PART II

POLICY PERSPECTIVES AND ISSUES
Abstract for Part II: Policy perspectives and issues

The purpose of this section is to present a perspective on the policies and issues affecting the CDEP scheme with particular emphasis on employment, training and welfare.

The section consists of six papers presented at a conference with each paper looking at the issues from different angles: welfare dependency; Indigenous employment policy; CDEP reform and review; banking and financial services in regional and remote Australia; the challenges of a future Indigenous demographic; and vocational education and training through CDEP.

Keywords

banking, community, Community Development Financial Institutions Fund (CDFI), demographics, employment, financial sector, Indigenous Employment Policy (IEP), Job Network, Labour Force Survey (LFS), literacy, mutual obligation, numeracy, social capital, Spicer Review, Temporary Assistance to Needy Families (TANF), training, unemployment, vocational education and training (VET), wage assistance, welfare dependence, welfare policy, welfare reform
7. Welfare dependence, mutual obligation and the CDEP scheme: Lessons from community research and an overseas initiative

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**Introduction: The policy threads**

It is commonly asserted that Indigenous dependence on welfare is increasing; that it is a passive and debilitating experience rather than a valued citizenship entitlement. But to what extent is this actually the case? And if it is true, what policy tools and service delivery models might assist in addressing the situation?

The Federal government’s current welfare reform agenda suggests the problem of welfare dependency can be met by moving ‘beyond reliance on income support to self-sufficiency’. The concept of mutual obligation is proposed as a ‘new participation framework’ for facilitating this objective (Commonwealth of Australia 2001: 8; Newman 1999: 6–7). Mutual obligation is characterised by government as being ‘both a right and the obligation to share in the benefits of economic and employment growth’ (Newman 1999: 6). It will require unemployed people, and possibly persons in receipt of other types of welfare payments, to ‘strive to improve their chances of getting jobs and actively look for work and give something back to the community that supports them’ (Newman 1999: 4; see also Commonwealth of Australia 2001). It is not yet clear how the new social security reforms, and especially mutual obligation, will be applied to Indigenous people dependent upon welfare transfers.

This issue is especially pertinent because, since 1977, Indigenous communities have been able to participate voluntarily in the CDEP scheme. Individuals in the scheme transfer from the direct receipt of social security income to the receipt of equivalent levels of income for undertaking work coordinated by local CDEP organisations. In June 2000, some 30 600 people across 262 communities were participating in the CDEP scheme, and over half of these resided in remote locations (ATSIC 2000: 48). Thus participants in CDEP schemes are, in effect, already fulfilling mutual obligation by ‘working for the dole’. It might also be possible for CDEP organisations to play a wider role at the community level, in translating proposed social security policies into practical and feasible options. But the prospect of such an enhanced role raises other questions concerning the effectiveness and funding of CDEP organisations, and the availability of community-based training and employment opportunities for Indigenous Australians. These policy threads—on welfare dependence, mutual obligation and possible future roles for the CDEP scheme—will be woven together here, so as to address the broader issue which links them all; namely, how social security income and services might be more effectively and appropriately delivered to Indigenous Australians in order to alleviate high levels of welfare dependence.
The historical transition of Indigenous Australians to welfare dependence is first described. There then follows a presentation of the detailed results of survey research on the current nature of welfare dependence being experienced by Indigenous families in two communities—Kuranda and Yuendumu. In both communities, the CDEP scheme is a major component of the labour market. The important contribution of CDEP incomes to the welfare economies of households is highlighted. Recommendations for fine-tuning social security policy and service delivery are then outlined, with a focus on the potential capacity of CDEP organisations to provide assistance to a wider range of social security recipients. The type of policy framework best suited to implementing mutual obligation in Indigenous communities is explored.

The paper concludes with a review of a major initiative in the delivery of social security income and services to American Indian people, known as the Temporary Assistance to Needy Families (TANF). The US Federal government’s Tribal TANF program has some similarities to the CDEP scheme, but it also shows some important differences in its policy and service delivery. While still in its early days of implementation, TANF has potential relevance for Indigenous welfare reform in Australia (see also Saunders, Ch. 3 and Westbury, Ch. 10, this volume).

The historical transition to welfare dependence

The changing relationship of Indigenous Australians to the social security system can be characterised as a transition from enforced exclusion up to the 1960s, to progressive inclusion over the last 30 years (Altman & Sanders 1995). That process of inclusion has been paralleled by growing levels of dependence on income support payments. Fisk (1985) estimated that social security payments constituted 47 per cent of all Aboriginal personal income in 1976 and 54 per cent in 1981, compared to a national rate estimated at 14 per cent for the whole of Australia. In 1974, the Australian Commission of Inquiry into Poverty reported an Indigenous poverty rate of 48 per cent (Brown, Hirschfeld & Smith 1974; Henderson 1975). There have been good economic reasons why Indigenous Australians actively asserted their right to take up income support payments from the 1970s onwards.

