



Barwon Darling Alliance

Murdi Paaki Regional Council of ATSIC & the Shire Councils of
Bourke, Brewarrina, Central Darling, Coonamble and Walgett

11 MAY 2005

BY ATSI/A

Submission No.	57
Date Received	11-5-05

STANDING COMMITTEE ON ABORIGINAL & TORRES STRAIT ISLANDER AFFAIRS

INQUIRY INTO INDIGENOUS EMPLOYMENT

SUBMITTED 6TH MAY 2005

Mr. Ken Croskell, Chief Executive Office, Barwon Darling Alliance
PO Box 21 BOURKE NSW 2840
Tel:02 68722055 Fax:02 68723030 Email:bda@bourke.nsw.gov.au

Introduction

It is widely recognized that economic and social issues cannot really be separated. In a remote region such as ours, these sectors not only interact but also are clearly intertwined.

The Barwon Darling region consists of the Local Government Areas (LGA) of Coonamble, Walgett, Brewarrina, Bourke and Central Darling. These five council areas sit within the Murdi Paaki Region of NSW.

The socio-economic picture of this region has been investigated by both government departments and independent groups. The results are telling.

- The Australian Bureau of Statistics (ABS), Socio-Economic Indexes for Areas 2001 (SEIFA). Using data from the 2001 census, areas were ranked based on their relative social and economic wellbeing.

Four of the five shires fall into the bottom seven most disadvantaged LGAs in NSW.

SEIFA rankings for the BDA region:

Brewarrina	1 st most disadvantaged
Central Darling	3 rd most disadvantaged
Walgett	4 th most disadvantaged
Coonamble	7 th most disadvantaged
Bourke	15 th most disadvantaged

- The harsh reality of the socio-economic status of the region is independently supported by the Community Adversity and Resilience Report, by Prof. Tony Vinson 2004.

This area covers 145,000 km² (18% of NSW) with a total population of 21,000 people.

The indigenous population is 5,561 or 26% of the region's population. This is high when compared to the NSW state indigenous population share of 2%.

43% of the region's indigenous population is under 18 years. This is a key statistic. The population of persons under 15 years is 5,099, at 24% of the regions population compared to 21% for NSW (data for 2001).

Whilst the general population of the region is declining, the region's indigenous population is increasing.

The unemployment rate in 2001 was 10% for the region in comparison to 7.2% for NSW. The percentage of the population in the labour force dropped from 44% in 1996 to 43% in 2001, compared to no change for NSW (46%).

29% of the population are recipients from various Commonwealth Department of Family and Community Services (FaCS) welfare programmes*.

The LGA breakdown being:

	N ^o .	% of population
Central Darling	727	27%
Bourke	890	23%
Brewarrina	575	28%
Walgett	2,751	33%
Coonamble	1,226	27%

*These figures exclude Family Tax Benefit, Childcare Benefit, Farm Family Restart and Bereavement Allowance.

Long term unemployment, indicated by FaCS percentage of long term Newstart allowance customers, paints a telling picture of the depth of long term unemployment in the region.

The LGA breakdown being:

Central Darling	n.a.
Bourke	59%
Brewarrina	75%
Walgett	74%
Coonamble	75%

Employment growth for the region between 1996 and 2001 was **negative** at -0.4%. Not only was there no employment growth, but employment opportunities diminished.

A comparison of the Barwon Darling region with NSW shows that the region records figures at least 25% above the NSW indicators on total unemployment, indigenous unemployment and long term unemployment.

The region records figures at least 25% below the NSW indicators for employment growth and post school qualifications.

The Effect

It's commonly known that many isolated communities with a large percentage of Aboriginal populations, dependent on welfare, are beset with social ills like domestic violence, alcoholism, poor school attendance, poor health, family breakdown and despondency. That youth turn to violence and crime is sad and regrettable but no surprise. This fact of life has built up over three or four generations of welfare dependency. There is no easy fix.

