with 60 per cent); and
- one third as likely to report having a non-school qualification (nine per cent compared with 29 per cent).<sup>48</sup>

Many individuals in CDEP have worked in the Scheme for over a decade. One of the major shortcomings of the Scheme is its lack of a time-frame against which to plot achievable long-term employment pathways for participants and goals to lead Indigenous people into full labour force participation.

The inclusion of CDEP Scheme placements in Indigenous employment statistics has also been problematic, potentially obscuring the extent of Indigenous unemployment. According to CAEPR research, in 2002 the 'CDEP scheme accounted for over one-quarter of the total employment of Indigenous Australians and 13 per cent of the Indigenous working age population were employed in the scheme.'<sup>49</sup> The official unemployment rate for Indigenous Australians was 23 per cent; with CDEP

<sup>44</sup> J Altman, M C Gray and R Levitus, 'Policy issues for the Community Development Employment Projects Scheme in Rural and Remote Australia', Canberra, CAEPR, Discussion Paper No.271/2005, p1.

<sup>45</sup> J Taylor and B Hunter, 'Demographic Challenges to the future of CDEP', in F Morphy and W Sanders (eds), *The Indigenous Welfare Economy and the CDEP Scheme*, Canberra, CAEPR, Research Monograph No.20, 2001, p99.

<sup>46</sup> I Spicer, *Independent Review of the Community Development Employment (CDEP) Scheme (The Spicer Review)*, Canberra, Office of Public Affairs, ATSI, 1997, p4.

<sup>47</sup> Altman et al, *op.cit*, p12.

<sup>48</sup> Aboriginal and Torres Strait Islander Social Justice Commissioner, *op.cit*, p213.

<sup>49</sup> Altman et al, *op.cit*, pvii.



participants classified as 'unemployed', it would be 43 per cent. In remote areas, classifying CDEP participants as unemployed would increase these rates from 17.2 per cent to 46 per cent, and in very remote areas, from 7 per cent to 75 per cent.

There are currently 39,000 CDEP places and almost 60,000 people participating in the scheme per annum. CDEP has more impact where there are fewer employment opportunities, and the majority of CDEP participants are in remote and very remote areas: in 2002, 11 per cent of CDEP participants were in remote areas and 62 per cent were in very remote areas.<sup>50</sup> CDEP participants are more likely to speak an Indigenous language than the Indigenous people in mainstream employment, suggesting that CDEP may be more accessible to traditionally-oriented people in remote areas than mainstream employment options.<sup>51</sup> In Central Australian remote communities, CDEP provides the mainstay of Indigenous labour market participation, replacing former participation in the pastoral industry. This is despite increases in the regional labour market over the past few decades in areas such as service delivery, mining and tourism: by and large, the benefits of these developments have not been extended to include the Indigenous population. Data from the 2001 Census indicates that in the Central Remote region there were 3,841 Indigenous people not in the labour force (76 per cent), 755 people in CDEP (15 per cent), 152 unemployed (3 per cent) and 326 in 'other employment' (6 per cent). In the Alice Springs region, there were 1,584 Indigenous people not in the labour force (56 per cent), 233 people in CDEP (8 per cent), 189 unemployed (7 per cent) and 832 in 'other employment' (29 per cent). The category 'not in the labour force' encompasses people who would have answered negatively to the Census question 'Did you look for work at any time in the last four weeks?': in Central Australia, where job options are limited and often known, this would have placed a large number of people in this category who might otherwise have been designated as in the labour force and unemployed. Mitchell et al write:

The categorisation of CDEP as "work" and the inclusion of many people in the NILF [not in the labour force] category who would be looking for work if there was any, has the effect of understating substantially the number of people unemployed and thus the unemployment rate.<sup>52</sup>

According to the report into *The Quality of Life in Alice Springs* commissioned by Alice Springs Town Council in 1999, there is a perception that CDEP is 'the major means to obtain employment' in Alice Springs for Indigenous people, but that 'the wages are not competitive with mainstream society' and it 'can be seen as "fostering separate, welfare type works as distinct from the wider market economy.'<sup>53</sup> The menial type of work associated with CDEP was also seen as problematic; one respondent stated that 'he would like to see CDEP used to do more than just provide young people with menial work.'<sup>54</sup>

