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Altman, Jon; Gray, Matthew and Levitus, Robert
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J.C. Altman, M.C. Gray and R. Levitus

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Hanna Neumann Building #21
The Australian National University
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Professor Jon Altman
Director, CAEPR
The Australian National University
February 2005

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**POLICY ISSUES FOR THE COMMUNITY DEVELOPMENT EMPLOYMENT
PROJECTS SCHEME IN RURAL AND REMOTE AUSTRALIA**

J.C. ALTMAN, M.C. GRAY AND R. LEVITUS

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Professor Jon Altman is Director and Dr Matthew Gray and Dr Robert Levitus are Research Fellows at the Centre for Aboriginal Economic Policy Research, The Australian National University.

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ABBREVIATIONS AND ACRONYMS

ABS	Australian Bureau of Statistics
AEDP	Aboriginal Employment Development Policy
ANAO	Australian National Audit Office
ANU	The Australian National University
ATSIC	Aboriginal and Torres Strait Islander Commission
ATSIS	Aboriginal and Torres Strait Islander Services
CAEPR	Centre for Aboriginal Economic Policy Research
CDEP	Community Development Employment Projects
CGC	Commonwealth Grants Commission
CRF	Chifley Research Foundation
DAA	Department of Aboriginal Affairs
DEST	Department of Education, Science and Training
DEWR	Department of Employment and Workplace Relations
DEWRSB	Department of Employment, Workplace Relations and Small Business
DSS	Department of Social Security
EMTR	effective marginal tax rate
FTB	Family Tax Benefit
IEC	Indigenous Employment Centre
NARU	North Australia Research Unit
NATSIS	National Aboriginal and Torres Strait Islander Survey (1994)
NATSISS	National Aboriginal and Torres Strait Islander Social Survey (2002)
NCVER	National Centre for Vocational Education Research
SCRGSP	Steering Committee for the Review of Government Service Provision
STEP	Structured Training and Employment Projects
UB	Unemployment benefit(s)
UNSW	University of New South Wales
VET	vocational education and training

ABSTRACT

One of the most important programs for Indigenous community and economic development is the Community Development Employment Projects (CDEP) scheme. CDEP employs around 35,000 Indigenous Australians and accounts for over one-quarter of total Indigenous employment. This paper reviews the evidence on the social and economic impacts of the scheme. The available evidence demonstrates that the scheme has positive economic and community development impacts and that it is cost effective in achieving these outcomes. The paper argues that the CDEP program should continue to be supported and resourced and outlines options for future policy directions in regard to Indigenous economic development and the role of the CDEP scheme.

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EXECUTIVE SUMMARY

There is concern in Australia about the gradual increase in recent decades in the proportion of the Australian population in receipt of a government income support payment, many of whom are economically disadvantaged. Indigenous Australians, as a group, experience particularly high levels of economic disadvantage, with low employment rates and heavy reliance on income support payments. The most recent review of the social security system (McClure 2000) emphasised the importance of paid employment. Underlying the welfare reform agenda articulated in the McClure Report is the notion of 'mutual obligation'. There is now a policy focus on mutual obligation policies; however, some Indigenous Australians have, for 20 years or more, been engaged in a mutual obligation type program, working for the equivalent of welfare payments through the Community Development Employment Projects (CDEP) scheme.

Under the scheme funding is allocated to CDEP organisations for wages for CDEP participants at a level similar or a little higher than income support payments, enhanced with administrative and capital support. It is used as a means to provide employment, training and enterprise support to Indigenous participants. The scheme currently aims to achieve two broad outcomes: building and maintaining a strong, functional, and sustainable socio-cultural and economic base for individuals and communities; and increasing individual access to, and participation in, the mainstream labour market.

This paper reviews the evidence on the social and economic impacts of the scheme and canvasses options for future policy directions in regard to Indigenous economic development and the role of the CDEP scheme. Whilst the main focus of the paper is on the operation of the scheme in regional and remote areas of Australia in which the majority (73%) of CDEP participants live, there is some discussion of the role and future of the scheme in major cities.

The 2004/05 budget allocation for the scheme is \$570 million, to fund places for 39,055 participants working in over 240 CDEP schemes. Approximately 76 per cent of this budget is expenditure that would be incurred in the form of direct social security payments in the absence of the scheme. In this light the scheme is relatively cheap.

THE SHAPE OF INDIGENOUS UNEMPLOYMENT IN THE ABSENCE OF CDEP

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. Using the official definition of unemployment, the unemployment rate for Indigenous Australians is 23 per cent. Classifying CDEP participants as being unemployed increases the rate to 43 per cent. In remote areas, classifying CDEP as unemployment would increase the unemployment rate from 17.2 per cent to 46.0 per cent and in very remote areas the increase would be from 7.0 per cent to 75.7 per cent. The very low mainstream employment rates of Indigenous people in very remote areas, and in remote areas to a lesser degree, highlight the real limits to mainstream employment opportunities in these areas.

PROFILE OF CDEP PARTICIPANTS

A number of key points about the characteristics of CDEP participants can be made:

- The majority of participants (62%) were in very remote areas. 11 per cent were in remote areas, 11 per cent in outer regional areas, 9 per cent in major cities and 7 per cent in inner regional areas.
- The length of time that participants spend on the CDEP scheme varies across regions. In very remote areas, 40.6 per cent of participants had been on CDEP for five years or more and 21.8 per cent had been on the CDEP scheme for less than one year. Similarly, in remote areas, many participants had been on the scheme for a number of years, but the average duration was shorter. In non-remote areas only a minority (15.2%) of participants had been on the scheme for five years or more and 38.0 per cent had been on the scheme for less than one year.
- CDEP participants are more likely to speak an Indigenous language than are the Indigenous mainstream employed (hereafter termed 'mainstream employed').
- CDEP participants have characteristics which can make it difficult for them to find employment. For example, they are much more likely to have been arrested in the last five years (24.9%) than are the mainstream employed (8.5%). The unemployed, however, are the most likely to have been arrested.

ECONOMIC, SOCIAL AND COMMUNITY DEVELOPMENT IMPACTS OF THE CDEP SCHEME

There is evidence that CDEP participants have higher average incomes than do the unemployed and those not in the labour force, and that there are some positive employment and training outcomes. There have been a number of case studies of CDEP organisations in different areas of Australia at different times, of which almost all have come to the conclusion that the program has positive effects on individual participants' wellbeing and on community development. A number of government reviews have also concluded that the scheme has positive social outcomes.

The CDEP employed are more likely to participate in customary (non-market) activities than are the mainstream employed. For example, in remote areas, 28.2 per cent of the CDEP employed had attended funerals, ceremonies or festivals in the previous three months whereas only 5.5 per cent of the mainstream employed reported attending these kinds of events. The CDEP employed are also more likely to have been fishing or hunting in a group in remote and very remote areas than are the mainstream employed. An attraction of the CDEP scheme is that it allows a combination of participation in customary activities and paid work.

The CDEP scheme generally represents an intermediate zone between welfare and mainstream employment for participants. In some situations participation in the CDEP scheme is little different from just receiving income support payments while engaging in customary activities; in other cases it is most similar to mainstream part-time employment and in others again it is most similar to mainstream full-time

employment. The scheme's policy objectives have remained flexible, focusing variously on employment, enterprise development, training, community development or social and cultural development, or some combination thereof. Available evidence suggests that the outcomes from the scheme are highly variable, being dependent on development of work plans and recruitment of skilled supervisory and administrative staff. It is not unusual for successful CDEP organisations to grow rapidly and to take on an ever-growing range of functions in the absence of other viable organisations in the community or region.

POLICY RECOMMENDATIONS

Several recommendations as to ways in which the CDEP scheme could be further developed are outlined. It is important to emphasise that in our view, the CDEP scheme should continue to be supported and resourced. The CDEP scheme is a cost-effective program with evidence of positive social and economic impacts for individual participants and their communities.

Recommendation 1

Both the community development and mainstream employment objectives of the program should be maintained in all areas, although the relative emphasis should differ according to labour market opportunities.

Recommendation 2

In areas with very limited labour market opportunities, additional funding should be made available to increase the number of CDEP places to provide productive work while allowing the maintenance of cultural practices and participation in the customary economy. This would also reduce competition with social security and make implementation of the no-work no-pay rule easier to administer.

Recommendation 3

The links between CDEP organisations and recognised training organisations should be formalised and recognised. Qualifications should be accredited wherever possible. In remote areas where there are few mainstream employment opportunities, training should develop 'practical skills' which are of direct use to the local communities.

It is important to encourage young people to stay in education rather than seeing the CDEP scheme as a desirable alternative which results in a higher income in the short term.

Recommendation 4

The attractiveness of the CDEP scheme to young people as compared to participation in education should be reduced by ensuring that payment to youth participants is no higher than the income they would receive from Abstudy or Austudy.

Recommendation 5

Institutional strengthening should be facilitated through governance training for CDEP Boards and recruitment and retention of expert staff who can maintain organisational integrity and viability.

Recommendation 6

CDEP schemes that are performing well should be rewarded with funding, possibly by way of profit-related loans.

Recommendation 7

The level of capital and on-cost support should be increased to more realistic levels.

Recommendation 8

Individual CDEP organisations should continue to have flexibility as to what type of work they provide participants, and as to the way in which they operate, with an emphasis on activity and participation rather than just mainstream employment.

