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Mr Barry Wakelin MP, Chair  
Standing Committee on Aboriginal and  
Torres Strait Islander Affairs  
Parliament House  
Parliament House  
CANBERRA ACT 2600

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### Re: Inquiry into Indigenous Employment

Dear Mr Wakelin

I would like to make submission to your Inquiry based on some long-term personal research which has focused on Indigenous employment outcomes in remote and very remote Australia. I do so very conscious that the research centre I direct has a national rather than regional focus and that others of my staff will be providing this national focus.

The particular focus I take here seeks to highlight the remotest and most difficult circumstances and is based on a summary of three papers that I attach. The first is a seminar paper 'CDEP 2005: A New Home and New Objectives for a Very Old Program?' (presented at CAEPR 2 March 2005 and available electronically at <http://www.anu.edu.au/caepr/Publications> and referred to here as **Attachment 1**). The second is a presentation made in November 2003 to the Ministerial Council for Aboriginal and Torres Strait Islander Affairs (MCATSIA) 'Economic Development and Participation for Remote Indigenous Communities' (available electronically at <http://www.anu.edu.au/caepr/Publications> and referred to here as **Attachment 2**). The third is a paper presented in February 2005 to the Transition and Risk: New Directions in Social Policy conference 'The CDEP scheme: A flexible and innovative employment and community development program for Indigenous Australians' (available electronically at <http://www.public-policy.unimelb.edu.au/conference2005/Gra1.pdf> and referred to here as **Attachment 3**).

My submission takes issue with one element of your terms of reference that focus on employment outcomes in both the public and private sectors for omitting a third sector, the Indigenous or customary or non-market, that in my view is important to understanding and accurately representing Indigenous employment. While I have referred to this three-sector model in other contexts as 'the hybrid economy framework', terms such as mixed, community or diverse economies can also be used. My focus is as much on employment as on livelihoods. I marry this focus on Indigenous hybrid economies with a unique Indigenous program, arguably an institution, the Community Development

Employment Projects (CDEP) Scheme that has historically (since 1977) been a significant contributor to the success I identify in this submission.

I provide below a brief précis of the three attachments as a submission to your Committee's deliberations. I emphasise that the views presented are mine alone.

- 1 In current public discourse on Indigenous employment there is an oversimplified representation that there are two options, employment (in private or public sectors, or in self-employment in successful business), sometimes referred to as jobs in the 'real' economy or real jobs, and unemployment, sometimes referred to as welfare or passive welfare. This representation recently figured in an Opinion Editorial by Noel Pearson 'Working for a Better Life', *The Australian*, 17 May 2005 available electronically at:  
<http://www.theaustralian.news.com.au/printpage/0,5942,15307068,00.html>
- 2 This oversimplification may be a useful heuristic device, but it does not accord with Indigenous livelihood options in remote and very remote Australia.
- 3 In these regional contexts, on one hand the real or mainstream economy is often either underdeveloped in townships or non-existent at many outstations. This element of the economy consists of some mix of the private and public sector, with the latter generally predominant.
- 4 Passive welfare also exists in such contexts consisting of Newstart and a range of Pensions. Family tax benefits that are received by millions of Australians are not generally regarded as passive welfare.
- 5 On the other hand, participation in the CDEP scheme which has a notional link with passive welfare in terms of per participant financial allocations, but not much else, is rarely mentioned in public representations of welfare dependence.
- 6 The CDEP scheme is a very active form of support, sometimes referred to as workfare. Its payment is predicated on a mutual obligation 'work for payment' [or conversely, 'no work no pay'] principle.
- 7 The scale and significance of the CDEP scheme can be overlooked in both employment creation and welfare reform debates. Let me provide some statistics on the scale and significance of the scheme from the National Aboriginal and Torres Strait Islander Social Survey (NATSISS) conducted in 2002 and released by the Australian Bureau of Statistics in 2004.
- 8 In remote Australia where 9% of the Indigenous population reside there were 3,900 CDEP participants and in very remote Australia where 19% reside there were 21,100 participants. Combined these accounted for 73% of all CDEP participants. Counting CDEP as employment results in the unemployment rate in remote regions being 17% and 7% in very remote regions. Conversely, without CDEP, the unemployment rate would be 46% in the former and 76% in the latter.
- 9 Overall, 33% of the total labour market in remote Australia is made up of CDEP participation and 75% of the labour market in very remote Australia. In