Some 30 years later, data about the progressive uptake of social security income by Indigenous Australians suggest that, in relative terms at least, welfare dependence has not greatly increased. In the National Aboriginal and Torres Strait Islander Survey (NATSIS) conducted in 1994, 55 per cent of respondents stated they received some form of social security payment as their main source of income. Amongst the wider Australian population, 13 per cent of households received their primary income from social security payments (Altman & Hunter 1998). This comparative rate is almost identical to Fisk’s earlier estimates for the late 1970s and early 1980s (Fisk 1985).

However, a combination of factors indicate that while the relative state of Indigenous welfare dependence has not changed significantly over thirty years, there has been an absolute increase in the number of people reliant on income support payments. These factors include a 33 per cent increase in the Indigenous population between 1991 and 1996; the resulting dramatic increase in the Indigenous working-age population and the number
of households; the youthful Indigenous demographic profile; and the continued failure of mainstream employment opportunities to keep pace with Indigenous population growth (see Daly & Smith 1999; Ross 1999; Taylor & Hunter 1998; Tesfaghiorghis & Gray 1991). In light of these factors, it seems likely that Indigenous dependence on social security income support will continue, if not increase, in both absolute and relative terms, unless drastic action is taken (see Taylor & Hunter, Ch. 11, this volume).

The community research project

There seems to be an almost neo-missionary zeal surrounding the current debate about Indigenous welfare dependence. While the debate is necessary, much of it is not new, and there seems to be a dearth of hard facts and practical solutions. This paper begins to address the lack of data by presenting preliminary survey research about the qualitative experience of welfare dependence within households, and its social, economic and structural consequences.2

In late 1998, CAEPR was commissioned by the Indigenous Policy Unit of DFACS to investigate the effectiveness and suitability of social security service delivery to Indigenous families with children, and to consider the related policy implications.3 The research is being carried out over a four-year period during which approximately 60 households in the two communities of Kuranda and Yuendumu will be surveyed each year (see Smith 2000).

The research project aims to obtain qualitative and quantitative data through a mix of methodologies. These include the conduct of informal group discussions; interviews with key individuals working in regional education, health, housing and finance institutions; the elicitation of household genealogies; and the repeated administration of household questionnaires via a key reference person. The success of the field-based research has been highly dependent on the support of the local communities and the use of Indigenous field assistants to facilitate the interviewing process (Smith 2000; see also Hunter & Smith 2000). The validity and relevance of the household data have been enhanced by an analysis of relevant national census and aggregate Centrelink administrative data.

The terms of reference for the project include identifying, in each community:

• the household and family organisational structures and composition;
• the nature of household welfare economies, based on the sources of individual members’ incomes;
• the key cultural parameters of child care;
• patterns of mobility of children and adults household members; and
• family members’ own perceptions of welfare service delivery.

The household questionnaires covered a total of 418 individuals who were the members of the households at the time of the interviews in 1999.4
Welfare dependence and work: The community survey data

When household income by source is considered, it is clear that social security payments constitute the core component of income for the surveyed households. In the 28 Kuranda households, the 180 people (adults and children) in residence are overwhelmingly welfare dependent, with the households receiving a total of 96 social security-related payments. In Kuranda, 77 per cent received their primary source of income from a social security payment, 20 per cent from CDEP, and 3 per cent from wages. In Yuendumu, 71 per cent of all adults received their primary source of income from a social security payment, 19 per cent received it from a CDEP income, and 10 per cent received a wages income. In both communities, 100 per cent of the surveyed households had at least one adult receiving a welfare payment, and the majority had several adults receiving a range of social security payments. For many households, total income per person per fortnight was under $300, with 40 per cent getting less than $200 per fortnight.

The research indicates that individuals in both communities are locked into a fortnightly pattern of immediate consumption, lending, and borrowing linked to the payment of social security income support. Many are living in a ‘feast and famine’ cycle where certain family members—in particular, children and the aged—are vulnerable to any fluctuations in income and care. Such a pattern leaves individuals with little capacity to save (see Westbury, Ch. 10, this volume). This situation is tempered, however, by facilities made available through CDEP organisations and Centre Pay, whereby individuals can have regular deductions made from their incomes for the payment of recurrent bills. These facilities provide a valued form of budgeting and de facto savings for many people.

Family members rely heavily on other relatives sharing available cash and resources with them. They also regularly use a system of ‘bookdown’ at local stores to purchase goods on credit during the period between social security payments. Another important form of local ‘micro-credit’ is the cash ‘advances’ made available by Centrelink and CDEP organisations. These loans are then repaid out of the individual’s future welfare or CDEP income. Over half the Kuranda respondents had received a Centrelink advance in the 12 months prior to the interview.

These factors, in combination, lead to a situation where many individuals recycle through the social security system over their lifetime, and where a number of families manifest inter-generational dependency on social security. In both communities, welfare dependency is therefore applicable not only to individuals, but to entire families and their households.