1. INTRODUCTION

There is currently a great deal of concern about the high levels of economic disadvantage among Indigenous Australians, with low employment rates and heavy reliance on income support payments (Commonwealth Grants Commission (CGC) 2001; Steering Committee for the Review of Government Service Provision (SCRGSP) 2003). There is a more general concern in Australia about the growth in recent decades in the proportion of the Australian population that is in receipt of a government income support payment (Saunders 2004). The most recent review of the social security system (McClure 2000) emphasised the importance of paid employment for increasing incomes, reducing welfare dependency and reducing the prevalence of a range of social ills. Underlying the welfare reform agenda articulated by McClure in that report is the notion of 'mutual obligation'. In the light of the recent focus on mutual obligation policies, it should be noted that some Indigenous Australians have been involved for 20 years or more in a form of mutual obligation, working for their welfare payments through the Community Development Employment Projects (CDEP) scheme.

The CDEP scheme was first introduced in May 1977 in a small number of remote Aboriginal communities in response to concerns that the introduction of unemployment payments would result in social problems. The scheme proved immediately popular, which led to concerted pressure for expansion to other Aboriginal communities. The scheme has undergone a number of expansionary phases, but remains fundamentally unchanged with funding allocated to CDEP organisations for wages for CDEP participants at a level similar to or a little higher than income support payments, enhanced with administrative and capital support, and used as a means to provide employment, training, activity, enterprise support, or income support to Indigenous participants. In some communities the scheme has been in place for over 20 years without interruption.¹

A few statistics illustrate the scheme's critical importance to Indigenous people and Indigenous public policy. In 2002, over one-quarter of total Indigenous employment was accounted for by the CDEP scheme and 13 per cent of the working-age population was employed by CDEP organisations. In very remote regions CDEP accounts for nearly three-quarters of Indigenous employment (Australian Bureau of Statistics (ABS) 2004). In the absence of the CDEP scheme the official unemployment rate of Indigenous Australians would increase from 23 per cent to 43 per cent.²

The scheme has been reviewed a number of times and these reviews have generally come to the view that on balance CDEP is a successful government program which has positive economic and social outcomes.³ However, it has been criticised on a number of grounds: that 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 way of cost shifting.

Noel Pearson, a prominent Indigenous commentator, has argued that the CDEP scheme has enjoyed mixed success, with some communities running very successful CDEP programs, while other programs are not easily

distinguishable from the dole. It is interesting that Pearson appears to argue that the CDEP scheme meets his principle of reciprocity and is therefore outside of what he terms the 'passive welfare paradigm' (Pearson 2000).

In this paper we review the evidence on the social and economic impacts of the scheme. The available evidence demonstrates that the scheme does have positive impacts and that it is cost effective in achieving these outcomes, particularly in regional and remote areas. Options for future policy directions with regard to Indigenous economic development and the role of the CDEP are canvassed. Whilst the main focus of this paper is on the operation of the scheme in regional and remote areas of Australia there is some discussion of the role and future of the scheme in major cities.⁴ The majority of CDEP participants (73%) are in remote areas.

The CDEP scheme has been administered until recently by the Aboriginal and Torres Strait Islander Commission (ATSIC). On 1 July 2004 responsibility for the program was transferred to the Department of Employment and Workplace Relations (DEWR). In March 2004, just prior to the handover to DEWR, the ATSIC Board endorsed a new policy in relation to CDEP. The scheme currently aims to achieve two broad outcomes: building and maintaining a strong, functional, sustainable socio-cultural and economic base for individuals and communities; and increasing individual access to and participation in the labour market and broader economy (ATSIC 2004b; Immigration and Multicultural and Indigenous Affairs Portfolio Budget Statements 2004/05). The relative emphasis given to one or both of these objectives is highly dependent on geographic location, access to services, labour market and other economic opportunities, and Indigenous needs and aspirations. These objectives are not mutually exclusive and can, and are, delivered concurrently within some CDEP schemes. At the time of writing it is unclear if the shift of the scheme to DEWR, a department with a focus on mainstream employment rather than community development, will result in major changes to the CDEP scheme. A discussion of some of the issues DEWR faces with respect to CDEP can be found in Sanders (2004).

The 2004/05 budget allocation for the scheme is \$570 million which will fund places for 39,055 participants working in over 240 CDEP schemes (Immigration and Multicultural and Indigenous Affairs Portfolio Budget Statements 2004/05).⁵ In the financial year 2002/03 approximately 76 per cent of this budget was expenditure that would otherwise be incurred in the form of social security payments (ATSIC 2003). In 2004/05, on a per participant basis, the expenditure is \$14,595, of which \$11,092 is offset against social security payments and \$3,803 is the additional expenditure per participant.⁶ While there has not been a comprehensive evaluation of the costs and benefits of the CDEP scheme, there are a number of studies of the scheme all of which have found that it generates a range of benefits. Given the relatively low cost of the scheme it is a cost-effective program.

There have been a number of recent initiatives, such as Indigenous Employment Centres (IECs), the CDEP Placement Incentive, Indigenous Job Network providers, and Intensive Assistance Support that overwhelmingly focus on rural and urban welfare recipients and CDEP organisations. However, remote CDEPs

are lagging behind in funding and tailored policy consideration and support, but need to be encouraged to improve, and where appropriate expand, their operations.

The remainder of this paper is structured as follows. Section 2 describes how the scheme operates. Section 3 outlines the importance of the CDEP scheme across the regions of Australia and presents some projections of the number of jobs that will need to be generated for Indigenous people in the future. Section 4 provides a profile of the CDEP scheme and the participants. Section 5 summarises the evidence on the economic impacts of the CDEP scheme and section 6 summarises the evidence on the social impacts of the program and the impact on community development. Section 7 outlines factors that contribute to organisational success. Section 8 discusses criticisms that have been made of the program, and the final section outlines some broad policy and program framework options for change.

2. HOW THE SCHEME OPERATES

Participants seek to join a CDEP organisation and if they are successful in gaining a place they forego their income support payments. They work instead for the CDEP organisation, usually for low, but still award-level, wages. CDEP organisations receive funding for participant wages according to the number of participants actually working.⁷ The participant wage funding is a direct offset against income support payments. For 2003/04 this rate was \$434 per fortnight for participants in remote areas and \$392 per fortnight for participants in non-remote areas. In addition to participants' wages, CDEP organisations receive funding for on-costs that are provided for the running costs associated with their activities. On-cost rates for 2003/04 were \$3,222 per participant in remote areas and \$3,000 per participant in non-remote areas.⁸ CDEP participants can qualify for a CDEP Participant Supplement of \$41.60 per fortnight. The CDEP Participant Supplement is payable if income is below \$770 per fortnight for a single person and \$715 per fortnight for a partnered person. For partnered participants, the total income of both partners must be under \$1,430 per fortnight. CDEP participants may also receive a range of other government payments and remain eligible for concession cards.⁹ CDEP participants whose CDEP wages are less than their income support payment entitlement continue to receive a part income support payment. The income support payment is income tested dollar for dollar against CDEP wages.

Participation in the CDEP scheme is income tested. CDEP participants can earn up to \$864 per fortnight from CDEP wages. In addition they can earn up to \$864 per fortnight from other sources (including CDEP on-costs). If they earn more than these amounts they can no longer continue as a CDEP participant. However, it is unclear whether anyone has ever lost CDEP eligibility for this reason. A person can no longer be a CDEP participant if their non-participant partner's gross fortnightly income exceeds \$1,728.

The income test applied to CDEP payments is more generous than the income test applied to income support payments (e.g. NewStart, Parenting Payment Single, Parenting Payment Partnered). This means that financial incentives faced by CDEP participants to increase income by working additional hours are greater than if they were in receipt of an income support payment. In technical terms the effective marginal tax rates

(EMTRs) faced by CDEP participants are lower than those faced by income support recipients. The income test for the CDEP scheme operates in such a way that if a participant earns one more dollar than the income limit then they completely lose eligibility to be a CDEP scheme participant and hence face a very high EMTR at this income.

Because the income test differs between different types of income support payments, the extent to which EMTRs are lower for CDEP participants than the EMTRs they would have faced had they instead been in receipt of an income support payment differs according to the type of payment they are eligible to receive. For example, Parenting Payment Single has one of the most generous income tests, and Newstart allowance has one of the least generous income tests (low free area and high taper rate).

