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Committee Secretary
Senate Select Committee on Regional and Remote Indigenous Communities
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Dear Secretary

I would like to make a brief belated submission to your Inquiry focused specifically on your terms of reference 1a. (the effectiveness of Australian Government policies following the Northern Territory Emergency Response, specifically on the state of health, welfare, education and law and order in regional and remote Indigenous communities) and 1d. (the employment and enterprise opportunities in regional and remote Indigenous communities).

My submission focuses specifically on proposed reform of the Community Development Employment Program (CDEP), a reform process that appears mainly driven by the Northern territory Emergency Response. In my view CDEP is the most significant program for regional and remote Indigenous communities. The attached submission has been recently provided first the Northern Territory government on its Discussion Paper on CDEP (March 2008), and then to the Australian government on its Discussion paper (May 2008). However, their reviews are both administrative rather than parliamentary and so do not guarantee public availability of submissions.

I am therefore keen to provide your Committee with my submissions (one made in collaboration with Dr Will Sanders) for the public record and to assist with your deliberations. I would also of course be available to provide additional written or verbal evidence if required.

Yours sincerely

Professor Jon Altman

10 June 2008

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The Hon. Julia Gillard MP
The Hon. Jenny Macklin MP
The Hon. Brendan O'Connor MP

Dear Ministers

It is difficult to know how to productively engage with *Increasing Indigenous Economic Opportunity: A Discussion paper on the future of the CDEP and Indigenous Employment Programs*, released under your joint signatures in May 2008.

The Australian government paper has many similarities to the NT government's CDEP Discussion Paper released in March 2008. Part of my response to your paper is to attach a response by Dr Will Sanders and myself to the NT government (*Revitalising the Community Development Employment Program in the Northern Territory,* dated 10 April 2008).

The Rudd government has repeatedly claimed that it is only interested in evidence-based policy making. The attachment to this submission provides statistical evidence about what is good about CDEP, what are the evident problems, the first order problems to address, and some proposed solutions (with numerous references to completed research). It should assist your CDEP policy reform process.

I find your Discussion Paper puzzling on a number of key grounds on which I will comment.

First, at para 89, Chapter Thirteen of the ALP's National Platform and Constitution 2007 (that outlines Labor's long-term principles) it is noted that 'Labor will review the policy and funding guidelines of CDEP to meet the social and economic development agendas of Indigenous communities in remote areas'. I understand that the May 2008 Discussion Paper marks the beginning of that review process, but it is really at loggerheads with the Platform commitment. In particular, the Discussion Paper seeks to redefine CDEP in accord with the Howard government's unilateral top-down approach as a labour market program (that is, economic only) rather than as an expression of self determination and community development (that is, the social agenda). It is also apparent that by articulating principles of reform and posing so-called 'hard questions' the Discussion Paper is setting the reform agenda rather than responding to the priorities and aspirations of Indigenous communities in remote areas.

Second, the Discussion Paper borrows (without attribution) from the NT government's discussion paper a tripartite framework that differentiates established, emerging and limited economies. It also makes reference to differences between remote and urban Australia. The Howard government abolished CDEP in urban Australia effective 1 July 2007. So presumably the framework applies to remote Australia only. In my view this abstract (or theoretical) notion of various economies is deeply flawed because it fails to recognise that in all concrete community or regional contexts in remote Australia these three types co-exist, and Indigenous labour regularly shifts between them. Given that the Rudd government's stated goal is to base policy reform on evidence, in my view it is incumbent on the Australian government to empirically quantify this new typology in relation to the actual location of CDEP organisations and participants. This typology also overlooks other possible types of economy/labour market like 'declining' or 'steady state' or 'rapid growth' that could be included in the mix.

Third, given the above-mentioned goal of the Rudd government to base policy reform on evidence, the Discussion Paper is extremely disappointing in its refusal to use so much that has been written about CDEP in the last 30 years, including many papers that use official statistics or community-based case study material. What is especially concerning is that the little evidence that is provided in the Discussion Paper is wrong. It is stated on p.4 that:

> 'CDEP participants typically work 15–16 hours a week and are paid a wage at rates similar to the Government's Newstart Allowance. There are flexible arrangements that allow some people to top up their wages if others work fewer hours and work less'.