But the research results also suggests the need for important qualifiers about the nature of that welfare dependence. The dependence being experienced by families is quantitatively different from that experienced by other Australian families. It is also qualitatively different. Family members fall back upon culturally-based values, their own system of shared child-care, and networks of economic support and demand sharing. This Indigenous system of support is a form of risk-pooling that keeps many families financially afloat. It constitutes precisely the kind of ‘social participation’ and ‘social capital’ identified by the McClure Report (2000) as the very basis of strong families and communities (see also
Hunter 2000). As such, they should be supported by government policy, especially given the enormous strains placed on support networks by wider community problems. Respondents identified health and substance abuse, domestic violence, inexperienced young parents, bored and uncontrollable youth, and lack of employment opportunities as major problems in their communities. They consistently pointed to the need for housing—especially for young families—and for local employment other than CDEP, and recreational programs and youth-workers.

Another important qualifier raised by the research is that families and their households can not simply be described as ‘welfare dependent’. Rather, they are dependent on a mixed domestic economy of low, often erratic incomes of which social security payments are but one, albeit an important component. In both communities a typical household has members receiving not only welfare payments, but also CDEP income, ABSTUDY monies, irregular income from art and craft production, occasional royalty receipts (in the case of Yuendumu) and some wages income. Only three of 102 adults in Kuranda, and 18 out of 182 in Yuendumu, received a non-CDEP wage income. Given the extent of kin relatedness in both communities, and the constant redistribution of cash within families and between households, it is analytically unsound to separate welfare dependence from people’s dependence on other sources of ‘welfare-equivalent’ income and other public transfers.

The policy and the personal reality for the families surveyed in both communities is that receipt of income support is both a form of entrenched dependence related to poverty entrapment, and a citizenship entitlement that provides a valued base-level income without which many would not survive. Furthermore, while government welfare reform focuses on attempting to move Indigenous Australians off income support, and out of the CDEP scheme into mainstream employment, the survey research suggests that some people are still unaware of their basic welfare entitlements.

Welfare dependence, work and mutual obligation: Policy conclusions

If welfare dependence is to be constructively addressed, we need to think differently about the way the social security system is delivered to Indigenous Australians. The question is how this can be done without undermining the existing strengths of many family structures, and without the exercise degenerating into social engineering. There is a need for an enabling policy framework in which Indigenous people can exercise both their personal and cultural autonomy, and their social and cultural responsibilities.

The community-level research highlights the fact that Indigenous social security recipients have specific characteristics and needs that are not always congruent with those of their mainstream counterparts. A ‘one-size-fits-all’ policy and service delivery model will fail to adequately represent the diversity of Indigenous realities on the ground, will impact negatively on families and will, as a consequence, provide less effective outcomes. Reforms that focus on encouraging the transition of Indigenous people from welfare to mainstream employment will need to address this diversity.
The research also indicates that Indigenous welfare dependence is a complex phenomenon which cannot be treated in isolation from other social, economic and cultural problems. Government policy will need to be applied in ways that are culturally and economically informed about these local realities if the circumstances of Indigenous people are to improve. Reform must necessarily happen down at the level of community economies, and must address families, not just individuals.

The research conclusions highlight the need for government to:

- formulate an Indigenous Welfare Policy and an Indigenous Mutual Obligation Strategy to reflect the underlying common characteristics as well as the diversity of circumstances, of Indigenous social security recipients;
- provide early intervention assistance and training to youth, young parents and sole parent families immediately upon their entry into the social security system;
- develop strategies to address the growing demands placed upon service delivery by Indigenous young parents, and by youth and children at risk of inter-generational welfare dependence;
- develop a revitalised role for the CDEP scheme and its organisations in providing mentoring, training and early intervention to a wider range of Indigenous welfare recipients, and in negotiating locally-relevant mutual obligation frameworks; and
- develop working partnerships between Centrelink, DFACS, Indigenous communities and their organisations, to ensure more culturally-informed and coordinated service delivery for Indigenous social security recipients.

If it is going to have practical benefit, a policy framework for mutual obligation for Indigenous social security recipients must:

- be flexibly defined to accommodate cultural, family and economic realities;
- be realistically applied in respect to any activity test, and include exemptions;
- accord value to voluntary, culturally-based and community development work;
- accommodate the intricate conjunctions between individuals, their families and the wider community;
- recognise the CDEP scheme as already fulfilling any mutual obligation test;
- specify the ‘obligations’ that fall on government and the private sector; and importantly,
- be linked to enhanced government investment in education, training, and employment opportunities for Indigenous social security recipients.

Earlier research analysis of NATSIS and comparative ABS survey data indicates that Indigenous Australians undertake voluntary work at a national rate of 27 per cent, compared to 19 per cent for the total population (see Hunter 2000; Smith & Roach 1996). The most common types of voluntary work undertaken by Indigenous Australians involve
community and sporting organisations, working with school and youth groups, working on committees, and caring for sick and aged relatives. Over half of those persons who reported that they carried out voluntary work also stated that they received government social security payments as their main source of income (Smith & Roach 1996: 71). It would seem that a number of Indigenous people are already fulfilling the mutual obligation criterion by carrying out voluntary work in their own communities.