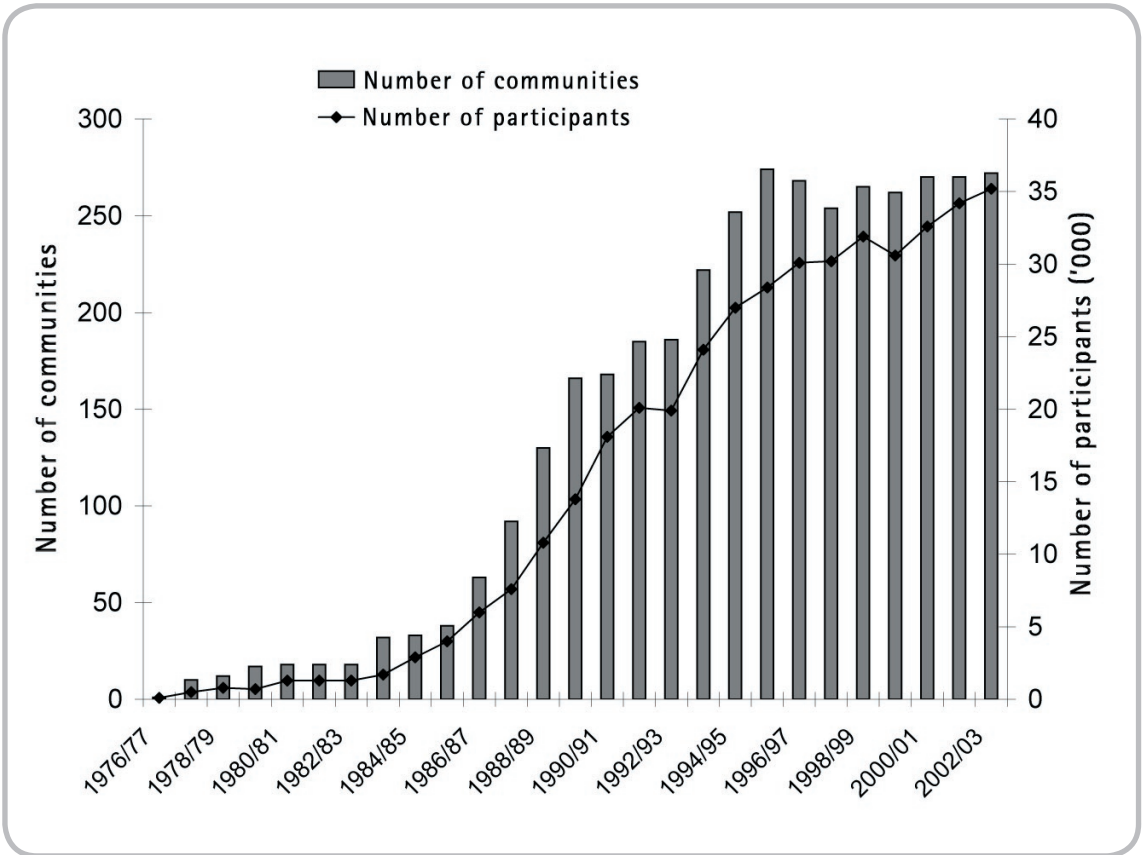
In general, Indigenous persons are eligible to be a CDEP participant if they are 16 years or older and have been assessed by Centrelink as being eligible for an income support payment. A person cannot be a CDEP participant if he or she is 15 years of age and is not in receipt of Youth Allowance; or is a full-time secondary student; or is on a Sickness Allowance; or is a full-time student in receipt of Abstudy or Austudy Living Allowance Payment; or is granted Youth Allowance as a full-time student.

In the past some CDEP organisations continued to pay people regardless of whether they worked or not (Spicer 1997). However, after the Spicer review of the scheme in 1997 this has been happening less and less and it is now the case that the no-work no-pay rule is generally applied, although it is not always enforced or enforceable, especially for very large CDEPs with limited administrative capacity. Amongst other things, CDEP participants are currently involved in a variety of projects including cattle operations, arts and craft production, broadcasting, aquaculture, child care, feral animal control, recycling, security, land management and reforestation, meals on wheels, transport, drug and alcohol rehabilitation, market gardening, harvesting of wild resources, housing construction, and maintenance.

3. EMPLOYMENT AND UNEMPLOYMENT RATES OF INDIGENOUS PEOPLE IN THE ABSENCE OF CDEP: NOW AND IN THE FUTURE

The importance of the CDEP scheme has increased over the last 20 years. Between 1981 and 2001 the proportion of the Indigenous population employed in the CDEP scheme increased from 0.8 to 10.9 per cent (Hunter 2004). In 2002 the CDEP scheme accounted for over one-quarter of the total employment of Indigenous Australians, with 13 per cent of the working-age population being employed in the CDEP scheme. Using the official definition of unemployment, the unemployment rate for Indigenous Australians is 23 per cent. Classifying CDEP participants as being unemployed could increase the rate to 43 per cent.¹⁰ Fig. 1 shows the growth in the number of participants and communities with CDEP since the scheme commenced operation in 1976/77.

Fig. 1. Number of communities with CDEP and number of participants, 1976/77–2002/03



Note: CDEPs in the Torres Strait are not included in the figures since 1997/98. The Torres Strait Regional Authority ceased to be included at that time in ATSIC budget and reporting frameworks.

Source: Derived from figures reported in Sanders (2004).

The importance of the CDEP scheme varies from region to region. According to the data collected by the ABS in the National Aboriginal and Torres Strait Islander Social Survey (NATSISS) (2002), in major cities just 3.7 per cent of the Indigenous working-age population was employed in the CDEP scheme in 2002. In inner and outer regional areas the proportions working in the CDEP scheme were 4.6 and 6.1 per cent respectively. In remote areas 16.9 per cent were employed in the scheme. In very remote areas 42.2 per cent of the working-age population was employed in the scheme (Table 1). Thus the CDEP scheme is much more significant in areas in which there are fewer or no mainstream employment opportunities. In major cities, 46.8 per cent of the Indigenous working-age population is in non-CDEP (hereafter termed 'mainstream employment'); in remote areas the proportion is 31.7 per cent, and in very remote areas just 14.9 per cent (Table 1).

Table 1. Indigenous labour force status by region (%),^a 2002

Labour force status	Major cities	Inner regional	Outer regional	Remote	Very remote	Total Australia
CDEP employment	3.7	4.6	6.1	16.9	42.2	12.7
Mainstream employment	46.8	39.0	35.3	31.7	14.9	35.5
Unemployment rate	25.2	30.0	29.1	17.2	7.0	23.0
Unemployment rate (CDEP counted as unemployed)	30.7	37.4	39.6	46.0	75.7	43.3
Total in the labour force	67.5	62.3	58.4	58.7	61.6	62.6
Population (no.)	83,300	52,900	60,100	23,100	49,850	269,250

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

Source: NATSISS (2002).

Table 2. Indigenous unemployment rates (%), 2001–2011

	2001	2006	2011
CDEP counted as employed	22.5	26.8	30.9
CDEP counted as unemployed	43.4	47.4	50.4
CDEP counted as unemployed and discouraged workers included in the labour force	55.9	58.9	61.3

Source: Adapted from Hunter and Taylor (2004: Table 4).

It can be seen that while in all areas of Australia the unemployment rate would be substantially higher in the absence of CDEP participation, in remote and very remote areas the effects would be much greater. In remote areas the unemployment rate would increase from 17.2 per cent to 46.0 per cent and in very remote areas it would increase from 7.0 per cent to 75.7 per cent. The very low mainstream employment rates of Indigenous people in very remote, and to a lesser degree, remote areas, highlight the fact that there are very few mainstream employment opportunities available in these areas.

Hunter and Taylor (2004) provide projections of the Indigenous population to 2011 and estimate the implications of this for employment and unemployment rates of Indigenous Australians. It is projected that by 2011 the Indigenous Australian population will be at least 550,000 and it is forecast to approach 750,000 by 2021. The Indigenous population aged 15 years and over is projected to increase from 280,000 in 2001 to 364,000 by 2011. In order to maintain the status quo in employment rates an additional 33,903 jobs

Table 3. Indigenous CDEP participants by age group and gender,^a June 2004

Age (years)	Male		Female	
	No.	%	No.	%
15–19	3,053	15.4	2,072	16.1
20–24	3,770	19.0	2,141	16.6
25–34	5,573	28.1	3,360	26.1
35–39	2,307	11.6	1,542	12.0
40–44	1,847	9.3	1,394	10.8
45–49	1,404	7.1	1,081	8.4
50+	1,876	9.5	1,293	10.0
Population (no.)	19,830	100.0	12,883	100.0

Note: (a) CDEP participants in the Torres Strait are excluded from this table as are non-Indigenous CDEP participants.

Source: ATSI administrative data.

Table 4. Number of CDEP participants and CDEP employment rate by gender and age,^a 2001

Age (years)	No. of participants		Participation rate (%)	
	Male	Female	Male	Female
15–19	3,031	1,872	12.9	8.1
20–24	3,432	1,951	18.5	10.4
25–34	5,491	3,490	15.9	9.3
35–39	2,135	1,510	14.6	9.4
40–44	1,650	1,229	13.2	9.4
45–49	1,240	895	12.5	8.6
50+ ^b	1,507	974	9.2	5.5
Total	18,486	11,921	14.2	8.7

Notes: (a) CDEP participants in the Torres Strait are excluded from this table as are non-Indigenous CDEP participants. (b) For the age group 50+ the participation rate is calculated using the population aged 50 to 64 years.

Source: ATSI administrative data and estimated resident population from the ABS 2001 Census.

will be required by the year 2011. This is an increase in Indigenous employment of almost one-third of its present size. Given that the past increases in Indigenous employment are accounted for by the expansion of the CDEP scheme (Fig. 1), unless the CDEP scheme continues to expand or employment rates of Indigenous

Table 5. Duration on CDEP by region of residence (%),^a 2002

Length of time on scheme	Non-remote	Remote	Very remote	Total Australia
Less than 1 year	38.0	29.7	21.8	27.3
1 to less than 2 years	17.4	10.8	14.7	15.0
2 to less than 3 years	14.1	13.5	12.2	12.9
3 to less than 4 years	8.7	10.8	7.1	8.0
4 to less than 5 years	6.5	10.8	3.6	5.2
5 years or more	15.2	24.3	40.6	31.6
Population (no.)	9,200	3,900	21,100	34,200

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

Source: NATSISS (2002).

Australians increase much faster than they have in the recent past, the Indigenous employment rate will decrease. The unemployment rate (if counting the CDEP as unemployed) is projected to increase from 43.4 per cent in 2001 to 50.4 per cent in 2011 (Table 2).

4. PROFILE OF CDEP PARTICIPANTS

This section provides an overview of the characteristics of CDEP participants. The two main sources of data used in this section are the NATSISS conducted by the ABS in 2002 and administrative data. Along with those published in ABS (2004) these are the first analyses to be made of the recently released NATSISS (2002) data. The estimates are made from customised tables ordered by CAEPR. The NATSISS data include CDEP participants working in the Torres Strait whereas the administrative data does not.

According to administrative data released by Aboriginal and Torres Strait Islander Services (ATSIS), in June 2004 there were 35,231 CDEP participants, of whom 32,713 were Indigenous (93%) and 2,518 non-Indigenous (7%) (Table 3). A higher proportion of participants are male (60%) than female (40%). The rate of participation in the CDEP scheme is highest amongst those aged 20–24 years, followed closely by those aged 25–44 years (Table 4). The participation rate is lowest amongst those aged 50 years and over and is relatively low amongst those aged 15–19 years.