This one statement contains a number of fallacies. CDEP participants typically work more than 16 hours per week. The following table from *CAEPR Discussion Paper No. 271* (2005) uses ABS National Aboriginal and Torres Strait Islander Social Survey statistics to clearly demonstrate that only a small proportion of participants work less than 16 hours per week:

Table 9. Usual weekly work hours of CDEP participants by region (%),[a] 2002

Usual work hours	Non-remote	Remote	Very remote
1–15	36.4	15.6	10.4
16–24	31.9	53.3	61.4
25–34	12.8	10.8	9.6
35+	18.9	20.3	18.0
Population (no.)	9,200	3,900	21,100

Note: (a) Table population is Indigenous persons aged 15–64 years.

Source: NATSISS (2002).

And CDEP wages top up is not contingent on others working fewer hours. In most situations, the additional income earned by participants is generated by the additional work opportunities created by CDEP organisations engaging in economic enterprises or service delivery contracts.

While the issue of CDEP reform has inevitably become entangled with the issue of income management (this being the main motivation for its proposed abolition in the Northern Territory by the Howard administration from 21 July 2007), it is crucially important to recognise the additional income generated for participants by CDEP. Again, the following table from *CAEPR Discussion Paper No. 271* uses ABS National Aboriginal and Torres Strait Islander Social Survey statistics to clearly demonstrate this:

Table 8. Average gross personal weekly income ($), by labour force status and region,[a] 2002

	Major cities	Inner regional	Outer regional	Remote	Very remote
Employed					
CDEP	291	279	275	271	276
Mainstream	640	498	576	587	581
Unemployed	161	166	168	168	167
Not in the labour force	214	219	220	190	213
Total	405	319	359	283	344

Note: (a) Table population is Indigenous CDEP participants aged 15–64 years.

Source: NATSISS (2002).

There are 21,100 CDEP participants in very remote Australia. The figures in this table indicate that on average these participants earn $5,668 per annum more than the unemployed; or nearly $120 million extra per annum. This sum makes a significant contribution to closing 'the income gap' between Indigenous and other Australians and should not be erroneously dismissed.

Fourth, the presentation of erroneous evidence undermines some of the theoretical suggestions made in the Discussion Paper. For example, there is no evidence provided that CDEP wages create disincentives for people to study, train or work outside of CDEP (p. 5): indeed, in many situations CDEP participants do study and receive training, if available, and work inside and outside CDEP. If there are work ethic issues in remote Indigenous communities as suggested (p. 5), there is no evidence that this is linked to CDEP. Until evidence is provided to support such statements key elements of the Discussion Paper could be dismissed as ideological myth making.

Fifth, the Discussion Paper seems to be based on a pre-determined view that participants should move off CDEP, an option that is currently available to participants. But it is far from clear where participants should move except to work outside CDEP, either at home communities or elsewhere. The problem with the former option is that the very existence of CDEP is due to the absence of such employment opportunities in home communities. The problem with the latter option is that it is predicated on an unlikely migration for employment elsewhere that if undertaken could see the collapse of home communities. Whether emptying the Indigenous estate of people is in the national interest can be debated, but in my view it cannot be justified on strategic, environmental or social justice grounds. The imagined evolutionary pathway to the mainstream may not be an aspiration shared by CDEP participants. And even in situations where participants articulate an aspiration for mainstream public or private sector employment, it is imperative that this process is undertaken in a competitive manner that reflects participants' labour productivity, otherwise Indigenous communities will receive second-rate services and industry second-rate labour. As noted in the submission to the NT government, the labour supply side is as important as the labour demand side.

Ideally, there are many reforms of CDEP that could be implemented, but none are cost neutral. I make just three here, all that accord with the ALP's National Platform (and additional to those in the attachment).