There are structural reasons for the relative accessibility and popularity of CDEP as an employment option in remote areas such as Central Australia. Remote Indigenous communities often have a limited capacity to operate independently of government: 'Such communities have come into being because of their very remoteness. This in turn is the reason for their current under-development: they

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<sup>50</sup> Statistics from the National Aboriginal and Torres Strait Islander Social Survey 2002, cited in Altman and Gray, *op.cit.*, p4.

<sup>51</sup> Altman et al, *op.cit.*, p9.

<sup>52</sup> Mitchell et al, *op.cit.*, p23.

<sup>53</sup> Alice Springs Town Council, *op.cit.*, p87.

<sup>54</sup> *Ibid.*

have poor resource endowments and poor market linkage.<sup>55</sup> Exceptions here are major mineral deposits, tourism and cultural industry opportunities. Globalisation processes also have the potential for improved transport and electronic communication linkages.

Given the population expansion projected for Indigenous people, and the increasing number of Indigenous youth entering the workforce, the CDEP Scheme has a crucial role to play (as it has in the recent past) in expanding to increase employment rates, preferably through providing pathways to unsubsidised employment for Indigenous Australians. Altman has predicted that as a consequence of greater Indigenous employment need in the first decade of the twenty-first century, '[t]he costs to government of low income disparity are estimated to grow and maintenance of unemployment levels at current unacceptably low levels will remain dependent on continued expansion of the CDEP Scheme'.<sup>56</sup>

There are frequently difficulties in remote areas moving individuals on CDEP into unsubsidised employment and enterprise development, including poor health and educational levels, and 'locational disadvantage' such as lack of business development and employment opportunities in the area. An alternative option is to use CDEP as the template for developing a socio-economic base in remote communities through engagement with industry, government and community organisations, (a notion reflected to some extent in the COAG trial sites and shared responsibility agreements). Altman however notes the following longstanding problems with getting CDEP to engage with the 'real economy' for developing partnerships with other stakeholders to address lack of economic employment opportunities in remote and disadvantaged areas:

- Business is non-existent;
- Governmental activity is heavily embedded in community organisations;
- Government is perceived as renegeing on meeting legitimate needs-based support;
- Individuals are heavily embedded in wider social networks and participation in those networks is not contingent on economic participation; and
- 'the community' is divided for a range of historical, cultural or political reasons.<sup>57</sup>
- Communities are in sparsely populated regions of Australia that are extremely distant, both geographically and culturally, from markets;
- Land is unalienable and held under various land rights and native title legal regimes; and
- Owing to remoteness these regions were colonised relatively late....This has meant that customary (kin-based) systems and practices are robust and there is ongoing contestation between western (mainstream Australian) and customary (Indigenous) worldviews.<sup>58</sup>

The idea of creating an economic base in remote communities has been in circulation since the early 70s, but there are difficulties in creating the employment opportunities needed. Altman comments: 'While there may be some potential for the government to increase the number of mainstream jobs filled by Indigenous people in

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<sup>55</sup> J Altman, "Mutual obligation", the CDEP scheme, and development: Prospects in remote Australia', in Morphy and Sanders, *op cit*, p126.

<sup>56</sup> J Altman, 'The economic status of Indigenous Australians', CAEPR Discussion Paper No. 193, Canberra, CAEPR, 2000, p16.

<sup>57</sup> Altman in Morphy and Sanders, *op cit*, p128.

<sup>58</sup> Altman and Gray, *op.cit*, p3.

remote areas it is simply impossible for enough unsubsidised mainstream jobs to be generated.<sup>59</sup>

Given the role that CDEP plays in remote communities in contributing to community development, employment and training options, providing infrastructure and generating a sense of individual and community well-being, the long-term value of the program and its capacity to increase individual and community access to and participation in the labour market and broader economy needs to be thoroughly reviewed.<sup>60</sup> Despite their popularity, remote CDEPs are lagging behind in terms of development and operational capacity. There are several aspects of the CDEP Scheme's operation in remote communities that deserve further consideration: training and education; 'top-up', incentives and wage reform; and cost-shifting by mainstream agencies.