The majority of participants, 62 per cent, are in very remote areas, 11 per cent are in remote areas, 11 per cent are in outer regional areas, 7 per cent are in inner regional areas and 9 per cent are in major cities. The length of time that participants spend on the CDEP scheme varies across regions. In very remote areas, 40.6 per cent of participants had been on the CDEP scheme for five years or more and 21.8 per cent had been on the CDEP scheme for less than one year (Table 5). Similarly, in remote areas, many participants had been on

Table 6. Percentage of population speaking an Indigenous language, by labour force status and region,^a 2002

Labour force status	Non-remote	Remote	Very Remote	Total Australia
Employed				
CDEP	17.6	60.0	78.4	63.5
Mainstream	8.7	21.4	58.6	13.5
Unemployed	11.4	41.2	66.7	16.6
Not in the Labour Force	13.5	42.0	81.8	30.9
Total	11.2	38.8	76.3	26.6
Population (no.)	196,300	23,100	49,850	269,250

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

Source: NATSISS (2002).

the scheme for a number of years but the average duration was shorter. In non-remote areas only a minority of participants (15.2%) had been on the scheme for five years or more and 38.0 per cent had been on the scheme for less than one year.¹¹

CDEP participants are more likely to speak an Indigenous language than are the mainstream employed (Table 6). In major cities and regional areas 17.6 per cent of CDEP participants speak an Indigenous language, more than double the 8.7 per cent of mainstream employed who speak an Indigenous language. Interestingly, the proportion of CDEP participants speaking an Indigenous language is also higher than among the unemployed and those not in the labour force. In remote and very remote areas a much higher proportion of the Indigenous population speaks an Indigenous language (38.8% and 76.3% respectively). In both remote and very remote areas, a higher proportion of CDEP participants speak an Indigenous language than is the case for the mainstream employed. This demonstrates that CDEP is popular among more traditionally-oriented Indigenous people. It may also reflect a lack of mainstream employment opportunities amongst Indigenous people who speak an Indigenous language. The difference in the proportion of the population that speaks an Indigenous language between remote and very remote areas reflects the late colonial impacts and strong maintenance of customary practices in very remote areas.

CDEP participants have characteristics which can make it difficult to find employment. For example, they are much more likely to have been arrested in the last five years (24.9%) than are the mainstream employed (8.5%). However, the unemployed are the most likely to have been arrested (Table 7). This is significant because arrest has been shown to decrease the likelihood of employment for Indigenous Australians (Borland & Hunter 2000) and reduce participation in education (Hunter & Schwab 1998).

Table 7. Percentage of population arrested in last 5 years, by labour force status and region,^a 2002

Labour force status	Major Cities	Regional	Remote	Very Remote	Total Australia
Employed					
CDEP	32.3	24.6	23.1	24.2	24.9
Mainstream	7.2	9.1	12.2	8.1	8.5
Unemployed	36.9	33.3	39.1	31.8	34.8
Not in the Labour Force	18.8	15.8	16.8	12.4	16.1
Population (no.)	83,300	113,000	23,100	49,850	269,250

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

Source: NATSISS (2002).

5. ECONOMIC IMPACTS OF THE CDEP SCHEME

The effects of the CDEP scheme on individual participants, their families and the communities in which they live can be characterised as either economic or social. This section summarises the evidence on the economic impacts of the scheme and the following section summarises its social impacts.

INCOME

The CDEP employed have an average income of \$277 per week. Although this is much lower than the average income of the mainstream employed—which is \$609 per week—it is substantially higher than the average income of the Indigenous unemployed (\$162) and those not in the labour force (\$193). The CDEP employed have higher income than the unemployed and those not in the labour force across all regions of Australia (Table 8). There is little difference in the average incomes of the CDEP employed across regions, with the exception of major cities where the CDEP employed have an average income of \$291 per week as compared to the average of \$277.¹²

These findings are consistent with CDEP scheme rules and procedures. First, as outlined above, the income test applied to CDEP participants is more generous than the test applied to income support payments. Second, CDEP organisations have the ability to develop enterprises and win contracts using the CDEP workforce and on-cost funding, thereby generating additional income which can be used to increase participants' hours and provide 'top up' wages. Third, CDEP organisations may receive funding, primarily from government, to offer traineeships or apprenticeships to participants, especially where there is Structured Training and

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).

Employment Project (STEP) funding. Traineeships and apprenticeships often involve full-time employment and consequently a higher income. Finally, CDEP participants are sometimes placed with third party employers, who can top up their wages.

HOURS WORKED

Although the notional CDEP wages component only provides for part-time work, a significant proportion of CDEP participants' usual working hours are long part-time hours (25–34 hours per week) or even full-time hours. In non-remote areas, 12.8 per cent of CDEP participants are working between 25 and 34 hours and 18.9 per cent are working full time. In remote areas, 10.8 per cent are working 25 to 34 hours and 20.3 per

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).

cent are working full time. In very remote areas 9.6 per cent are working 25 to 34 hours and 18.0 per cent are working full time (Table 9).¹³ The scheme clearly generates activity.

MAINSTREAM EMPLOYMENT

The potential of CDEP organisations to assist participants to move from the scheme into unsubsidised employment is influenced by whether or not there are jobs available in the local area and whether participants wish to leave the CDEP scheme for mainstream employment. There is evidence that some CDEP organisations have been successful in assisting participants to move from the scheme into unsubsidised employment where jobs are available (see e.g. Gray & Thacker 2000; Office of Evaluation and Audit 1997; Spicer 1997).

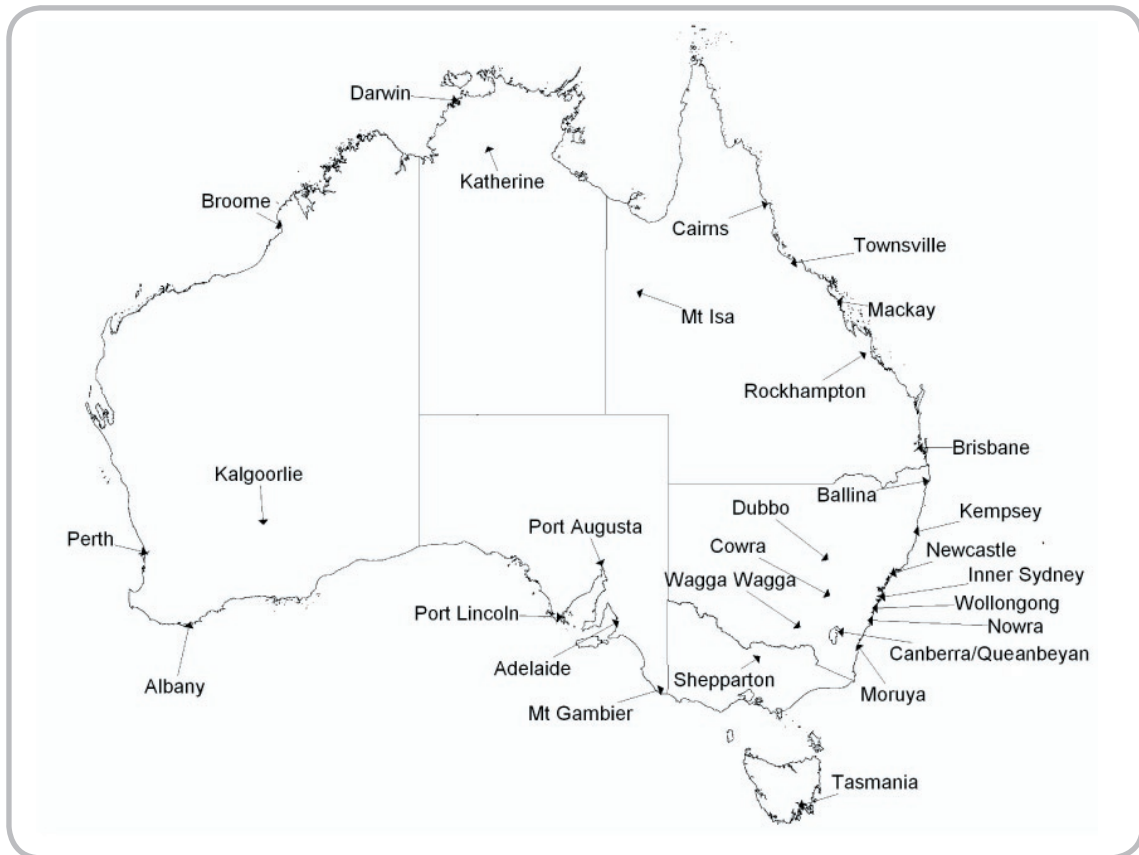
A survey conducted by the Office of Evaluation and Audit of CDEP participants who had left an urban based CDEP within the two years preceding July 1996 revealed that 24 per cent of ex-participants went into a job immediately after leaving CDEP, 50 per cent were unemployed, and 26 per cent were not in the labour force (Office of Evaluation and Audit 1997: 32).

Hunter and Taylor (2002) estimate the economic costs to society 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.

An important recent change to the CDEP scheme in areas in which there are labour market opportunities has been the introduction of Indigenous Employment Centres (IECs) from April 2002.¹⁴ The IECs have been introduced, in part, as a response to the concerns that Indigenous clients had difficulties effectively accessing the Job Network, especially outside urban areas (DEWR 2001). These concerns led to changes to the Job Network, which included providing a number of specialist service providers for Indigenous job seekers. While DEWR (2001: 38–41) presents some evidence about the services provided by Job Network members to Indigenous job seekers, it remains to be seen how successful recent institutional developments have been in improving the access of Indigenous job seekers to job search and employment assistance.