Chronic unemployment, a welfare mentality, or, just as bad, a 'program' mentality, are part of a cycle of hopelessness. But there is hope. There are Aboriginal and white communities with a commitment to work together and to try new approaches to these old problems.

What Can Be Done

The Barwon Darling Alliance (BDA) is a unique collaboration between the Murdi Paaki Regional ATSIC Council and five western NSW Shires (Central Darling, Bourke, Brewarrina, Walgett and Coonamble). The five shires are besieged with the effects of low socio-economic ratings. We are lobbying the Federal and NSW governments to support a trial of a new policy tool - a 'Socio-economic zone'. Focused on employment, through the creation of increased numbers of sustainable **real jobs**, it aims to kick start a turn around for our region and its communities.

Breaking the social dislocation cycle requires putting in some very hard yards. Long term, consistent teamwork between white and black communities, business, government and the social service sector is needed.

Indigenous Employment

In order to increase indigenous employment, we must search for a mechanism or system that will act as a catalyst to turn around the socio-economic environment of our region. One such mechanism has been used successfully outside Australia. It has been used in other western economies to stimulate the rejuvenation of depressed areas, both urban and rural.

The BDA has, after extensive research, taken the framework used for enterprise zones and tailored a model system for the Barwon Darling region. It is the BDA's goal to trial this model, so as to be able to assess the value of such a mechanism to depressed regions in Australia.

The objective is to turn around existing negative socio-economic trends into positive trends that will, through employment, enhance the quality of life for all people, within the region, with particular emphasis on the indigenous unemployed.

What Is It

Each enterprise zone (EZ) uses a similar framework. Through dismantling the barriers preventing economic growth, the EZ lowers the business risk environment so that private investment can establish new businesses and expand existing businesses, creating more jobs.

The focus of EZs is to increase employment, through the increase in job numbers, in a set geographical area. This is produced by government incentives taking up the initial business establishment and expansion needs that the market has failed to fulfil and so create the business environment where the market will again intervene to produce positive economic growth.

The goal of market forces, that of maximizing profit and the goal of the economic development of new business are not compatible in an adverse environment such as one that is socially and economically depressed. Market forces simply move the activity elsewhere.

The trial would run for five years and needs government cooperation and some funding. It hinges on financial incentives to encourage business to take on more workers, including 'marginal workers' and close mentoring for transition of long term/indigenous unemployed people into the workforce. This would also help employers with skill shortages, as this region has a pool of unskilled welfare recipients of working age.

What It Sets Out To Achieve

The objectives are focused and unambiguous.

- I. Achieve a rate of employment growth of 5% or 75% of the average employment growth for NSW (whichever is lower).
- II. Achieve private business investment by existing businesses and 'home grown' businesses at least equal to the public funding provided for the socio-economic zone trial.
- III. Reduce the official rate of unemployment in the Barwon Darling region to less than 9% or less than 1.25 times the average unemployment rate for NSW (whichever is higher).
- IV. Reduce the rate of indigenous and long term unemployment among the Barwon Darling region population by at least 25%.
- V. Increase the proportion of the Barwon Darling region population that hold post school qualifications from 17.3% to at least 25% over the next 10 years.

Why Do It

The outcomes of current well intentioned taxpayer funded programs are not good enough. We want the socio-economic zone to be trialed for five years. We do not think this mechanism is a silver bullet. We do think it has sufficient merit to be trialed and thoroughly assessed. It would start building bridges between private enterprise and the disenfranchised. The trial would include social incentives and capacity building activities, with a goal of building up practical skills to enable communities, through employment, to become stronger and more self sufficient.