For Indigenous Australians, improving the delivery and administration of the social security system will not be a sufficient answer in itself. It must go hand in hand with a significant improvement in their access to, and take up, of meaningful paid employment and vocational training in their own communities. However, an underlying premise of the welfare reform agenda seems to be that Indigenous Australians have access to viable labour markets and paid employment, and that training is available to them in the communities where they reside. In fact, the 1994 NATSIS survey reported that a substantial proportion of unemployed Indigenous men and women (42 per cent and 33 per cent respectively), and especially those in remote, rural, and ‘other urban’ areas, cited the fact that there were ‘no jobs at all’ and ‘no jobs in the local area’ as their main difficulty in finding work (ABS–CAEPR 1996: 57–8).

Research by Taylor and Hunter (1998) indicates that substantial government investment in training and job creation would be needed to achieve employment equity. More recent research suggests that even with additional investment, if participation in education and vocational training (perhaps as requirements of mutual obligation), is going to assist in reducing welfare dependence, then it will have to take account of the local demand for skills, and locational constraints on labour markets (Daly 2000; Gregory & Martin 2000).

The future implementation of mutual obligation, if it is insensitive to the circumstances of Indigenous people, could translate into a form of welfare enterprise-bargaining in which Indigenous income support recipients would be at a disadvantage, and their rights potentially jeopardised. An element of discretion will be necessary simply in order to make feasible the requirements of mutual obligation (Keating 2000: 27; Smith 2000: 112–15, 126–9). These concerns might be addressed partly through a revitalised role for the CDEP scheme in which local CDEP organisations develop realistic guidelines and facilitate outcomes for social security recipients, and their families and communities.

**Reforming welfare: A revitalised role for the CDEP scheme?**

In Yuendumu, the CDEP scheme offers the only sustained employment opportunities to the majority of adults. This is also true in Kuranda, which appeared to have a reasonably thriving tourist-based local economy. For many families, the employment exit from the social security system is likely to continue to be via the local ‘community development’ labour market, of which the CDEP scheme constitutes the major component.

Government policy which attempts to transform the scheme into a labour market program, to secure increased transitions to mainstream employment, will fail in locations where there are no such labour market opportunities. This is the case in the majority of the 172 remote
CDEP communities. The practical reality of the scheme is that CDEP organisations operate on the ‘front-line’ of the social security system, at the family and household level, where they are often called upon to address a wide range of social and economic problems. Furthermore, recent legislative changes mean such organisations can accept a wider range of social security recipients as participants, including sole parents, the aged, and the disabled. The welfare-related roles and responsibilities of CDEP organisations could be widened accordingly.

It seems there is potential for CDEP organisations to play an enhanced role in assisting the development of regional and community-wide frameworks for the implementation of mutual obligation; in negotiating customised mutual obligation agreements for individual welfare recipients; and in providing mentoring, work experience, and training to sole parents and young parents on income support. But such expanded responsibilities raise concerns about the overall effectiveness of CDEP organisations, the adequacy of their funding base (see Bartlett, Ch. 20, this volume), and the availability of local training and employment opportunities for participants.

It goes without saying that some CDEP organisations are not operating effectively, or are operating in locations where opportunities for enterprise and employment generation are extremely limited. But equally, there are also CDEP organisations which are establishing viable employment projects, generating additional income, developing enterprises and small businesses, and assisting participants to become work-ready and to take up employment within and outside the scheme.

CAEPR case studies carried out with CDEP organisations (see Gray & Thacker 2000, and Ch. 15, this volume; Madden 2000, and Ch. 18, this volume; Smith 1994, 1995, 1996) suggest that the successful ones generally share a mix, or all, of the following characteristics:

- a competent, stable governing body with the capacity to systematically formulate and enforce policy guidelines;
- competent management and staff capable of operating consistently and fairly;
- a stable organisational structure;
- a separation of local politics from the daily business and decision-making of the CDEP scheme;
- transparent decision-making, and procedures for dealing with conflict of interest and appeals;
- financial accountability, and financial management policies and systems;
- active networks which feed into the wider community economy and local businesses;
- ongoing assessment of training needs, and an in-house training coordinator;
- the capacity to provide intensive case management and mentoring of participants (both within the scheme and during the transition to other forms of employment);
a match between cultural and commercial objectives that allows successful participation in the ‘real’ economic world facing the organisation and its participants;

- cultural authority and community support; and importantly,

- a stable source of recurrent block funding sufficient to undertake their administrative, economic, employment and training, and governing roles.

Where CDEP organisations do not exhibit these characteristics, or are insufficiently funded to develop them, they are unable to develop the capacities needed to generate local economic opportunities, and to assist people to move off welfare. They tend instead to replicate the conditions and experience of welfare for their participants. If such CDEP organisations were to undertake a wider role in assisting welfare recipients in their communities, they would need an enhanced level of funding for training, governance and the capacity building of staff and participants.

**Lessons from an overseas welfare initiative**

While there has been consideration by Australian policy makers and academics of overseas initiatives in welfare reform, there has been relatively little discussion of how those reform processes are being carried out with Indigenous groups. This concluding section briefly describes an important initiative in welfare delivery being made with Native American people—US Federal government’s progressive move towards the devolution of service delivery jurisdictions to Native American tribes.