- very remote Australia, CDEP employment exceeded mainstream employment by a factor of three (see Table 2 Attachment 1).
- 10 I regard CDEP participation as a success for the following reasons drawn from the most recently available evidence base available and presented at Attachment 1 (and also in CAEPR Discussion Paper 271/2005 available at [http://www.anu.edu.au/caepr/Publications/DP/2005\\_DP271.pdf](http://www.anu.edu.au/caepr/Publications/DP/2005_DP271.pdf)) and Attachment 3.
- 11 Referring specifically to attachment 1, first, as Table 6 shows people on CDEP earn more than people who are unemployed or not in the labour force, but less than people who are mainstream employed.
- 12 Second, Table 7 shows people on CDEP work. While most on CDEP work part time, a significant number also work long part-time (25–34 hours) and full time. In very remote Australia 3,800 CDEP participants work full-time, or put another way, CDEP is generating full-time work: for 20% of participants in remote and 18% of participants in very remote Australia.
- 13 Third, Table 8 shows that people on CDEP are able to participate in the training in VET to a greater extent than the unemployed or those not in the labour force.
- 14 Fourth, Table 9 shows that CDEP participants are able to participate in what are termed cultural and social activities to a greater extent than those unemployed or not in the labour force and often also than those in mainstream employment. Some of these activities, such as fishing or hunting, are materially productive and can make a real difference to diets, livelihoods and indirectly to cash incomes. In very remote Australia, 77% of CDEP participants hunted or fished in a group [the way the question was framed], that is in the customary, Indigenous or non-market sector.
- 15 All this suggests that the CDEP scheme generates very positive economic and social outcomes—the positive outcomes and best practice in Indigenous life of your terms of reference.
- 16 The CDEP scheme allows community-based decision-making to determine what activities are undertaken. And CDEP organizations monitor and regulate CDEP activity testing in a manner that Centrelink is currently under-resourced to do in such regional contexts. This is not to suggest that CDEP organizations and their governance are universally robust, but the available evidence at the regional scale suggests that a lot are operating effectively.
- 17 How, why and where such outcomes occur is discussed in Attachment 2. Using a broader notion of economic development that focuses on participation in both the mainstream and non-mainstream (customary) sectors and in the intersections between them provides some explanation of how this occurs. The examples provided include harvesting of wildlife, participation in fisheries, engagement in the arts, and participation in a suite of eco-services, including wild fire management, and exotic pest and weed controls. Some of these activities generate cash income, some non-market or imputed income and others contribute to local, regional and national biodiversity conservation, but generate no direct income, they are a form of positive externality.

- 18 Such activities are undertaken because they have high value for Indigenous participants; they are often linked to either living on country or from visiting country. And they generally occur on the Indigenous estate which is predominantly located in remote and very remote Australia.
- 19 There are numerous other examples of very positive activities undertaken by CDEP organizations and participants in enterprise development and service delivery, some of which I am sure will be covered in other submissions. Work I have undertaken in north Australia suggests that among bigger CDEP organizations this includes almost all services, assistance with the delivery of health, housing, education, as well as in the construction of infrastructure like roads. Similarly, many commercial enterprises including community stores, art centres, cafes, service stations, and so on, are provided under CDEP. An instructive case is provided in the annual reports of the Bawinanga Aboriginal Corporation located in Maningrida in north-central Arnhem Land.
- 20 It should be noted that in many situations, especially when CDEP participants contribute to service delivery by government agencies, the scheme is identified as facilitating cost shifting. This problem probably reflects the under-funding of service provision on the basis of need rather than any inherent problem with the CDEP scheme.
- 21 In a recent Garran Oration 'Reinvigorating the Australian Project' (*Australian Journal of Public Administration* 64 (1): 37, March 2005) ANU colleague Andrew Leigh suggests that what we need in social policy today is not more ideologues, convinced that their policy prescriptions are the answer, but modest reformers willing to try new solutions and see whether they actually deliver results (my underlining). Nowhere is this comment more apposite than in Indigenous affairs policy and my recommendations for innovation to the Inquiry into Indigenous Employment are made in this spirit.
- 22 **It is recommended** that our notions of employment success are broadened to encompass activity and income generated by the CDEP scheme, not just in the market or mainstream sector of the economy, but also in less visible non-market or customary sector. Such activity generates benefit to participants, but often also to regional and national stakeholders, that is generally unrecognized. NATSISS 2002 has been an important instrument in generating some statistical evidence of these contributions.
- 23 **It is recommended** that many very positive elements of the CDEP scheme are maintained, and if possible enhanced, despite its transfer from ATSIC to the mainstream employment and training portfolio. In particular the scheme's flexibility reflected in diversity of objectives and its devolution to Indigenous organizations and communities should be recognized as key elements of its success. Success in the scheme should be rewarded with greater capital and operational support to CDEP organizations. And the provision of more participant numbers should be considered seriously because this has low marginal cost to the Australian government (owing to the financial offsets of welfare support) and because this is active 'mutual obligation' activity in accord with welfare reform policy.