By July 2004 IECs had been established in 33 CDEP organisations located in regions in which there are mainstream jobs. Fig. 2 shows the location of IECs as of May 2004. The IECs have many similarities with Job Network providers and receive payments for providing assistance to job seekers and payments for IEC participants who are successful in finding mainstream employment. There is some evidence that some IECs have been quite successful in assisting CDEP participants move into mainstream employment (see *Senate Hansard*, Tuesday 11 May, 2004, Question No. 2733). As of June 2004, a total of 3,600 Indigenous people had commenced with an IEC and there have been 977 placements into mainstream employment (27% of all commencements). Of these commencements, 547 have lasted for at least 13 weeks (DEWR 2004).¹⁵

Fig. 2. Location of Indigenous Employment Centres, 2004



Source: Hunter and Gray (2004).

TRAINING

CDEP organisations do provide a significant amount of formal and informal training. This is important, both in terms of developing capacity within Indigenous communities and increasing the chances of participants finding mainstream employment. Just participating in the scheme develops work skills for participants who have little or no previous employment or who have not been employed for a number of years. Misko (2004) reports that almost all activities undertaken through the scheme provide some on-the-job training and experience but that the uptake of off-the-job formal training by participants is less frequent. Participants can also undertake formal training within a CDEP organisation and this training can result in a recognised certificate or accredited qualification. A number of CDEP participants have successfully completed apprenticeships.

Table 10. Participation in VET in the last 12 months, by labour force status and region (%),^a 2002

Labour force status	Major cities	Inner regional	Outer regional	Remote	Very remote	Total Australia
Employed						
CDEP	54.8	45.8	45.9	30.8	18.0	27.8
Mainstream	46.9	51.7	52.8	57.5	43.2	49.8
Unemployed	27.5	21.2	25.5	26.1	13.6	24.5
Not in the Labour Force	2.8	2.1	7.1	3.7	1.6	3.4
Total (%)	31.0	28.5	30.5	29.0	15.9	27.4

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

Source: NATSISS (2002).

Table 10 presents information from NATSISS 2002 on participation in the vocational education and training (VET) sector by labour force status and region in the previous 12 months. There are relatively high rates of participation in VET in the last 12 months in all areas, although rates in very remote areas are half those in major cities. The CDEP employed overall have lower rates of undertaking VET than the mainstream employed. The only exception is in major cities where 54.8 per cent of the CDEP employed undertook VET, compared to 46.9 per cent of the mainstream employed. The lower rates of participation in VET in very remote areas are largely a consequence of lack of training providers and facilities in those areas.

CDEP participants in remote and very remote areas have similar rates of participation in VET as the unemployed, but in major cities and regional areas the CDEP employed have much higher rates of undertaking VET than do the unemployed. In all areas of Australia those not in the labour force have very low rates of participation in VET. VET is often particularly important for young people.

While CDEP organisations do provide training, it is often not accredited and is not widely recognised by employers. There is a clear need to formally link training within CDEP organisations to recognised training organisations. It is important that, whenever possible, training results in a formal qualification. However, it is recognised that particularly in remote and very remote areas this will not always be possible. In remote areas, in which there are few mainstream employment opportunities, training should develop 'practical skills' that are of use to the local community.

6. SOCIAL IMPACT AND COMMUNITY DEVELOPMENT

There have been a number of case studies of CDEP organisations in different areas of Australia and at different times. Almost all of these studies have come to the conclusion that the program has positive effects on the wellbeing of individual participants and on community development (Altman & Johnson 2000; Gray & Thacker 2000; Madden 2000, 2001; Misko 2004; Smith 1994, 1995, 1996). Government reports and government commissioned reviews of the scheme that conclude the scheme has positive social impacts include Deloitte, Touche Tohmatsu (1993), Office of Evaluation and Audit (1997) and Spicer (1997). We can therefore confidently conclude that the scheme has positive effects on individual, family and community wellbeing. However, there is not sufficient information available to assess the magnitude of the effects, or what proportion of participants or CDEP communities derive social benefits.

There are no existing estimates of the magnitude of the effects of the CDEP scheme on social outcomes. This is primarily a consequence of the difficulty of determining whether any relationship between participation in the CDEP scheme and a range of social outcomes is caused by CDEP participation or whether those with higher levels of wellbeing are more likely to participate in the scheme. In order to identify causal links between the CDEP scheme and social outcomes longitudinal data is required. To date there has been no attempt to collect such data.

A number of CDEP organisations, particularly in remote areas, are involved with 'caring for country' programs often associated with customary activities, which result in the protection and maintenance of biodiversity, conservation, pest reduction and weed control. This generates national benefits that generally go unrecognised (Altman 2004).

The tangible output of CDEP workers adds directly to community development, but may also enhance individual wellbeing over and above the pecuniary benefits from increased income. Being unemployed is often associated with social exclusion as measured by police harassment, high rates of arrest, low levels of social capital and civic engagement, high levels of drinking related offences, and so on. Furthermore, the social costs of unemployment appear to spill over onto other members of a household. The CDEP employed sometimes fared better and sometimes worse than the unemployed on a range of indicators, but as expected the CDEP employed generally fare worse than the mainstream employed. The similarity between CDEP and unemployment may be overstated as the long-term unemployed have substantially worse social outcomes than do the CDEP employed (Hunter 2002). Many CDEP participants would be long-term unemployed if they were not participating in the CDEP scheme.

It is often argued that employment in the CDEP scheme is attractive to Indigenous people as it allows a combination of participation in customary (non-market) activities and the paid labour market. The NATSISS 2002 survey reveals that the CDEP employed are more likely to have participated in such activities than are the mainstream employed (Table 11). For example, in remote areas, 28.2 per cent of the CDEP employed had attended funerals, ceremonies or festivals in the previous three months whereas only 5.5 per cent of the

mainstream employed reported attending these kinds of events. A much higher proportion of the CDEP and mainstream employed attended funerals, ceremonies or festivals in very remote areas than in remote areas, but in both types of area the CDEP employed were still substantially more likely to have attended these kinds of events.

The CDEP employed are also much more likely than the unemployed to have been fishing or hunting in a group.¹⁶ Of course, it may also be the case that those who are more motivated and active are both more likely to participate in the CDEP scheme and to undertake traditional customary activities. However, the fact that the CDEP employed are more likely than the mainstream employed to participate in these activities supports the hypothesis that participation in the CDEP scheme provides the time and flexibility which allows the undertaking of customary activities which many Indigenous participants value.

Some commentators have highlighted that one of the important beneficial social impacts of the CDEP scheme has been the resourcing of over 200 organisations to represent Indigenous participants in a variety of forums, concerning such matters as land interests, development interests, and employment and training issues. Rowse (2002) refers to these organisations as the 'Indigenous sector' while many contributors to Morphy and Sanders (2001) provide case studies of the multiplicity of roles undertaken by these organisations.

7. FACTORS CONTRIBUTING TO CDEP ORGANISATIONAL SUCCESS

There are a number of very successful CDEP organisations. A range of factors which allow CDEP organisations to be successful have been identified by reviews and studies of CDEP organisations. While not all are relevant to all CDEP organisations in all areas they are fairly widely applicable. The most important include:

- the capacity to attract and retain good managers and supervisory staff who collaborate constructively with the organisation's Board;
- the capacity to employ enough qualified staff to allow commercial opportunities to be pursued;
- a commitment and capacity to undertake appropriate development that recognises comparative strengths and weaknesses, in consultation with community stakeholders;
- a willingness to recognise and support productive activity in both the customary (e.g. wildlife harvesting) and market sectors of the local economy;¹⁷
- a willingness to make investments, underwritten by surpluses generated by CDEP activities;
- an organisational willingness to diversify and to cross-subsidise different areas of the organisation;
- the development of an internal labour market that allows qualified participants to be promoted within the organisation;¹⁸ and
- the undertaking of successful commercial activities.

Table 11. Cultural and social activities in the last three months by labour force status and region (%),^a 2002

Labour force status	Non-remote	Remote	Very remote
Fishing or hunting in a group ^b			
Employed			
CDEP		35.9	76.8
Mainstream		4.1	47.3
Unemployed		8.7	50.0
Not in the Labour Force		17.7	70.3
Community or special interest group activities			
Employed			
CDEP	18.5	25.6	38.4
Mainstream	20.5	20.5	41.9
Unemployed	12.5	13.0	27.3
Not in the Labour Force	13.2	11.5	27.6
Funerals, ceremonies or festivals ^b			
Employed			
CDEP		28.2	65.9
Mainstream		5.5	41.9
Unemployed		13.0	50.0
Not in the Labour Force		20.8	69.8
Recreational or cultural group activities			
Employed			
CDEP	32.6	33.3	64.9
Mainstream	22.5	21.9	54.1
Unemployed	18.7	21.7	36.4
Not in the Labour Force	17.5	20.8	57.8

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

(b) The questions about attendance at funerals, ceremonies or festivals and participating in fishing or hunting in a group were not asked in non-remote areas. Although fishing or hunting is included in this table it is as much an economic as cultural or social activity.

Source: NATSISS (2002).

The last mentioned factor, contingent on several above, can be important for several reasons. First, the additional income generated can allow additional hours of work, provide training for participants and assist with achieving general community recognition of the quality of work done by CDEP participants. This in turn increases the likelihood of mainstream employment outcomes being achieved.

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. (For a discussion of the issues surrounding the use of profit-related loans in the Indigenous context and a policy proposal see Altman and Dillon (2004).)