*Training and education:* CDEP participants in remote and very remote areas have comparatively low levels of participation in education and training, despite their relatively high levels of need. They have similar levels of participation in VET to the unemployed in the same areas, but not as high as CDEP participants in urban and regional centres. Training undertaken through CDEP is not always formally accredited: it needs to be linked with recognised training organisations and if possible, training should result in a formal qualification. In addition, since CDEP participants are defined as employed, they are excluded from other government programs aimed at meeting the needs of the long-term unemployed.

Congress's Cabinet (board of Indigenous representatives) suggest that greater attention needs to be given to the situation of young Indigenous people in Central Australia. Many Indigenous youth leave school around the ages of 14 or 15, before they are eligible to join the CDEP scheme at 16. Pathways should be set in place between school and employment and training options to provide potential jobs and careers, as well as alternatives to CDEP. For example, school age youth could be linked to potential employment options in the local area (trades, tourism, hospitality and so forth), and provided with appropriate vocational training as the linkage between school and the job market.

*'Top-up', incentives and wage reform:* Real reform of CDEP is necessary in terms of providing genuine wage parity: i.e. real income for real jobs. CDEP does permit 'top up' income to be paid for additional hours worked – which enables extra training, income and recognition of participation, including the potential to pay mainstream award rates for a full-time position. However, adequate resources for 'top-up' are not always available within individual CDEPs. 'Top up' funding is provided from sources such as the CDEP on costs grant, and income available from stores, health services, councils, schools, art centres and other sources of employment in Indigenous communities. If a need is identified for a full-time position with higher than average wages, it can be provided through 'top-up' funding, if it is available, or by taking money from another placement.

During 2003/04, the remote average weekly CDEP wage was set at \$217 per week (\$2,821 per quarter). The maximum amount of CDEP wages was set at \$431 per week (\$5,615 per quarter). CDEP participants wages can however only be increased by a maximum of \$5,615 of 'top-up' funding per three month period. Given that CDEP is a major employment provider in remote areas, the \$5,615 threshold on CDEP top-up disadvantages remote CDEP participants, particularly those with

<sup>59</sup> Altman et al, *op cit*, p19.

<sup>60</sup> ATSIC Board CDEP policy, March 2004, cited in *ibid*, p2.

qualifications, by restricting them to a potential maximum salary of \$44,920.<sup>61</sup> The 'top-up' threshold, and the limited sources of top-up funding, have the potential to act as a discentive or obstacle to CDEP schemes wishing to provide participants with 'real wages' for 'real jobs'.

Raising or dispensing with the 'top-up' threshold is one approach to addressing this situation. Another would be to provide rewards or incentives to CDEP Schemes that perform well or pursue more innovative funding arrangements to increase the full of funds available to CDEPs, particularly in remote and very remote areas where CDEP is likely to remain a mainstay of Indigenous employment and training. Altman, Gray and Levitus make the following useful suggestion:

Given the importance of CDEP schemes making investments and undertaking commercial activities, organisational excellence and innovation should be rewarded through the provision of additional funding, possibly in the form of profit-related loans.<sup>62</sup>

Congress's Cabinet noted that the infrastructure of CDEP in remote and very remote areas required better support. For example, some CDEP schemes have lost positions and the accompanying funding in the years when they have not had the same numbers to maintain the program (for example, Hermannsburg CDEP scheme has dropped from 250 to 38 positions in recent years). Given the centrality of CDEP in remote areas, they felt that positions should not be lost to the national pool but that they should be retained in the region.