Recommendation 1: The ALP, at paras 91 and 92 of its National Platform and Constitution 2007, 'affirms the importance of economic development in increasing self reliance and furthering the aim of self determination' and 'believes that governments must act as enablers of business development and job creation in remote communities'. A key aspect of CDEP at its establishment in 1977 was its aim to empower communities by providing them a lump sum equivalent to unemployment benefit entitlements plus administrative and capital support. While this element of the scheme was incrementally whittled away by the Howard government, especially after the abolition of ATSIC in 2004, it remains a fundamental element of the program's innovation that needs to be retained and enhanced. In my view, successful CDEP organisations should be better resourced

so as to 'build on success' rather than be penalised. The principle of incentives applied to individuals in the Discussion Paper should be applied to organisations.

Recommendation 2: Para 85 of the ALP's National Platform 2007 states that, 'Labor asserts the rights of Indigenous workers to fair and equal recognition and remuneration for their work.' Paradoxically, since 1977 the Australian government has been quite comfortable defining CDEP participants as employed in official statistical collections, but has been loath to provide funding so that CDEP employed can be treated as other employed in the provision of superannuation, long service and recreation leave in CDEP employment conditions. This is an ambiguity that may have suited governments and Indigenous people in the past, but if there is a current concern about workers' rights then this problem can be readily resolved with enhanced resourcing per participant.

Recommendation 3: Also at para 85 of the ALP's National Platform 2007 it is stated that, 'Labor believes that CDEP should not be used to subsidise employment that would otherwise be funded by government'. At one level I am sympathetic to this view and given the Australian government has developed elaborate mechanisms to sequester the incomes of thousands of individuals in the Northern Territory, it should be relatively straightforward to sequester the program expenditures of tens of Commonwealth and State/Territory agencies to ensure no cost shifting. All too often such cost shifting has been blamed on CDEP rather than responsible governments and agencies. However, the para 85 Labor commitment is contingent on the provision of equitable needs-based support to Indigenous people. Until this task is undertaken, CDEP organisations and participants' labour will be essential to improve services and infrastructure in remote communities. My recommendation is to realistically consider the interdependencies of mainstream agencies and CDEP organisations in delivering municipal and other services to Indigenous people.

I conclude by making the following two broad observations.

First, the CDEP has been regularly reviewed over many years by the Australian National Audit Office, the Commonwealth Grants Commission, Office of Evaluation and Audit, commissioned consultants and independently (e.g. by Ian Spicer). It has invariably been assessed as a very positive program that can nonetheless be improved. In recent years and especially between 2005 and 2007 it has been increasingly scrutinised by the Department of Employment and Workplace Relations and found to be deficient as a labour market program—which it has never solely been. While the Rudd government is committed to review CDEP yet again, this process has been largely driven by the unilateral abolition of the program in the Northern Territory in July 2007. In my view CDEP is experiencing review overload and while the enthusiasm of a new government to review and improve is admirable, this is creating a high degree of uncertainty for what are at times multi-million dollar enterprises with commercial and social obligations to their members. Consideration should be given to fully reinstate CDEP in the Northern Territory and to then undertake a collaborative review of about 190 CDEP organisations on a case-by-case, rather than program-wide, basis. The aim of such a review would be to enhance the efficacy of CDEP.

Second, the proposed notion of labour market differences is likely to be quite dynamic at a time of great economic uncertainty owing to climate change, fossil fuel shortage and inflationary pressure. During such a period of uncertainty it might be better to support what is working and recognise synergies with other Australian government initiatives (like Working on Country, carbon trading, arts development) rather than undertake a risky and destabilising review. As noted earlier it is also incumbent on the Australian government to provide evidence of what alternatives to CDEP might be available, especially for people living in the remotest and most circumscribed situations at outstations.

As a final thought, perhaps CDEP needs a cosmetic change of name because its links with welfare have been overemphasised in public discourse. It is a community and economic development program first and foremost that provides a block grant in situations that are remote, expensive, have been historically neglected, and lack strong market linkage. Principles of fiscal equalisation suggest that a significant regional fiscal subvention is appropriate in such circumstances and CDEP provides a vehicle to provide this.

I would be happy to elaborate on this short submission.