In October 2000, the US media reported the signing by the Navajo Tribe of a proclamation establishing the largest Indian-operated reformed welfare program in the country. With the US Department of Health and Human Services supplying US$31.2 million and another US$1 million from the State of New Mexico for office construction, the Federal government and the State governments of Arizona, New Mexico and Utah will turn over to the Navajo the various welfare payments and service delivery system known as the TANF Program. The State governments will keep operating from their current offices for six months while the Navajo Tribe hires and trains staff and sets up offices to deliver the TANF program to an estimated 27,000 Navajo people.

The Navajo TANF program is just the latest of 30 tribal-run welfare programs encompassing 155 tribes that have been set up since 1996, when President Clinton signed the welfare reform law known as the *Personal Responsibility and Work Opportunity Reconciliation Act*. Thus, in the process of implementing reforms which look very much like those now being considered in Australia, the US Federal government has also been progressively handing over service delivery jurisdictions to Indian tribes.

Passed with bipartisan support, the legislation established a comprehensive welfare reform program that was designed to move welfare recipients into work, replaced existing national welfare programs with TANF, and enabled not only State governments, but federally recognised Indian tribes and consortia of tribes, to apply for block federal funding to directly operate their own TANF programs.
The legislation gives approved tribes the authority to use Federal government welfare funds in any manner that is reasonably calculated to accomplish the purposes of its welfare agenda. The Federal government redirects to the tribe an amount equal to that which would have been provided to the State for welfare services to all Indian families residing in the proposed service area. Tribes can administer the program themselves, or outsource program delivery to the State or to a private provider.

Federal approval is based on a tribe’s submission of a Tribal TANF Plan covering a three to four year period which identifies its service area and population; sets out its welfare policies, guidelines and penalty regimes, and the welfare services and programs to be provided; and provides an economic development plan to enhance access to local employment opportunities. A Tribal TANF Plan must obtain Federal government approval. To qualify, a tribe must have a governing body to administer the program, and a mandate from their constituents. Importantly, implementation of the program is subject to statutory national regulations, and the same data collection and reporting requirements as State government programs.

There are important areas of flexibility for tribes in the formulation of TANF policies and guidelines, including the capacity to:

- determine programs and eligibility criteria;
- decide what social security benefits are appropriate for their population;
- define participation and work requirements, and work standards that must be met in order to receive benefits;
- establish timeframes for the receipt of benefits;
- define work as including culturally relevant work, job search, subsidised employment, community service, vocational training and education; and
- define their own concept of ‘family’ and ‘needy family’.

Tribal TANF programs also have regulated flexibility to provide ‘assistance’ in a variety of forms including cash payments, vouchers (e.g. for food), clothing, shelter, utilities, household goods, personal care items, child care, and transportation to work. Native American people participating in a TANF program for at least two years are required, under regulations, to participate in work activities. If the service population has more than 50 per cent unemployment, federally established welfare time limits need not apply.

**Conclusion**

In some ways the USA’s Tribal TANF program is very similar to the CDEP scheme. Participants must perform some work for the receipt of their welfare-equivalent incomes and such work can be locally defined and culturally relevant. But there are obvious major differences. Under TANF, tribes may elect to provide assistance other than cash to their clients; all recipients of social security within a designated region may participate; the governing body must carry out a comprehensive assessment of regional economic
conditions and demand for skills; and substantial policy formulation responsibilities have been handed over in conjunction with service delivery.

But most importantly, the tribes have accepted responsibility for administering an entire component of welfare service delivery in a devolved jurisdiction. They have done so after carrying out comprehensive planning, after establishing a representative governing body and administrative structure for their identified region, after having consulted widely with their constituents, and after having obtained a mandate to operate the program. In other words, in the phase leading up to the jurisdictional devolution of service delivery, tribes have undertaken substantial work in governance, institution and capacity building. The program is still in its infancy and has not been without establishment difficulties, but is apparently making important inroads into welfare dependence and job creation in rural and remote Native American communities.

Jurisdictional devolution of welfare services has considerable potential to be an enabling framework for Indigenous welfare reform in Australia. However, it would require both governments and Indigenous Australians to think differently about how welfare is delivered in this country. Substantial added investments would be required from government for Indigenous education, and local training and job creation, and Indigenous people and their leaders would have to develop, as a matter of priority, stable and depoliticised governing institutions, and the capacities needed to administer such a devolved responsibility.

Notes

1. Kuranda is a small hinterland town with a population of 600 people, about half an hour’s drive from the urban and tourist centre of Cairns in North Queensland. Yuendumu is a discrete, remote and predominantly Aboriginal town of nearly people located about 300 kilometers north-west of Alice Springs (see also Musharbash, Ch. 16, this volume).

2. I would like to thank Anne Daly, Julie Finlayson, Yasmine Musharbash and Tony Auld for their contributions to the research reported in this paper.