Where CDEP organisations have been successful, they have, in general, been able to generate income in addition to their participant wage and on-cost funding. This has enabled them to hire quality staff to undertake many of the initiatives listed above. The current on-cost funding level of \$3,222 per participant (in remote areas) is low given the diverse objectives that CDEP organisations are asked to seek to achieve, including providing meaningful employment and training, assisting participants to move to mainstream employment, and improving social outcomes. This is particularly the case for smaller CDEP organisations which are hampered by diseconomies of scale in administration.

While there are common factors which can be identified as being important to the achievement of success by a CDEP scheme, the existing case studies highlight just how varied are the ways in which the schemes operate and how sensitive the strategies adopted are to the social, political and physical environments in which the different organisations operate.

It is also possible to identify factors which have hampered the success of some CDEP organisations. These include:

- difficulty in attracting and retaining capable and committed managers;
- a government support framework that is locked into annual rather than multi-year funding. This undermines sound business and strategic planning. Rolling triennial budgets are essential. A number of reports have recommended multi-year funding including the *Royal Commission into Aboriginal Deaths in Custody* (Johnston 1991, Recommendation 190), CGC (2001: Recommendation 10), and the Spicer Review (1997: 101);
- an overarching funding and support environment that is geared more to penalising than it is to championing and rewarding success;
- a lack of government grants and loans support for innovation and initiative;
- governmental under-resourcing of capital support for CDEP enterprises; and
- a lack of linkage between CDEP participation and access to meaningful training.

8. CRITICISMS OF THE CDEP SCHEME

There have been a number of criticisms made of the CDEP scheme. One view of CDEP is that it is a second-rate labour market created by government that traps people into low-paid and part-time work and protects them from the rigours of the mainstream labour market. While it is true that CDEP participants earn low wages and many work part-time, in many remote areas there simply are not enough private sector full-time jobs available. A related view that is sometimes expressed is that those on CDEP are in a 'comfort zone' (Smith 1994), a somewhat pejorative term that has connotations of laziness. In fact many participants may have a preference for CDEP work based on very positive experiences working on the scheme or negative experiences in the mainstream labour force. Other cultural practices or human capital shortfalls that make mainstream full-time employment unattractive or simply unobtainable are also likely factors. Such situations exist in metropolitan as well as in remote Australia.

The desire to have Indigenous people in remote areas employed in mainstream jobs is not new and has been expressed by successive policy reviews since the early 1970s (see Appendix A; Miller 1985). However, since the identification of the need to create an economic base in remote areas, no government has been successful in directly generating anything but a tiny fraction of the jobs needed. While there may be some potential for the government to increase the number of mainstream jobs filled by Indigenous people in remote areas it is simply impossible for enough unsubsidised mainstream jobs to be generated. There is also an issue of choice. In remote and very remote areas the CDEP scheme allows the maintenance of customary practices such as wildlife harvesting and natural resource management and participation in important ceremonies and funerals, while maintaining some access to earned income.

There is an emerging view that in situations where the scheme operates effectively, communities might be vulnerable to cost shifting (or substitution funding) from mainstream federal and State agencies and local government councils to this Indigenous specific program. In such situations, CDEP may be undermining the delivery of citizenship entitlements to Indigenous Australians on an equitable basis. Through CDEP, people paid minimum award wages provide services—health services, child-care services, housing and infrastructure construction, garbage collection, community maintenance—that are elsewhere part of normal government service provision. This issue was highlighted by the CGC (2001) and also in a report by the Australian National Audit Office (ANAO 2001).

9. POLICY RECOMMENDATIONS

For the reasons set out below the CDEP scheme requires careful policy consideration:

- In many remote and very remote areas regional labour markets cannot provide sufficient jobs and CDEP employment is the main source of jobs. Without CDEP there would be no or very few jobs for Indigenous people in these areas.

- Since the establishment of IECs linked to CDEP organisations in 2002, the program has become a targeted means to facilitate transition to the mainstream labour market.
- Since 1999, CDEP has become a key element in DEWR's delivery of STEP under the Indigenous Employment Policy.
- The scheme encompasses elements of the principle of 'mutual obligation' that has become a central tenet of contemporary social policy and can result in increased levels of productive activity amongst participants.
- Despite the fact that CDEP generally only provides part-time employment at low hourly rates (about \$12 per hour), it is popular among Indigenous Australians. In many contexts this is because of the scheme's inherent flexibility, but it is also because it allows earning of quite a high level of additional income without the loss of government payments that would occur if the person were in receipt of income support payments.
- It is one of the few community-based 'bottom-up' options for Indigenous development.

The basis for the CDEP scheme achieving positive economic and social outcomes is its flexibility, which allows CDEP organisations to come up with innovative solutions to the challenges they face. Given the diverse range of circumstances in which CDEP organisations operate and the wide range of needs fulfilled by the scheme, the current dual objectives should be maintained. It would be difficult to differentiate CDEP organisations on some broad geographical basis, because such simplified categories would disguise the complexities that exist in areas where a spectrum of community and cultural types co-exist.

We conclude with several recommendations as to ways in which the CDEP scheme could be further developed and improved. It is important to emphasise that in our view the CDEP scheme should continue to be supported and resourced. The scheme is a cost-effective program with evidence of positive social and economic impacts for individual participants, their families and their communities.

RECOMMENDATION 1

Both the community development and mainstream employment objectives of the program should be maintained in all areas, although the relative emphasis should differ according to labour market opportunities.

RECOMMENDATION 2

In areas with very limited labour market opportunities, additional funding should be made available to increase the number of CDEP places to provide productive work while allowing the maintenance of cultural practices and participation in the customary economy. This would also reduce competition with social security and make implementation of the no-work no-pay rule easier to administer.

RECOMMENDATION 3

The links between CDEP organisations and recognised training organisations should be formalised and recognised. Qualifications should be accredited wherever possible. In remote areas where there are few mainstream employment opportunities, training should develop 'practical skills' which are of direct use to the local communities.

It is important to encourage young people to stay in education rather than seeing the CDEP scheme as a desirable alternative which results in a higher income in the short term.

RECOMMENDATION 4

The attractiveness of the CDEP scheme to young people as compared to participation in education should be reduced by ensuring that payment to youth participants is no higher than the income they would receive from Abstudy or Austudy.

RECOMMENDATION 5

Institutional strengthening should be facilitated through governance training for CDEP Boards and recruitment and retention of expert staff who can maintain organisational integrity and viability.

RECOMMENDATION 6

CDEP schemes that are performing well should be rewarded with funding, possibly by way of profit-related loans.

RECOMMENDATION 7

The level of capital and on-cost support should be increased to more realistic levels.

RECOMMENDATION 8

Individual CDEP organisations should continue to have flexibility as to what type of work they provide participants, and as to the way in which they operate, with an emphasis on activity and participation rather than just mainstream employment.

NOTES

1. A detailed discussion of the historical development of the CDEP scheme is in Appendix A.
2. Figures are from the National Aboriginal and Torres Strait Islander Social Survey (NATSISS 2002) conducted by the Australian Bureau of Statistics (ABS) (see also ABS 2004).
3. These reviews include Deloitte Touche Tohmatsu (1993), Office of Evaluation and Audit (1997) and Spicer (1997).
4. In 2002, 31 per cent of the Indigenous population lived in major cities, 20 per cent in inner regional areas, 22 per cent in outer regional areas, 9 per cent in remote areas and 19 per cent in very remote areas. While only around one-third of Indigenous people live in remote areas of Australia, this is much higher than for the Australian population as a whole, of whom only 3 per cent live in remote areas.
5. While the scheme has a point-in-time number of places, the total number of people on CDEP over a 12-month period is considerably higher. For example, as of 30 June 2003 the number of participant places was 35,000 but over the 12 months to June 2003, 56,000 individuals participated in the program (*Senate Hansard*, 13 May 2004, Question No. 2730).
6. Estimated assuming that the costs of the CDEP scheme which are offset against welfare entitlements will be 76 per cent, which is the proportion for 2002/03, the most recent data available at the time of writing.
7. In Torres Strait CDEP funding is paid to the Torres Strait Regional Authority which then distributes the money to CDEP organisations.
8. The source for most of the information on the operation of the CDEP scheme is ATSIIC (2004a).
9. Some of the common benefits and concessions which CDEP participants may be eligible for include: child related payments (Family Tax Benefit (FTB) A and FTB B); Employment Entry Allowance; Rent Assistance; Bereavement payments; Pharmaceutical Allowance; Telephone Allowance; and Health Care Card.
10. Figures are from NATSISS (2002) and are a little higher than the 20 per cent reported by Hunter and Taylor (2004) using the 2001 Census.
11. The length of time which a person can be on the CDEP scheme is constrained by the length of time a CDEP scheme place has been available to them. On average, places have been available for longer in remote and very remote areas.
12. The conclusions that the CDEP employed have a higher personal income than do the unemployed and those not in the labour force are consistent with estimates made by Altman, Gray and Sanders (2000) using the 1996 Census and 1994 National Aboriginal and Torres Strait Islander (NATSIS) Survey.
13. These estimates of the usual weekly working hours of CDEP participants are consistent with estimates from the 2001 Census (Hunter 2004).
14. IECs can provide some support for other Indigenous job seekers who are not in a CDEP program. This can include help with Centrelink or Job Network or with talking to an employer about a job. This is only a small part of what the IEC does. The main source of support for these job seekers continues to be Centrelink and Job Network.
15. The material on IECs draws heavily on Hunter and Gray (2004).

16. The NATSISS (2002) question only asked about fishing or hunting which occurred in a group and hence the statistics do not include fishing or hunting done as an individual activity. In reality fishing and hunting is often an individual activity (Altman 1987) and thus the NATSISS figures provide an underestimate of the prevalence of these activities.
17. This is particularly important in remote and very remote areas where Indigenous people have access to land and natural resources.
18. The possibility of more hours or a higher hourly wage rate can provide participants with the incentive to work hard.