An additional disadvantage of the Scheme is that since CDEP participants are considered to be in the workforce, they are not eligible for certain income support benefits that other low income earners are entitled to, such as disability and carer support allowances. CDEP participants with a partner who earns more than \$5,615 in a three month period are also excluded from CDEP. Youths aged 15 years are only eligible to participate in CDEP if they are not a student and not earning more than \$5,500 in a three month period. These conditions disadvantage those living in remote and very remote communities whose mainstay is CDEP.

*Cost-shifting by mainstream agencies:* The potential for federal, state and local government agencies to shift costs to CDEP as an Indigenous-specific program and undermine 'the delivery of citizenship entitlements to Indigenous Australians on an equitable basis',<sup>63</sup> has been a longstanding issue of concern. The CDEP is sometimes used to fill gaps in government service delivery by providing specific employment, training and community development initiatives for Indigenous people. For example, CDEP programs provide essential services and infrastructure to some communities (such as health services, child-care services, housing and infrastructure construction, garbage collection, community maintenance), sometimes becoming the entry point for government, especially in remote areas. Indeed, 'in remote communities, CDEP is often the only institution; it represents governance. As the Spicer review observed, 'Without it, some remote communities would simply not exist'.<sup>64</sup>

In addition, the overall costs for government in running the CDEP Scheme are relatively low; approximately 76 per cent of the \$570 million 2004/05 budget

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<sup>61</sup> Mitchell et al, *op.cit*, pp.28—9.

<sup>62</sup> Altman et al, *op cit*, p19.

<sup>63</sup> Altman et al, *ibid*, p19.

<sup>64</sup> Spicer, *op cit*, p4.

expenditure on CDEP was expenditure that would otherwise have been incurred in social security payments.<sup>65</sup> In 2004/05, expenditure per CDEP participant was \$14,595, 'of which \$11,092 was offset against social security payments and \$3,803 was the extent of additional expenditure per participant.'<sup>66</sup> Hunter and Taylor estimated the cost of 'underemployment in the CDEP scheme in 2001 as being around \$305 million':

Although this is a substantial sum, it is much less than the cost of Indigenous unemployment, which for the most part – unlike CDEP employment – is not associated with the production of valuable goods and services for local Indigenous communities. Given that the output produced by CDEP participants is worth many millions of dollars while only costing a little more than would the same levels of unemployment (in terms of program on-costs) it is almost certainly a cost-effective program.<sup>67</sup>

CDEP is funded at 22–55 per cent of non-Aboriginal workforce programs. On-cost funding (3,222 per participant in remote areas) is low given all that the program is intended to accomplish in terms of training, employment and socio-cultural outcomes. By contrast, up to \$10,000 may be paid to a Job Network agency for placing high-category unemployed people in work under Job Network, and Work for the Dole projects receive \$4,000–\$6,000 per client.

Some investigation of the social cost of CDEP schemes in remote and very remote areas, the related savings for government, and the equity of citizenship entitlements received by CDEP participants in these areas in contrast to the mainstream population (including participation in employment and job seeker schemes) should be undertaken. This in turn should lead to the supplementation of further funds to CDEP schemes in remote and very remote communities for employment, training, education and community development purposes, in acknowledgement of their lack of parity with the mainstream and need for additional measures to address their relatively high levels of disadvantage.

### Summary and recommendations

In 1985 the Miller Report urged

... the government to adopt a policy of support to Aboriginal people which goes beyond the welfare, housing and municipal services industries and which should be directed towards Aboriginal people becoming more independent by enabling them to provide for their own livelihood. Programs to achieve this will be longer-term, involve real training and result in Aboriginal control of resources, as well as access to jobs in the regular labour market.<sup>68</sup>

Two decades later, the challenge for government in regard to Indigenous unemployment remains essentially the same, although the situation has if anything deteriorated, with relative declines in employment and labour force participation, income status and educational attainment for Indigenous people in contrast to the rest of the population. The issue of addressing Indigenous unemployment also faces new complexities, such as the need to respond to the increasing youthfulness of the Indigenous population and entrenched generational poverty, including welfare and

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<sup>65</sup> Altman et al, *op cit*, p2.

<sup>66</sup> Altman and Gray, *op.cit*, p5.

<sup>67</sup> *Ibid*, p12.