3. In 1998–99, this specifically meant Parenting Payments and Family Allowance delivered by the Federal government. Parenting Payment includes both sole parent and couple parents with children, and recognises a person’s responsibility for caring for children irrespective of their marital status. Family Allowance is a payment to help all parents raise their children and is paid to the parent caring for the child. In 2000 these payments have been replaced by the Family Benefits Tax Package.

4. The second stage of follow-up interviews have been conducted in both communities (in Yuendumu by Yasmine Musharbash, and in Kuranda by Rosita Henry and Anne Daly) and published results are found in Musharbash (2001) and Henry and Daly (2001).
References


8. The Indigenous Employment Policy: A preliminary evaluation

Peter Shergold

The Indigenous Employment Policy (IEP) was introduced by Minister Peter Reith in 1999 as a result of decisions made in the 1998 Budget. It has been administered by DEWRSB. The IEP is a significant development: there had not been a major Commonwealth government initiative in the area of Indigenous employment since the mid 1980s. Indeed it is fair to say that before responsibility for employment became part of DEWRSB as part of a machinery of government change following the last election, the issue of Indigenous employment had not had a high priority. There had been a reasonable expectation that the radical new creation, Job Network, which replaced the old Commonwealth Employment Service (CES) and Employment Services Regulatory Agency (ESRA) would provide equity to Indigenous Australians—equity not only in terms of equitable access to labour market programs but equality in employment outcomes.

However, it soon became clear that although Job Network is working increasingly well, delivering better employment outcomes at significantly lower cost, Indigenous Australians are the group who are least able to make effective use of its services. The rate of Indigenous unemployment continues to be unacceptably high. DEWRSB estimates that 40 per cent of Indigenous people are unemployed, if those on CDEP are included in the count. Estimates from other sources are even higher. It was necessary to introduce a policy framework and program initiatives to complement Job Network.

A matter of even greater concern is that very few of those Indigenous people who are employed are at work in the private sector. The great majority are on CDEP, or have jobs in Commonwealth, State and Territory public services, or have jobs in local government or are working for community controlled Indigenous organisations which are largely publicly funded. Private sector employment remains the great challenge. If there is one key emphasis to the new IEP, it is to make more headway in accessing private sector jobs and getting them filled by Indigenous Australians.

In instituting Job Network we moved from 300 CES offices operating as a government monopoly to a new system delivered by a range of public, private, and voluntary welfare organisations offering a range of employment services. They deliver job-matching, the old ‘swing-of-the-door’ placement service; intensive assistance to those clients most at risk of welfare dependency; job search training; the New Enterprise Incentive Scheme (NEIS) to support unemployed people in establishing small businesses; and project contracting for harvest work. Employment services costing $1 billion a year are outsourced under contract by DEWRSB and delivered by a competitive market of 200 providers from some 2000 sites. The good news is that, as a consequence, many Indigenous Australians who previously had no access to a CES office now have a Job Network member near them. Often they are able to choose between providers. Unfortunately that does not mean that the services that are being provided are necessarily appropriate.
We face a challenge. Job Network is not performing as well as it should for Indigenous Australians. That is why the Government has introduced the IEP. But I do want to emphasise that Job Network is not nearly such a failure as some of the criticisms that I hear suggest.

If you examine Job Network, particularly the intensive assistance that is provided to the most disadvantaged job seekers, you will find that in terms of registrations Indigenous Australians represent just over 5 per cent of the client base. Perhaps it should be as high as 7 per cent, but it is still not too bad an achievement. In terms of referrals—the point at which clients are referred from Centrelink to the Job Network member to provide employment services—that is running at about 6 per cent. Then occurs the first major problem. From the time Indigenous Australians are referred from Centrelink to a Job Network member, to become a commencement, there is a drop-off, from Indigenous people representing 6 per cent of those referred, to representing only 5 per cent of those actually beginning with a Job Network member. People are falling through the cracks in the system before they even arrive at a Job Network member. And then, if you look at the outcomes (people who after intensive assistance are placed into employment for at least 13 or 26 weeks), although Indigenous people are 5 per cent of commencements, they represent just under 4 per cent of outcomes. For each criterion—registrations, referrals, commencements, outcomes—Indigenous job seekers are slightly under-represented. The cumulative impact is significant. It is not a disastrous picture, but it nevertheless indicates that Indigenous people are not doing as well as other groups in terms of assistance.

My department has the responsibility of evaluating outcomes through post-program monitoring. After people have received assistance, we look at what has happened to them. We can assess outcomes in two ways: how many of those who get assistance end up in unsubsidised employment or go back into education. Both are defined as positive outcomes. Across all job seekers we are presently achieving positive outcomes of around 40 per cent. That is a very good result. The evidence suggests that in terms of the outcomes being recorded and the cost at which they are being achieved, the present Job Network is working more effectively than the old CES system. Some groups are doing remarkably well. Sole parents, for example, who come into the Job Network achieve relatively high outcomes. People from non-English-speaking backgrounds are also doing slightly better than the average in terms of outcomes. The lowest outcomes are for Aboriginal people and Torres Strait Islanders. So that is the challenge that had to be addressed.