APPENDIX A. HISTORICAL BACKGROUND

The aim of this historical background is to review the changes in the political economy of Aborigines in remote Australia that led to the adoption of the Community Development Employment Projects (CDEP) scheme in the 1970s, and to track the changing conceptions of the purpose of CDEP as it grew and spread into all kinds of Indigenous settings across Australia.

UNEMPLOYMENT BENEFITS AND THE CREATION OF CDEP

In the mid 1960s, most remote Aborigines obtained a living in one of three ways: employment in the pastoral industry, employment on missions and government settlements, or bush subsistence. In the first two, they were not integrated into the mainstream economy as standard units of labour, but rather they participated under special conditions that marked them out as a formally segregated sector of the remote labour force (Rowley 1971). On cattle stations, payment took the form of wages at a lower rate than that paid to white co-workers, plus provisioning of unemployed kin resident on the property. On missions and settlements, management maintained some combination of rationing or subsidised food for all regular residents, plus token payment for workers. Thus when Aborigines worked, even in market-oriented private enterprise, their participation was not on the same terms, nor considered the same in principle, as that of other workers. An obligation upon the state to pay unemployment benefits to able members of those communities without a job was never thought to arise.

In 1964, adoption of a new Social Welfare Ordinance in the Northern Territory put an end to the legal status of wardship that had applied to most Aborigines, and vested most of the rights of citizenship in the Aboriginal population (Rowley 1971: 110). An exception to this was continued inequality of wages in the pastoral industry. This provided a background against which the North Australian Workers Union was able to argue a case for equality in the Commonwealth Conciliation and Arbitration Commission in 1966.

It was very early submitted by counsel for the union that . . . the Aborigines were now, whatever they had been earlier, workers within the general economy, and that, certain principles of equality in conditions of employment having been established in the law, these should be applied by the court, without delay and without being tempered by expediency, to the Aboriginal worker in the Territory, who was no longer a *ward* with special wages, but a citizen. In effect the argument was that all Australians are members of one economy. Justice required equal treatment (Rowley 1971: 220–1; emphasis in original).

The granting of equal wages to Aboriginal pastoral workers by the Commission changed the terms of the relationship between blacks and whites even beyond the stations. For northern pastoral enterprises, the equal wages decision raised the cost of the Aboriginal labour input, at a time when intensified capital investment was making the existing volume of labour redundant. Over the next decade, station managements reduced their employment of Aboriginal workers and discontinued provisioning for non-employed dependants,

resulting in widespread relocation of Aboriginal people from stations to town camps and settlements (Altman & Nieuwenhuysen 1979: 65–8).

On missions and settlements, it was commonly the goal to keep the working-age population employed on local servicing and production activities in return for a small cash allowance in addition to the in-kind benefits available to all residents. However, after the equal wages decision was implemented on cattle stations in 1968, settlement and mission administrations felt obliged to pay their workers a cash 'training' wage that was set between the levels of unemployment benefits and award wages and then steadily increased in succeeding years to maintain that relativity. Budgets were stretched to maintain full employment at these rates (Sanders 1985: 142–3), and when full award wages were subsequently introduced in the early 1970s, employment was reduced (Stanley 1985: 176–9).

At the same time as the rewards claimable by Aboriginal workers for their labour were being liberalised, so too were their entitlements when out of work. The legal ground for this change had been cleared by the repeal in 1959 of those provisions of the Commonwealth *Social Services Act 1947–1958* under which Aborigines were excluded from unemployment benefits (UB) (Sanders 1985: 138), but neither the central bureaucracy nor local authorities initially believed that this change was relevant in the more remote areas of Australia. Sanders (1985) provides a very useful account of the unsteady spread of UB to Indigenous people in those areas since the mid 1960s. He describes the faltering attempts of social security bureaucrats to find and defend a principled basis on which to determine the limits of entitlement.

The central issues have remained basically constant and quite simple. Are Aborigines, particularly those in remote areas, unemployed just like other Australians or is their unemployment somehow different? Indeed, are they within the workforce at all, or are they beyond it and hence beyond the scope of UB? The prevailing judgements on these matters within the [Department of Social Security (DSS)] at any one time have been a source of constant dispute. . . . In the early days the provisions were interpreted so that very few Aborigines in these parts of Australia obtained UB. The ongoing debate has slowly extended Aboriginal eligibility for UB until it is now a significant source of Aboriginal income even in the most remote areas (1985: 138).

The debate thus circulated around the applicability of a welfare provision, intended in principle to relieve the circumstances of people who lived within the ambit of the conventional economy but were unable to gain a livelihood from it, to people who lived outside that ambit. DSS officers at first, in the late 1960s, took care to allow UB only where new and unusual circumstances brought limited numbers of unemployed Aborigines within the existing terms of entitlement. Most of these had managed to remain in the cattle station workforce but were subject to periodic lay-offs (Sanders 1985: 140–2).

The major challenge to the withholding of UB took place with respect to the much larger groups resident on missions and government settlements (Sanders 1985: 144–50). DSS had taken the view that these people either had work available to them in the form of 'training' positions, or, in the case of permanent mission communities, were outside the workforce. With the Whitlam government's regime change in Aboriginal affairs after 1972, this view was officially rejected. The training allowance was to be abolished, full-time

employment in government agencies and Aboriginal community organisations and councils would be funded for a proportion of the workforce, and UB provided for the rest. New DSS regulations provided that people did not need to leave their home settlements to qualify for UB. At the same time the cessation of the maintenance payments that had been allowed to pastoralists for the support of non-working Aborigines living on their stations encouraged further removals of these people, some of whom no doubt increased again the potential workforce on settlements.

When the total numbers of people in such localities across the Northern Territory who either could be funded into employment or would have to be funded on the dole were calculated, the wisdom of legislated equality for such places was seriously questioned from many directions. Observers feared the prospect of most of the remote-area working-age Aboriginal population being allowed UB against a background of chronic job shortage. To avert the entrenching of idleness, lack of motivation and social dysfunction, DSS in 1974 retrospectively extended its conception of 'outside the workforce' from those living on bush subsistence or on missions to those previously working on various under-award employment schemes. As they had thus not just become temporarily unemployed, entitlement to UB did not follow. In order to avoid widespread destitution, maintenance payments to pastoral camps had to be restored, some training allowances were extended and two federal departments, including the newly-established Department of Aboriginal Affairs (DAA) instituted part-time employment and training schemes and expanded works projects on settlements (Sanders 1988: 34). In Western Australia and Queensland, the principal DSS strategy was to leave it to local remote-area authorities to assist applications for UB entitlement from their locales, thereby passively restricting its expansion into the economically marginal Indigenous domains of those states. Also in Queensland the conservative State government maintained a training wage regime on its large Aboriginal settlements into the 1980s.

The socio-economic environment that spawned CDEP was thus one over which policy had for some time experienced an unresolved tension. The ideological commitment to complete the transition of Aborigines to citizenship by recognising their capacity and entitlements as individual labour units, was frustrated by a political and administrative reticence borne of apprehension as to the social outcomes that were likely where no mainstream economy existed to absorb that labour capacity. When the Fraser government turned its attention to these matters in 1976, its thinking was exercised not by its predecessor's concern for the expansion of rights, but by the perceived contribution of UB to social problems in remote settlements and a general desire for government cost-cutting. Against opposition from other departments, DAA was given a budget to begin a trial CDEP scheme in several Northern Territory communities, the amount for each community calculated as a single payment based on and in place of the individual UB entitlements of community members. This initiative was restricted to remote areas. In other parts of the continent, training and employment creation schemes would serve to connect Aboriginal people with existing labour markets.

The CDEP scheme was introduced first at Barunga in the Top End of the Northern Territory in 1977 and soon after into several Pitjantjatjara desert communities. Plainly the idea of pooling the financial resource of unemployment payments, and subjecting the fund thereby created to community management, answered to two separate concerns at once. The first was to make the money serve multiple purposes. Instead of only providing for the consumption needs of individuals, it could, along its path into individuals' hands, be applied to meet the chronically underfunded infrastructure and servicing needs of the settlement where those individuals lived, a matter of concern to one of the scheme's prominent promoters, H.C. Coombs (Sanders 1988: 37). So, people would give up their entitlement to that form of welfare payment, and instead sign up to earn the equivalent amount in award wages in return for part-time work on community projects, or even in enterprises established to supply and earn profits from an external market. In that respect CDEP was, as has often been noted, an early Indigenous initiative in the practice of mutual obligation (e.g. Altman 2001: 125; Smith 2001: 53; but cf. Rowse 2001), which mainstream policy makers have much more recently installed as a philosophical centerpiece of Australia's income support system. Further, for the newly-Aboriginalised settlement councils, the scheme enhanced both their local authority and their autonomy from government, even more so when an additional accompanying grant for other project inputs, set at 10 per cent (later 20% then up to 40%) of the UB-equivalent payment, was introduced (Sanders 1988: 39–40).

The second concern was to convert free money into payment for effort, thereby alleviating the social problems that were seen to attend, or were anticipated would attend, the infusion into such places of much larger amounts of cash than ever before, especially in the form of UB, or 'sit down money' (Sanders 1985: 146, 153). Ideally the work undertaken would promote a sense of engagement and purpose and the satisfaction of achievement, and leave people with less free time for no more money (unless the project had the capacity to absorb even more time in return for top-up payments). In that respect CDEP also represents an early attempt—to take Pearson's much more recent argument (2000: 87–8)—to prevent the destructive effects of passive welfare.