- 24 **It is recommended** that resources are provided for enhanced vocational training for CDEP participants so that mainstream employment options are accessible if available or desired. Similarly resources should be provided to institutionally strengthen CDEP organizations and their governance because there is evidence that organizational longevity and performance—the key to success—is dependent on high quality staff and Boards.
- 25 **It is recommended** that any CDEP activity in remote and very remote Australia that generates local, regional or national benefits, be it in the arts, in the sustainable utilization of wildlife, in new resource based industries, in natural and cultural resource management, in land and sea management, in wildfire management and carbon abatement, in biodiversity conservation, biosecurity or coastal surveillance all be enthusiastically embraced and supported. Such enhanced support should not be overly focused on commercial viability, but should be contingent on proper business planning, accountability and monitoring of outcomes.
- 26 In many situations where people live at outstations, the CDEP scheme is used to provide some cash income to support activities undertaken in the productive non-market sector. In the past, a recommendation has been made to provide people who reside on Aboriginal land where there is no mainstream employment a form of guaranteed minimum income (JC Altman and L Taylor *The Economic Viability of Aboriginal Outstations and Homelands*, AGPS, Canberra, 1989). **It is recommended** that the proposal for a Guaranteed Minimum Income for Outstations scheme that has similarities with the Income Security Program for Cree Indians in Canada be revisited.

To conclude, I make three observations. First, history shows that much unemployment was created in remote and very remote Australia when in the late 1960s and early 1970s below award pastoral employment and training allowances were replaced by award wages and unemployment (and associated newly-available welfare) was greatly enhanced. The take out message here is that too much focus on mainstream employment at the expense of CDEP-supported activity and organizational support could have the perverse effects of increasing unemployment and reducing incomes and livelihood options. At one extreme, eliminate the CDEP scheme in very remote Australia and according to NATSISS 2002 the official unemployment rate could jump from 7% to 76%.

Second, reconcile policy maxims like 'Building on Success' with the remote and very remote 'outback' reality that the market economy is very limited in these regions. In these contexts recalibrate Indigenous policy thinking to focus on participation and enhancing livelihoods by whatever means possible in these most difficult of circumstances.

Third, look to create market opportunities and to enhance engagement in mainstream employment wherever possible, while recognizing that today's non-market activity might be tomorrow's new industry predicated on Indigenous 'cultural knowledge' comparative advantage and residence on country. Indigenous lived reality in remote and very remote

Australia is non-mainstream and non-standard and will require non-mainstream, non standard, innovative policy efforts.

In an effort to keep this submission reasonably brief, there are many issues that have not been addressed. Some are addressed more fully in Attachments 1, 2 and 3; others could be fleshed out further with verbal evidence if required. I am certainly keen to assist your Inquiry in whatever way possible.

Yours sincerely

A handwritten signature in black ink that reads "Jon Altman". The signature is written in a cursive style and is underlined with a single horizontal stroke.

Professor Jon Altman  
Director, CAEPR

22 May 2005

Attachments:

- 1 'CDEP 2005: A New Home and New Objectives for a Very Old Program?'
- 2 'Economic Development and Participation for Remote Indigenous Communities?'
- 3 'The CDEP scheme: A flexible and innovative employment and community development program for Indigenous Australians'.