That is why IEP was launched last year. It includes the IEP, a small-business fund, and a number of measures which are designed to improve the operation of Job Network. The aim is to do two things concurrently: improve the operation of the Job Network providers from the perspective of Indigenous clients and at the same time introduce a complementary program that will help to counter inequities in accessing Job Network and in making use of the services that are provided.

The IEP itself has a number of crucial elements. It includes wage assistance, which in effect provides a subsidy to employers for taking on Indigenous job seekers for periods of 26 weeks. Indigenous Australians are now the only group in Australia to get that wage
assistance. It also includes a CDEP placement incentive fee, to which I will return; a Corporate Leaders for Indigenous Employment initiative, encouraging private sector business corporations to sign up to an employment strategy for Indigenous Australians; Structured Training and Employment Projects (STEP) to provide outcome-focused training; a Voluntary Service Foundation to match community needs with the skills and commitment of volunteer workers; and cadetships for Indigenous Australians at universities.

Now what I want to do—and this [the conference] is the first time I have had a public opportunity to do this—is evaluate the initiatives: to look at what is working in this program and what is not. We have now had between 12 and 15 months’ experience. Is the IEP actually making a difference?

In terms of wage assistance, the answer is categorically ‘yes’. An employer taking on an Indigenous job seeker can get a payment of up to $4400 if they employ that person for 26 weeks. In the first year 1600 Indigenous Australians were taken on in this way. We are running now between 200 and 250 people being placed each month. Crucial, from our point of view, is that wage assistance is starting to break through the most difficult barriers to employment—some 83 per cent of the placements are in the private sector. Better still, about half of the jobseekers are still at work three months after the completion of the subsidy, which by labour market program standards is a very good outcome. It does seem to be working.

The STEP projects also seem to be having a significant positive impact. We have tried to make these training programs far more flexible than has usually been the case. STEP now provides assistance to employers willing to train five or more Indigenous Australians. There are at present 180 projects, providing almost three-and-a-half thousand placements over the life of the projects. Again the important feature is that 60 per cent of the placements under STEP are with the private sector. This is a quite extraordinary achievement.

These successes reflect a different approach than in the past. When I think back to former times I recognise how demoralising it was when unemployed Indigenous people were sent on a short-term training program, followed by a bit more time on the dole, before being sent on another training program with never a job in prospect. We have got some of the most trained Australians without jobs in the country. What we have done now is to fund training projects with employment outcomes in mind. Before we support structured training we need to know that there is actually a good chance of a job placement at its end. So although STEP has become much more flexible in delivery, it has also become much more outcome focused. We are trying to get away from training programs that led to nowhere except cynicism and despair.

The Corporate Leaders for Indigenous Employment initiative is also significant. I can remember when I was in ATSIC, and used to get a bit frustrated sometimes with DEET and DEETYA—and I’m sure the feelings were often reciprocated—because of their heavily articulated and relatively rigid training. Well-intentioned public servants would sit around in Canberra, providing advice to government and designing very clever training programs to attract the private sector. Then hapless bureaucrats would be sent out to private sector employers around the country, touting the latest design models: ‘Do you want to sign up
to this? If you do you will be eligible for government funds.’ Not surprisingly, very few private sector employers, particularly the big ones, wanted to get involved on that basis.

What we have tried to do on this occasion is to place ownership with the companies. We have said to the 40 companies that have signed up: ‘Look, you design your strategy. You decide on your approach. What we want to see is that in one way or another you’re going to provide work experience, pre-training, education, training, apprenticeships and employment for Indigenous Australians.’ But we do not start from the basis that what Ansett will want to do is necessarily what Coles Myer will want to do, or that the approach of Lactos cheesemakers will be the same as for Rio Tinto mining. They have different markets, different products, different regions within which they work and different labour forces. The aim is to persuade committed corporate leaders to design their own strategies, to encourage them to develop their individual approaches in consultation with communities, and then for DEWRSB to provide financial and/or administrative support and (if it is requested) advice.

With respect to the cadetship program aimed at Indigenous Australians at university, this year we have almost doubled the number of cadetships to 92, of which 34 are in the private sector. This is a program that is designed to create role models: it is intended to identify Indigenous people coming through university and place them in companies in fields as diverse as accountancy, information technology and engineering.

Thus far I have extolled the modest successes of the IEP. For me it generates cautious optimism. Where is the failure? The biggest disappointment is undoubtedly in the area of CDEP. A CDEP placement initiative has been established so that if a participant moves off benefits there is a payment made of $2000 to the CDEP. The objective is to encourage CDEPs to support participants in progressing to mainstream employment. How successful has it been? It has been an abysmal failure. This is the part of the IEP that has not worked so far. It is the part that we need to address. We have only had 180 placements move from CDEPs to employment until now, out of some 34 000 CDEP participants (see contributions in this volume which respond to this point: Bartlett, Ch. 20; Lewis, Ch. 30; Loomes, Ch. 31).