Yours sincerely

Professor Jon Altman
10 June 2008

Attached: *Revitalising the Community Development Employment Program in the Northern Territory* by J.C. Altman and W.S. Sanders

CENTRE FOR ABORIGINAL ECONOMIC POLICY RESEARCH

THE AUSTRALIAN NATIONAL UNIVERSITY

Re-vitalising the Community Development Employment Program in the Northern Territory

J.C. Altman & W.G. Sanders

CAEPR Topical Issue No. 5/2008

ANU COLLEGE OF ARTS & SOCIAL SCIENCES

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Mr Dennis Bree
Deputy Chief Executive
Department of Chief Minister
GPO Box 4396
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Re: *CDEP Discussion Paper March 2008*

Dear Mr Bree

I attach a paper *Revitalising the Community Development Employment Program in the Northern Territory* by Dr Will Sanders and myself for your consideration as a submission to the Northern Territory Government on its *CDEP Discussion Paper March 2008 Review of Community Development Employment Program*.

In this covering letter I want to provide some very brief commentary about the Northern Territory Government's Discussion Paper.

1. In Section 4, four reasons for still needing CDEP are outlined. In our view these reasons are sound, although we would take minor issue with some of the wording used.

2. In Section 5 the Discussion Paper introduced a typology of three forms of labour market/economies. In our view this typology is deficient because it only really deals with the demand side and fails to come to grips with supply side issues among Aboriginal people in remote regions, which occur across all three forms of economy. Hence this section is over optimistic about the notion of moving Indigenous people off CDEP in the more 'established' and 'emerging' economy types into general employment.

3. Section 6 is more nuanced and starts to come to grips with some of these supply side issues—and hence also starts to implicitly recognise the second (low skill levels and limited life experience of many Aboriginal people in remote areas) and third (a poor record of school to work transitions in remote communities) reasons for still needing CDEP outlined in Section 4.

4. The idea of a hierarchy, with CDEP lying between unemployment and general employment is a useful way of representing the current situation. Evidence that we present in our paper suggests that elements of such a hierarchy already exist. This idea of a hierarchy needs to be built on in the reform process.

5. The hierarchy idea, that CDEP should be seen as a step up from income support payments and that CDEP participants who do not work should be put back on income support and have their place given to others, provides another way to think about CDEP reform. It suggests using the 'no work, no pay' rule vigorously to more actively encourage work, broadly defined, on CDEP and to let those who do not work on CDEP fall back onto income support. This view was articulated in the *Independent Review of the Community Development Employment Projects (CDEP) Scheme* undertaken by Ian Spicer in 1997 and retains some merit.

Rather than engage issue by issue with the NT Government's *CDEP Discussion Paper*, we take up the invitation to provide an alternative approach that should be considered, and hopefully adopted. Our alternate visioning is based on a body of evidence-based research that we and our colleagues have undertaken at the Centre for Aboriginal Economic Policy Research since 1990.

I attach our paper for your consideration.

Yours sincerely

Professor Jon Altman
Director, CAEPR

10 April 2008

Re-vitalising the Community Development Employment Program in the Northern Territory

J.C Altman[1] & W.G. Sanders[2]

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INTRODUCTION

This submission provides evidence-based research findings that the Community Development Employment Program (CDEP) is an important and beneficial program for Northern Territory (NT) Aboriginal communities and individuals. These findings mainly focus on CAEPR research findings produced since 1990 that are readily available on the CAEPR Website and that are fully referenced below.

Both authors have long-standing research and policy advice involvement with CDEP dating back to 1977 (in Altman's case) when the program was first established.

In July 2007, in the aftermath of the NT National Emergency Intervention the Howard government committed to abolishing CDEP in the NT (but not elsewhere in Australia) for spurious 'income management' reasons. This abolition would have had a very adverse impact on the 73 prescribed communities and over 500 associated outstations, as well as on the capacity of Outstation Resource Agencies and on the workability of some important environmental programs like the Indigenous Protected Areas (IPA) program, Caring for Country projects and even the new Working on Country program. It would have also adversely affected the economic status of between 6,000 and 8,000 Indigenous Territorians.

From 1 July 2007, the Howard government abolished CDEP for urban centres on the challengeable grounds that CDEP provides a disincentive for participants to seek mainstream employment. While this policy shift has been applied Australia-wide it has had limited impact on the NT as its effect has been limited to Darwin.

