

Submission to the Senate Select Committee on Regional and Remote Indigenous Communities

30 May 2008

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This submission has been prepared by the Centre for Independent Studies (CIS) for the Senate Select Committee on Regional and Remote Indigenous Communities. It responds to the terms of reference concerning the employment and enterprise opportunities in regional and remote Indigenous communities.

The CIS will be releasing a research paper in mid-2008 that examines the costs and benefits of the Community Development Employment Projects (CDEP) scheme for Indigenous people and their communities.¹ The findings of this research indicate that while the original intentions of CDEP may have been admirable, the way CDEP evolved has hindered rather than helped Aborigines and Torres Strait Islanders in finding permanent employment. The findings involve the following four key points:

1. CDEP distorts Indigenous labour force participation

For many Indigenous people in regional and remote Australia, CDEP provides the principal form of 'employment.' Indigenous labour force participation is distorted by CDEP because the Australian Bureau of Statistics counts CDEP as employment even though many CDEP participants do no work. If CDEP is excluded from employment figures, after 30 years of CDEP's operation, in ghetto, fringe, and remote areas

¹ Sara Hudson, *The Costs and Benefits of the CDEP Scheme*, CIS Policy Monograph (Sydney: CIS, 2008), forthcoming.

the percentage of Indigenous who are employed is only 17%. The comparable figure for the non-Indigenous population is 67%.

2. CDEP does not lead to participation in mainstream employment

Justification for continuing CDEP in regional and remote areas is largely driven by the belief that there are few other employment options available for Indigenous people living there. It is also believed that CDEP provides people with work related experience and training that will help them to obtain mainstream employment. The claim is that CDEP is a 'stepping stone' to employment. In fact, the opposite appears to be true. The Department of Employment and Workplace Relations (DEWR) found that only around 5% of CDEP participants have moved to mainstream jobs. More than 40% of CDEP participants have been on CDEP for five years or more. After being on CDEP for years, most are no more ready for mainstream employment than when they started. This is the case for a number of reasons:

The types of 'work' that CDEP participants do

CDEP is characterised by limited hours of low-skilled work, with little or very low expectations of work achievement or output. Most CDEP organisations pay a flat rate regardless of the type of work undertaken. Participants are paid for doing housework, mowing their own lawns, and attending funerals. Despite the introduction of a 'no work, no pay' rule, many CDEP participants do very little or even no work and are paid nevertheless. CDEP jobs are consequently regarded contemptuously as providing 'sit-down money.'

CDEP training does not qualify participants for mainstream jobs

So-called vocational certificates are awarded to participants unable to read, write, or count. Charles Darwin University, the Batchelor Institute, and other vocational course providers offer courses to students who cannot read, write, or count and therefore cannot take notes or use computers. Despite this, students are awarded certificates in hospitality, plumbing, electrical work, retail, administration, and many other 'disciplines,' but these do not qualify them for mainstream jobs. Participants regard these courses as paid holidays, but they and their parents and communities are deeply frustrated, because they do not learn job-related skills. Young men graduate from these courses without being able to read a tape measure. The overwhelming majority of

tradesmen, administrators, teachers, and nurses in remote communities continue to be non-Indigenous.

CDEP is a form of passive welfare

CDEP creates a 'welfare pedestal' of income that prevents participants from taking up work and education opportunities.

The part-time hours, low work expectations, inadequate training, and CDEP incomes have resulted in CDEP adding to passive welfare. In addition, because CDEP is treated as employment by Centrelink, CDEP participants are able to combine their CDEP payments with other forms of income assistance such as Newstart Allowance and Parenting Payments. A single mother with six children receiving CDEP for home duties plus welfare may receive nearly \$2,000 a fortnight, or around \$52,000 a year. The combination of welfare and CDEP payments creates a 'welfare pedestal' that discourages participants from making positive choices about their future, or even imagining a better future. To move to real employment, people are likely to initially lose income, so they must first overcome the challenge of taking a step down before the process of climbing the income staircase can begin. In their recent publication *From Hand Out to Hand Up* the Cape York Institute examined the relative attractiveness of the welfare and work options available to people living in remote Indigenous communities.² The Institute's research found that there are very weak or negative incentives for young people to commit themselves to study, training, or work while they can continue to access so much in the way of income support and CDEP payments.

3. CDEP helps provide funding and services that should be the responsibility of government or other agencies

CDEP has enabled territory and state governments to shift responsibility for providing local government, health, education, and policing services to the commonwealth. In most remote areas, and especially in homeland communities, CDEP has become the main provider of services. It has encouraged Indigenous organisations to expand their bureaucratic structures to service CDEP and associated activities, rather than stimulating a transition to employment. CDEP organisa-

² Cape York Institute for Policy and Leadership, *From Hand Up to Hand Out* (Cairns: Cape York Institute, 2007). <#>

tions 'retain' their best workers, and current placement incentives seem to be inadequate to overcome this conflict of interest.

CDEP has enabled some communal enterprises to appear to succeed by subsidising them through the payment of wages and capital grants. While CDEP has helped provide emerging artists with facilities and materials for their work, it has also been used to pay participants with no artistic ability or inclination.

4. CDEP has hidden the crisis in Indigenous education

The notion that Indigenous Australians are not capable of mainstream employment is at the centre of CDEP. Most Aborigines and Torres Strait Islanders, even in remote areas, are located within commuting distance of retail, tourist, horticultural, and mining jobs. There are administrative jobs and many semi-skilled jobs in very remote areas, but currently, these are also mostly filled by non-Indigenous staff. Most Indigenous men and women in remote areas cannot access these jobs because they are not literate or numerate and lack subsequent vocational training. Literacy and numeracy are essential if the large numbers of young Indigenous Australians on CDEP at present are to enter the mainstream labour force in the same proportion as non-Indigenous Australians. This does not only mean that schooling has to be improved dramatically for children now at school. Some 10,000 young men and women in the Top End who are illiterate and non-numerate because of the appalling lack of education during the past 20 years must have remedial education. Otherwise, joblessness, welfare dependence, and all the associated family and community dysfunction will be perpetuated.

Implications for reform

- All children must receive basic education. Remedial literacy and numeracy for the thousands of Indigenous young adults who have missed out on education is essential if there is to be a transition to employment. Real skill training, through a combination of apprenticeships and TAFEs, can then follow.
- Police, health, education, and local government CDEP participant workers should be trained and employed in full-time positions at award wages.
- Funding for art centres and other cultural activities should be provided by Art Council grants, as it is for other arts programs.

- Indigenous rangers must become literate, and should receive the same level of training as non-Indigenous rangers.
- Adequate policing should ensure that night patrols act as volunteer organizations, such as Neighbourhood Watches, in the rest of Australia.
- Host employer schemes, with one-year limits, should continue, provided they lead to real full-time employment. Centrelink should provide host employers with wage subsidies to offset the costs associated with training new employees.

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