Historically then, the invention of CDEP was contingent upon the liberalisation of UB, even though it was often introduced into places where there had been only limited granting of UB to that time. Sanders (1985: 155–58) points to two further phases in that liberalisation process in the late 1970s. First, with a serious worsening of general unemployment in the Australian economy, the broad categorisation by DSS of so many remote-area Aborigines as outside the economy looked increasingly artificial, and in 1977 the use of work history to establish ineligibility on those grounds was officially repudiated. Second, the outstation movement emerged. At first glance, this latter development might be understood to reduce the impact of the former on increasing the number of prospective UB applicants, because it attracted people away from the centralised settlements—places only recently, temporarily and artificially classed as outside the economy—to bush camps—places always seen as unarguably outside the economy. Here the predominance of bush subsistence raised the issue of the propriety and purpose of extending financial subvention from mainstream society, where the individual's labour was an economic input into a broader system of market exchanges, to people engaged in entirely different modes of material provisioning. However, if work history

is irrelevant, then categorising places as outside the economy is also irrelevant. A new round of contention arose instead over whether people living on outstations had made themselves unavailable for work, and therefore ineligible for UB on this ground.

In 1978/79 DSS tried unsuccessfully to sustain a distinction between those who normally lived at outstations, and were therefore eligible for UB on the established grounds that no-one had to leave their home area to qualify, and those who were moving to such locations from elsewhere, and therefore making themselves unavailable for work. The distinction failed in the face of various points of confusion and inconsistency (Sanders 1985: 156–8), thereby removing the last significant obstacle to the spread of UB to even the most remote bush locations. Notably, DAA recognised UB eligibility as a precondition for CDEP, but opposed this extension as it was then not able to similarly extend CDEP into those areas, and it had always had reservations about the potential for individualised unemployment income to undermine community authority (Sanders 1988: 35).

During the first few years DAA was unable to satisfy the demand for new CDEP schemes, or for extra places within existing schemes, because it had to fund CDEP as a fixed budgetary allocation and was not allowed to adjust funding to meet demand in the way DSS did with conventional welfare programs. In 1983 DAA was authorised by the Hawke government to establish new CDEPs to meet the level of community demand. It also reached agreement with the Department of Finance that its budgetary allocation for the UB-equivalent component of CDEP funding could be topped up to meet any unexpected excess demand for places during a budgetary year. These new policy settings removed the last significant restraint on the introduction of CDEP into new communities, and its deployment as a complete alternative to individual UB payments wherever it operated. Nevertheless, DAA proceeded cautiously, concerned that the number of projects should not grow beyond the Department's capacity to advise and monitor at the community level and to provide the individualised recipient data now required by other Departments (Sanders 1988: 44). That departmental capacity, however, was greatly expanded by the Hawke government following recommendation by the 1985 Miller Report on Aboriginal employment and training that all remote communities wishing to participate in CDEP should be able to do so. Having at last achieved a settled place and functional form within government, CDEP now grew rapidly on the ground (Sanders 1993: 4–5).

THE SPREAD OF CDEP AND THE QUESTION OF MAINSTREAM EMPLOYMENT

As its remote-area origins suggest, CDEP was seen as having particular value for places that did not have access to a mainstream, that is waged, labour market. A decade after the scheme's introduction, however, the Aboriginal Employment Development Policy (AEDP) went beyond the Miller Report to contemplate extending CDEP into other areas where Aborigines could not find work. While its expansion in remote areas continued apace, it thus also began spreading into those southern areas of the continent known as settled Australia, and ultimately even into the major urban centres. As Indigenous interest spread rapidly, the first CDEPs were established in New South Wales and Victoria in 1988–89 (Sanders 1993: 7–9), and by early

1990 there were 2,900 participants 'in 13 newly participating Aboriginal communities in more settled areas of Australia along the eastern seaboard of Queensland, in New South Wales, Victoria and southern South Australia' (Altman & Sanders 1991: 13).

This new phase of policy enthusiasm carried CDEP into places where the socio-economic concomitants of its inception were less absolute or even absent. The recipient communities now were often within easy reach of, or even interspersed with, non-Indigenous populations, and were correspondingly connected with the mainstream economy and servicing. Just as a rising level of general Australian unemployment had helped to breach the restrictions on the penetration of UB entitlement among remote-area Aborigines in the 1970s, so the search for employment-creation strategies in the mainstream economy was conducive to the more flexible application of CDEP to Aboriginal circumstances in the 1980s. The first established feature of the pre-existing CDEP that gave way in these new environments was the 'all-in' requirement, so that individuals could choose to abstain or exit in favour of individual UB (Sanders 1993: 7, 10–13).

Despite a number of pauses imposed upon expansion of the scheme in its history, its growth was dramatic (see Fig. 1). At the time of the AEDP in 1986/87, there were 63 projects involving 6,000 participants and costing almost \$40 million. In 1991/92, there were 185 projects involving 20,100 participants and costing \$205 million, and the scheme was accounting for around one-third of Aboriginal affairs portfolio expenditure. At 30 June 2003 ATSIIC counted 272 CDEP projects with just over 35,000 participants, operating on total grants of \$484 million, three-quarters of which—\$365 million—was offset against welfare entitlements (Sanders 2004: 4). The scheme had by then been implanted into a diverse range of Indigenous community circumstances around the country, and had been thought about as an instrument of an almost equally diverse set of policy agendas. Jonas remarked that

[i]t has been variously described as an employment program; a form of income and a form of welfare benefits; a source of training or skilling; community development; a transition to employment in the mainstream labour market; a substitute provider of essential services; a source of community cohesion and cultural maintenance; an Indigenous initiative; and even a form of self determination (2001: 12).

Indeed, policy application seems to have raced ahead of policy thinking (see Altman 1997: 3). Immediately before the late 1980s expansion, a DAA review report noted the particular suitability of CDEP for the circumstances of remote communities and recommended against its extension to urban settings. In 1990 and 1993, reviewers called for restraint on further expansion until, among other things, the rationale of the scheme was clarified. While that restraint did not eventuate, two particular anomalies arising from the position of the scheme 'astride the welfare/work divide' were subject to further reviews (Sanders 1997, 2001). CDEP participants complained that they were being treated as social security recipients by new legislation that made them ineligible for unemployment payments (New Start Allowance), but treated as wage earners in the denial of ancillary social security entitlements such as rent assistance and concessional charges for services. DSS ultimately resolved this by allowing access to these ancillary entitlements through Centrelink. Then in 1997, the Spicer Review (Spicer 1997) responded to demands for renewed expansion of CDEP by

recommending that non-working participants who were using CDEP purely as a form of income support be transferred to social security, thereby freeing already-funded positions for internal expansion.

While thereby affirming in principle the original rationale for CDEP, Spicer's fresh emphasis on real activity related to a scheme that was now well entrenched across all the economic zones of Australia. In some of those areas, CDEPs had established a versatile program of diverse and often profitable enterprise, and transfer of participants to mainstream employment, in addition to the original suite of community development and servicing activities. The Spicer Review's concern that the work capacity of CDEPs should not be wasted, that they should be better advised and resourced for business development, skills training and moving participants to real jobs signalled the beginning of a new reassessment of CDEP in Indigenous affairs.

When the Howard government enunciated its new goal of practical reconciliation, it became clear that CDEP as a nationwide institution would be subject to a more determinate and prioritised set of policy expectations. When the government's new system for placing the unemployed in jobs, the Job Network, failed to serve Indigenous people as well as it did other unemployed, a supplementary set of measures, the Indigenous Employment Policy, was introduced in 1999, intended mainly to place Indigenous people in private sector jobs. Alongside a range of other measures (Shergold 2001: 68–70), there was a financial incentive of \$2,000 offered for every participant that a CDEP program managed to place in mainstream employment. In a progress report delivered the following year, Peter Shergold, Secretary of the Department of Employment, Workplace Relations and Small Business (DEWRSB), considered the new policy a success, except for that last element. The financial incentive to mainstream CDEP participants had been 'an abysmal failure' (2001: 70), and something else would have to be tried. Shergold commented:

ATSIC is starting to argue, and DEWRSB is in full agreement, that where possible CDEPs have to be designed in such a way as to become a stepping stone—through training and work experience programs—into paid employment. Too often, even where a metropolitan or regional labour market exists, CDEP is presently a dead end (2001: 71).

Shergold wanted to find new ways of driving cultural change in CDEPs, arguing that '[a]t the moment, the balance of incentives and disincentives is all wrong'. He puzzled over ways to financially entice that 'significant minority' of CDEPs with access to active labour markets into devoting their major effort to mainstreaming their participants (2001: 71). Seven months later he penned a postscript announcing that from 2002, selected CDEPs would take on the role of Indigenous Employment Centres (IECs), paid to cooperate over four years with local employers and Job Network members in placing up to 10,000 participants—nearly one-third of all CDEP participants—in lasting paid employment (2001: 72–3). Starting in April 2002, 12 CDEPs were funded to operate IECs, and by July 2004 the number funded had increased to 33. Around half of these IECs are located along the seaboard from north Queensland to south-eastern South Australia (ATSIC 2003: 210–11).

These new initiatives indicate that policy thinking has caught up with the reality that CDEP now exists among Indigenous communities across the country. However, the expansion of the program into settled Australia

in the late 1980s and early 1990s occurred alongside a policy search for employment creation initiatives in that era of high unemployment in the general labour market. Since then the Australian economy has entered an extended period of economic growth and falling unemployment. Now that the wave of CDEP expansion has broken across settled Australia, the attention of policy makers has turned away from the originating circumstances of CDEP in remote areas, and is focussed upon forging a more effective articulation between it and local labour markets. It remains to be seen over what regions this policy will be extended, and what emphasis will be retained on the community development and servicing functions of the program in such areas.

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