Policy debates about CDEP in recent years have tended to erroneously refer to CDEP as 'passive welfare' when in reality it is 'active workfare'. In some situations where the scheme is not properly administered a rigorous 'no work no pay' rule may not be applied, although official statistical evidence from censuses since 1986 and national surveys of Indigenous people (1994 and 2002) suggest this is not the norm.[1]

CDEP: Community Development Employment Program

IPA: Indigenous Protected Areas

The Rudd government has committed to reverse the earlier decision to abolish CDEP in the NT, but there is a current dangerous policy environment that is looking to amend the scheme without adequate research about its benefits and costs. This reform environment also provides opportunity for the NT government to influence program amendments to address problems with the scheme to ensure enhanced beneficial impact for Indigenous Territorians and their communities.

The CDEP has faced administrative and policy issues for years now and most have not been addressed owing to policy reform apathy. But it is crucially important to differentiate those issues that are intrinsic to the scheme (and require CDEP reform) and those that are extrinsic to the scheme (and require broader public sector reform).

WHAT IS GOOD ABOUT CDEP?

The evidence base about the impacts of CDEP is limited, but expanding: it includes information from the five-yearly census, two national Indigenous surveys (1994 and 2002) and experimental Labour Force Survey statistics published in recent years by the ABS annually. There are very few rigorous case study evaluations of the CDEP in remote regions; an exception being a review conducted of the Bawinanga Aboriginal Corporation CDEP in Maningrida in 2000.[2] In 2000, CAEPR reviewed two other CDEPs outside the NT in some depth, while a CAEPR research monograph edited by Frances Morphy and Will Sanders and published in 2001 included a number of regional studies and community perspectives.[3]

All CAEPR research indicates that CDEP has had a positive impact on Indigenous employment, whether using census or national survey data. For example, focusing on the NT only, Altman and Hunter (1996) show that within CDEP communities there was greater labour force participation than non-CDEP communities.[4] Altman and Gray (2000) and Altman, Gray and Sanders (2000) indicate a consistent tendency for many participants to work either 25–34 hours (16–19%) or more than 35 hours (23%).[5] These are very positive outcomes from a scheme that only funds 15 hours work per week, and indicate that a significant proportion of participants work for their welfare 'entitlements'. The most recent statistics analysed by Altman, Gray and Levitus (2005) using 2002 National Aboriginal and Torres Strait Islander Social Survey (NATSISS) data indicate that in remote and very remote Australia (including non-urban NT) between 84 per cent and 89 per cent of CDEP participants work more than 16 hours per week and around 20 per cent work 35 hours plus (i.e. full-time).[6]

NATSISS: National Aboriginal and Torres Strait Islander Social Survey

NATSIS: National Aboriginal and Torres Strait Islander Survey

The income effects of CDEP vary somewhat depending on statistical instrument used. Altman and Gray (2000) show that the personal income of CDEP employed is substantially higher than for the unemployed or those not in the labour force, a result that is replicated in the 1994 National Aboriginal and Torres Strait Islander Survey (NATSIS) (Altman, Gray and Sanders 2000) and the 2002 NATSISS (Altman, Gray and Levitus 2005).[7] The latter shows that CDEP participants in remote and very remote regions earn over $100 per week more per person than the unemployed, but $300 less than those in mainstream employment. Those on CDEP seem to occupy an intermediate income status between the employed and the unemployed.

Other benefits of CDEP participation highlighted by Altman, Gray and Levitus (2005) in analysis of 2002 NATSISS data occur under the broad rubric of social impact and community development, and include a higher participation in: the customary economy (fishing or hunting in a group); community activities; funerals, ceremonies or festivals; and recreational or cultural group activities all of which build social capital.[7] In almost all these activities CDEP participants have a higher level of engagement than the unemployed as well as the employed, providing a possible explanation for the popularity of CDEP among Aboriginal participants.