<sup>68</sup> Miller, *op.cit*, p10.

CDEP dependency, particularly in remote and very remote areas where a real economy is lacking.

It seems clear that a more comprehensive range of employment and training measures is needed in addition those available within the IEP and the CDEP Scheme in order to address Indigenous unemployment. In particular, creative responses to breaking medium and long-term dependence on forms of subsidised employment are necessary. Identifying examples of 'best practice models' of practical reconciliation can only be considered peremptory to a proper discussion of the future directions for development of government policy in regard to Indigenous employment. The government needs to assess the adequacy of its current measures for addressing Indigenous disadvantage across the main socio-economic indicators, and ask whether these measures are working to provide job pathways and opportunities, to stimulate regional economies and to achieve genuine economic reform for Indigenous people. A framework for implementation of a long-term strategy to address Indigenous unemployment should also be established, which sets out goals and benchmarks for achievement of its objectives within a specific time-frame. Pathways must be found for breaking some of the longstanding holding patterns in which Indigenous people are trapped.

In conclusion, Congress makes the following recommendations in regard to improving employment outcomes for Indigenous people:

### ***Employment and Training***

- Programs offering subsidies that match award or ongoing rates should be made available to support Indigenous employees and trainees in undertaking training or education to increase their employability and/or existing skills and employability.
- Programs supporting Indigenous employees and trainees in undertaking training or education should be available for longer term periods (e.g. twelve months) in order to facilitate their attainment of substantial training and education qualifications.
- Participation in Indigenous employment schemes such as STEP and Wage Assistance should be linked with identified pathways and definite employment options.
- More training should be provided in information technology for Indigenous youth, especially in remote and very remote areas, to encourage and support their participation in a knowledge-based economy.
- Targeted assistance in Indigenous education should be enhanced under the Abstudy scheme in order to improve the educational levels and employability of Indigenous people. In particular:
  - (1) eligibility criteria for Indigenous people in remote and very remote areas should be reviewed with the goal of increasing Indigenous participation in education, and
  - (2) Abstudy allowances should be reviewed against those available under the CDEP scheme, with a view to providing greater financial incentives for attaining post-school qualifications.

### ***CDEP Scheme Reform***

- Participation (employment, training and work experience) in the CDEP Scheme should be linked with genuine pathways to real jobs. Structured programs with defined outcomes and trainings over a set time-frame (e.g. ten years) should be established to provide job and career options for Indigenous people, particularly youth.
- CDEP participants should be eligible to the same income support benefits as other low income earners.
- Consideration should be given to increasing or removing the 'top-up' threshold in order to provide CDEP participants with wage parity with mainstream jobs.
- Consideration should be given to promoting rewards or incentives for CDEP projects that perform well or pursue more innovative funding arrangements, in order to increase the funds available to CDEP Scheme, especially in remote and very remote areas.
- The social cost of running CDEP schemes in remote and very remote areas should be reviewed in comparison to the cost of employment and job seeker schemes for those (Indigenous and non-Indigenous participants) in non-remote areas. This would be undertaken with a view to supplementing CDEP schemes in remote and very remote areas with additional funds in acknowledgement of any lack of parity with the mainstream and the need for further measures to address their relatively higher levels of disadvantage.

### ***Training and education***

- Training undertaken through the CDEP Scheme needs to be linked with recognised training organisations and the attainment of formal qualifications, wherever possible.
- CDEP participants should be eligible to participate in government training and education programs for the unemployed.
- Training and work experience offered under the CDEP Scheme, especially in remote and very remote areas, should result in the attainment of skills of benefit to the individual and their community.

### ***Regional economies***

- The long-term value of the CDEP Scheme and its capacity to increase individual and community access to and participation in the labour market and broader economy needs to be thoroughly reviewed, especially in light of the role it plays as a socio-economic base in remote and very remote communities.
- The feasibility of stimulating regional economies within remote and very remote communities needs to be investigated further on a region by region basis, in consultation with all relevant stakeholders (i.e. all levels of government; corporate and business interests; local communities).