The trial offers a tangible stepping stone to restoring hope and unity and to contribute to a foundation for generational change. It has widespread support in the region and from many other organizations, including Country Women's Association (NSW), Council of Social Service of NSW, NSW Farmers' Association (Western Division Council), Country Energy, Institute of Chartered Accountants in Australia, NSW Local Government and Shires Association, NSW Road Transport Association, St Vincent de Paul Society, State Chamber of Commerce (NSW), Australian Local Government Association, the Isolated Children's Parents' Association (NSW), the Orana Regional Development Board, the Orana Development and Employment Council and the sixteen Indigenous Community Working Parties in the region.

Why Is It Necessary

Barwon Darling Alliance contends that the obligation of government to the people and the communities throughout NSW and Australia is to work with them to ensure opportunity exists for a fair and just quality of life.

Investment of public funds should be measured by whether it increases the quality of life to a comparable level with others in the nation. The BDA contends that the current approach to the region cannot be adequately assessed and that striving for better outcomes should be a top priority of any government, in a region with such pervasive socio-economic problems. The BDA's proposal to trial a socio-economic zone specifically seeks to measure outcomes so the investment can be assessed objectively. Currently we are virtually flying blind with no specific, tangible targets.

By both the government's own reckoning and by independent sources, the Barwon Darling region is socio-economically depressed and the people of the region fail to enjoy the same quality of life that is regarded as 'normal' in Australia.

For all the goodwill, for all the government money, for all the past and current programmes and hard work by many committed groups and individuals, none of these have turned around the socio-economic environment of the region.

More of the same is not acceptable. If no different action is taken the indicators and trends will continue to decline and devalue the quality of people's lives. BDA contends that doing nothing is not reasonable. We seek to engage with other tiers of government to agree on a meaningful socio-economic goal and a path to get there.

As Sam Jeffries, Chairman of both the BDA and the Murdi Paaki Regional Council of ATSIC, has pointed out, ***"if we think we have problems now, wait for the next five to ten years then you'll see real problems"***.

Mr. Jeffries points in particular to the third and fourth generation of total welfare dependency in families and the loss of a sense of purpose in many people's lives. He also points to the risk, with such a high proportion of the population aged under 15, that with continuing unemployment will come even deeper social dislocation as that group moves into adulthood. He knows the entrenched negative socio-economic cycle needs deliberate, targetted action if it is to be broken.

The Benefits

The trial is low risk for government, as the majority of the funding is only paid out after a new job is created and the new person is hired. It has been calculated that 95% of the funds expended through a proposed wage rebate will flow back to government through various flow-ons such as social security savings, additional income tax and GST. An evaluation on the Californian State enterprise zones showed a seven-fold return on government funds expended.

An evaluation on a number of UK enterprise zones consistently found that in the remote zones (rural areas) over 50% of the new jobs were taken up by the previously unemployed. This group is a key target for the BDA, which ironically is also a region beset by skilled labour shortages. In the Barwon Darling region, with an inproportional amount of the long term, unemployed being indigenous this initiative is destined to have a huge positive impact on indigenous employment throughout the region.

Conclusion

The Federal Government appears to have grasped the close link between employment and community and individual well being. Below are some comments from a report produced by the Commonwealth Government.

"The best way to achieve higher economic growth is via increases in labour force participation and productivity."

"A key aspect of improving participation will be to ensure that all those who wish to participate have the capacity to do so."

"Paid work provides us with many benefits. It provides us with the opportunity to satisfy our basic needs. It gives us the opportunity to develop personally, live independently, and interact socially."

"It also provides self-esteem and a connection to the community."

"We will also need to ensure that younger Australians, including those currently reliant on income support, are able to find a job. It is important that our system is flexible enough to address these diverse needs and generate jobs for all those who want them."

"The best approach is to look for ways to increase the size of the economy."

*Australia's Demographic Challenges, Commonwealth of Australia 2004.

- In the Barwon Darling region this means creating more real jobs.
- These jobs can only be created by private investment aimed at increasing economic growth.
- For private investment to increase, in this region, there must be a lowering of the business risk environment.
- The trial uses targeted government incentives to lower the business risk environment.
- These incentives have been identified by businesses currently trading in the region.