ATSIC: Aboriginal and Torres Strait Islander Commission

Missing from recent debates is the role that CDEP plays in providing the funding and a labour force to maintain many Indigenous sector organisations. For example, a review of Outstation Resource Agencies conducted for the Aboriginal and Torres Strait Islander Commission (ATSIC) in 1998 indicates that almost all were CDEP organisations and that CDEP was of greater financial significance to their viability than Community Housing and Infrastructure Program municipal funding.[9] Arguably, CDEP is of fundamental importance to the 560 communities in the NT with a population of less than 100 persons each (see Community Housing and Infrastructure Needs Survey 2006 data).[10]

While there are few official statistics, there is no doubt that CDEP provides crucially important support to key industries with major spin-off benefits for the NT economy. Examples include the role that CDEP plays in providing a base income to several thousand Aboriginal artists (that then allows additional arts work and additional, often highly volatile, arts earnings) and provides funding as employment subsidies for workers at art centres. CDEP plays a similar economic development role in the tourism sector and in other development projects. A crucially important positive feature of CDEP is that it allows annual earnings of over $40,000 without triggering the social security taper that applies to Newstart and pension earnings. The absence of the taper in CDEP acts as an incentive for participants to work extra hours and earn extra income.

The CDEP labour force is also deployed to develop community infrastructure and to provide community services. This is most evident in participation of CDEP subsidised labour in road building and maintenance and in provision of municipal services in townships and at outstations.

The CDEP has strong links with other programs of regional, NT and national benefit. The two outstanding examples are the IPA Program and Caring for Country projects. It is estimated that about 400 Indigenous rangers are funded by the CDEP in 36 projects in the Top End of the NT alone.[11] These rangers deliver a suite of environmental services including bio-security services for Australian Quarantine Inspection Service, border surveillance for Australian Customs, and weeds eradication, feral animal and fire controls for environmental agencies and programs. All these activities are delivered in some of the most environmentally significant parts of Australia.[12]

From its establishment, the CDEP has been popular with participating Aboriginal communities. This can be partially explained by the additional funding provided to participating organisations (CDEP on-costs and CDEP support payments that total about 26% of CDEP total costs), but also because of the relative autonomy that CDEP provides participating organisations.

For individual scheme participants, a major benefit of CDEP has been its historic flexibility: CDEP has the capacity to accommodate the spatial mobility of participants, particularly those who live between townships and outstations, as well as the occupational mobility of those who move between market and state-sponsored employment and customary (non-market) activities. As noted above, CDEP can also accommodate the flexibility that Indigenous people need to participate in either seasonal or unanticipated cultural priorities like ceremonies or family funerals.

CDEP has historically been popular with the federal government because of its notional links to unemployment and pension benefit entitlements. CDEP participation only generates relatively low marginal costs above social security entitlements estimated at about 26 per cent of total costs.

WHAT ARE THE EVIDENT PROBLEMS?

CDEP started as a scheme with multiple objectives including employment creation, community development, income support and enterprise development. A key problem with the scheme has been a lack of clarity about the relative priority of this range of objectives and difficulty in demonstrating scheme outcomes. Arguably, its one clear objective was to avoid large numbers of Indigenous people in remote areas being on unemployment benefits and in the social security system.

DEWR: Department of Employment and Workplace Relations

In recent years especially since the 1997 Spicer Review[13], and much more so since 2004, when CDEP administration was taken over by the Department of Employment and Workplace Relations (DEWR)[14], priority has been given to viewing CDEP as a labour market program only. This is certainly not the view of participants and their organisations.

In much recent policy discourse there has been reference to exiting CDEP participants to 'real jobs' in the 'real economy'. This has generally been a euphemism for employment funded by the public sector. In reality there are insufficient public sector positions in the NT (estimated at about 2,000) to provide employment exits for between 7,500 and 8,000 CDEP participants.

There have been suggestions put forward by the Cape York Institute in *From Hand Out to Hand Up* that the absence of an income taper results in CDEP generating high income replacement ratios and poverty traps for individuals. This view, while theoretically sound, overlooks the structural limitations on mainstream jobs in remote and very remote Australia and ignores the low productivity of much Aboriginal labour by mainstream standards.[15]

The issue of substitution funding or cost shifting whereby federal, state/territory and local government agencies utilise CDEP labour and organisations and consequently under-invest in meeting citizenship entitlements of community members on an equitable needs basis has been highlighted since the mid 1980s (for example in the Miller Report on Aboriginal employment and training programs in 1985).[16] This proposition was given some statistical support by analysis of 1986 census data undertaken by Altman and Daly (1992) that showed over 90 per cent of CDEP participants in 1986 were employed in public administration and community services sectors.[17]

As a general rule, CDEP on-costs support is provided on a per participant basis. While some additional weighting is provided to small CDEP organisations, there is no doubt that organisational scale and critical staff mass are important considerations in ensuring CDEP success. Conversely, small CDEP organisations experience diseconomies of scale, especially given the cost of major equipment like graders, bulldozers and trucks that provide the wherewithal for CDEP organisations to bid for government contracts.

The flexibility that has been a feature of the scheme that is highly valued by Aboriginal participants is also seen as problematic both for organisations that require regular supply of labour for enterprises and service provision and for state authorities that are concerned at movement between CDEP employment, mainstream employment and unemployment or not-in-the-labour force status. While longitudinal evidence about such employment mobility is not readily available, an analysis of participant schedules and Centrelink records could demonstrate its extent.

FIRST ORDER PROBLEMS TO ADDRESS

It is paradoxical that during a period when there is growing concern about the negative impacts of inactivity, the demand of CDEP organisations for additional placements and funding has been largely overlooked. Assuming a strictly policed 'no work, no pay' rule is implemented and CDEP is recognised as employment, then the activity test would require Aboriginal people to take CDEP work.

However, rigorously applying the 'no work, no pay' rule requires CDEP organisations to have the capacity to both provide meaningful work activity and to vigorously monitor participant activities. While maintaining time sheets is possible on projects in townships, this is far more difficult at remote outstations. This suggests that a distinction needs to be made between the two contexts (despite people moving between town and bush): something that is already current practice for some CDEP organisations.

There are a number of operational bottlenecks for CDEP organisations seeking to provide meaningful work activities for all participants. These include the need for: managerial competence and accountability of CDEP coordinators; a sufficient number of skilled team/project leaders; on-the-job training; availability of adequate capital support for projects; and adequate community housing and infrastructure to accommodate project staff and trainers. All these areas require additional investments and capacity development.

A problem with CDEP that has been identified for some years now and that was addressed by ATSIC for a short period in the 1990s is the need for CDEP organisations to have funding committed on a rolling triennial rather than annual basis. Such multi-year funding would allow CDEP organisations to develop strategic and business plans. A problem with per participant capital funding is that this does not necessarily ensure the best use of scarce capital. In the 1990 review of CDEP it was suggested that capital could be pooled and individual organisations could make competitive capital bids based on sound development or employment creation or service delivery proposals.[18]

A potential problem that may arise is that if CDEP participants are required to work on community projects this in turn may again result in cost shifting by governments of legitimate expenditures in health, housing, education and employment onto CDEP. A transparent and enforceable mechanism needs to be found to lock in public sector expenditures on an equitable needs basis, although CDEP labour should be available to assist in meeting deeply entrenched backlogs that will not be adequately addressed, even with equitable recurrent investments, for decades.

The issue of exits into mainstream employment is important and needs to be seen in the context of possible labour migration (permanent or fly in/fly out) and the diversity of circumstances, community-by-community, in terms of mainstream employment opportunity. Much of the rhetoric here has not been matched by an adequate analysis of employment opportunity in situ: for example, the proposed abolition of 8,000 CDEP positions in July 2007 was to be offset by an estimated 2,000 mainstream (invariably public sector) jobs: 6,000 CDEP workers were to be moved from employment to unemployment.

SOME PROPOSED SOLUTIONS

There is a need to undertake a rigorous evaluation of employment possibilities to supplement a survey undertaken by the Local Government Authority of the Northern Territory (LGANT) in 2006 that identified 1,655 mainstream jobs as possible exits, but with the proviso that it was extremely unlikely that Aboriginal people would be able to move into professional or semi-professional positions for many years.[19] The latter qualification has been rarely articulated in public debate but represents a realistic take on labour productivity.

LGANT: Local Government Authority of the Northern Territory

It is essential that the different labour markets (mainstream and CDEP, formal and informal) in remote communities are differentiated and that the reality of regular movements of people between them, and spatially, is recognised as a lived (cultural) reality.

Economic theory would suggest that Aboriginal people should occupy occupational niches where they demonstrate competitive advantage. An obvious example of recognising this sort of Aboriginal specialisation is the recently launched Working on Country Program that provides full-time employment (and exit from CDEP) for Aboriginal community-based rangers. This model could be extended to other areas like Working in the Arts or Working in Cultural Tourism, but just like creating additional jobs in health, education,

municipal services, this will require greater public sector subventions. The Working on Country Program has been saleable to the federal government because of potential national benefits generated during a period of climate uncertainty.[20]

All the operational issues outlined above could be addressed if the federal government had reform commitment and was willing to make additional investments in CDEP. In particular, exemplary CDEP organisations that have demonstrated capacity to deliver to Indigenous scheme participants should be rewarded with multi-year rolling funding (based on performance evaluation) and more ready access to capital support, possibly through negotiated access to Aboriginals Benefit Account (ABA) funds or in joint ventures.

ABA: Aboriginals Benefit Account

Private sector employment opportunities will generally require a far more realistic commitment of CDEP Support (Capital) payments to CDEP organisations or greater access to grant funding or soft loans. There are certainly examples of successful private sector initiatives by CDEP organisations in stand alone or joint ventures. Consideration might be given as to how some of the $140 million-plus tied up in the ABA might be released as capital support for CDEP organisations.

When the Howard government cut $400 million from the ATSIC budget in 1996, the Community Training Program was an early casualty. In the last decade there has been limited formal training that has sat comfortably alongside CDEP. It is important that a complementary training program is rapidly reinstated to allow CDEP organisations to enhance the labour force capacities of participants.

There is considerable public and often misinformed debate about outstations and their economic viability. Innovative policy might see outstations as a positive opportunity to deliver services at small and dispersed, but socially cohesive, communities, a point made by the Parliamentary report *Return to Country* over 20 years ago.[21] There is growing scientific evidence that an occupied landscape is essential for effective environmental management and consideration could be given to revisiting a proposal for a Guaranteed Minimum Income for Outstations (GMIO) scheme that was proposed for outstations in 1989.[22] As with the Cree Income Security Program in Canada, such a scheme might require a minimum residence requirement at outstations while also recognising that outstation residents are highly mobile.

GMIO: Guaranteed Minimum Income for Outstations

In the aftermath of the NT intervention, racially discriminatory laws were passed to sequester citizenship entitlements paid to thousands of individuals to ensure a change in expenditure patterns. A similar principle of sequestration could be readily and more easily (owing to few agencies) applied to quarantine equitable needs-based government expenditures to ensure that community participation in CDEP does not result in damaging cost shifting.

CONCLUSION

Much of the debate about the merits and problems with CDEP has been predicated on a notion of the 'real' economy that is a neo-liberal abstract notion that does not exist in remote Indigenous Australia. Aboriginal people do not face a straightforward choice between mainstream employment and passivity; and local economies do not conform to the standard private/public sector model as there is a third sector, the customary, that is often of great economic and cultural significance. This economy has been termed the hybrid economy.[23]

Attempts to falsely represent CDEP as no different from welfare do not address this economic complexity and overlook the considerable productive activity, employment creation, service provision and income generated by CDEP. The CDEP in its original manifestation as a community development, employment creation, income support, income supplementation and enterprise development program is the driver of much economic and social development that is positive in remote Indigenous communities.

However, even a revitalised CDEP with more realistic Commonwealth support will only be one element in a complex Indigenous affairs policy mosaic. CDEP alone will not be the panacea for the Aboriginal problem, and realistic expectation of CDEP success will need to be carefully managed. In the short to medium term, building on and investing in CDEP success might be far more productive than pursuing unrealistic economic equality (closing the gap) objectives in very different and difficult remote Indigenous circumstances.

NOTES

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