There are other things we need to do in terms of the IEP. We need to place a much stronger emphasis on employment retention. That means we have to put greater resources into mentoring support for Indigenous recruits and cross-cultural training for management and employees in those companies that are taking on Indigenous workers. It is one thing to fill jobs. If those recruitments are not converted into retained employees we are failing. We have also got to increase the emphasis on program flexibility, to meet the needs both of employers and of communities. And, importantly, we need to take a whole-of-government approach to providing the extraordinary range of support—health, education, community capacity building—that is required to achieve sustained employment outcomes.

The biggest single issue, however, is the relationship between the IEP, for which DEWRSB has responsibility, and CDEP, for which ATSIC has—and must keep—responsibility. At this stage only 6000 of the CDEP participants are registered with Centrelink. As I have just
noted, over a 12-month period only 180 participants, a grand total of 0.5 per cent of CDEP workers, appear to have moved from CDEP into paid employment. Statistically a person has a worse chance of getting a paid job if they are on CDEP than if they are off it. It is true that many of these CDEPs are operating in areas remote from an effective labour market, where the CDEP must necessarily remain a community enterprise. But 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.

At the moment, the balance of incentives and disincentives is all wrong. A CDEP naturally wants to retain its best workers; that is what makes the CDEP function well. Unfortunately, those workers are precisely the people who are most likely to have an opportunity to gain entry to mainstream employment if they are encouraged and supported. The incentives for CDEP need rethinking.

There are several options that could be considered. Perhaps CDEPs should be paid greater up-front fees, in order for them to help some of their participants into the wider labour market? Where there exist labour market opportunities, perhaps government should be willing to fund CDEPs to run training or mentoring programs? In this way CDEPs might receive money at the start, but the continuation of that funding would depend upon achievement of agreed outcomes: for instance, a negotiated outcome with a CDEP might be based on an agreement that at the end of a CDEP-provided training program three, or six, or ten participants will come off CDEP. They could then be funded for the cost of the training that is going to be required for the first year. If the program is successful in terms of its outcomes, then funding the following year to continue the program would be assured. That might be a better way of increasing the financial incentives to a CDEP to focus on moving its job-ready participants off community-based welfare support into paid employment.

Perhaps the incentives being paid to the CDEP should be increased? It might possibly make a difference if the incentive payment was increased to $3000 or $4000. However, this by itself might not be an effective strategy, since very few placement fees at $2000 have been claimed so far, and many of these placements may have been fortuitous. It is not clear that simply raising the fee would drive cultural changes in CDEPs.

Another option is to establish joint arrangements between DEWRSB, ATSIC and Job Network members so that, for example, if a Job Network member is working with a CDEP and gets a successful outcome, the CDEP and the Job Network member share the financial benefits from the outcome. Or perhaps CDEPs need financial incentives to enter into formal partnership arrangements with Job Network members?

It is not yet determined whether any or all of these options are feasible. It is apparent, however, that these crucial issues must be addressed in the short term, to strengthen what appears to be the weakest link in this new IEP. The majority of CDEPs, located in remote Australia, will remain important vehicles for community enterprise and self governance. But there are a significant minority of CDEPs with access to stronger labour markets who
could be attracted by incentives to transform their role and become facilitators of employment. Trying to find a new approach to winning their support is the key challenge for the government and DEWRSB in the months ahead.

Postscript (June 2001)

The forum of the CAEPR conference offered the earliest opportunity to float for (vigorous) discussion ideas on how policy might be re-designed in such a way as to attract some CDEPs to a greater focus on achieving employment outcomes. It is now apparent that the presentation represented the first stage of an ongoing process of change, the directions of which are clearly defined.

The performance of the IEP has, as I had hoped, continued to improve. In the first nine months of 2000–01, 1866 Indigenous Australians were supported to gain employment through wage assistance, an increase of 48 per cent since the corresponding period in 1999–2000. Some 2750 Aboriginal and Torres Strait Islanders commenced in 174 STEP projects, 66 per cent greater than in the previous nine months. Fifty companies now participate in the Corporate Leaders for Indigenous Employment initiative, and have committed to providing over 1600 employment opportunities.

In part because of these complementary programs, and in part because of a greater focus by providers, the ability of Job Network to serve Indigenous clients has also risen. In the nine months since 1 July 2000, 7530 job placements have been made and 1942 intensive assistance interim outcomes achieved, representing increases of 35 per cent and 29 per cent respectively on the same period in 1999–2000. A year ago Indigenous clients represented only 5 per cent of intensive assistance commencements: today they are almost 7 per cent.

Perhaps most importantly the need to increase the potential of CDEPs as stepping stones to employment has also been addressed. A pilot has recently been established with eight CDEPs in Brisbane, Port Augusta, Shepparton, Canberra–Queanbeyan, Broome, Geraldton, Sydney and Newcastle. The trial, for a 12-month period, requires the participating CDEP to provide an agreed number of their participants with work preparation training, assistance into sustainable employment and pre- and post-placement support. Participating CDEPs may receive up to $6600 for each trial participant who achieves 26 consecutive weeks of employment. In other words, a CDEP funded for 25 participants may receive up to $165 000 if they are able to achieve employment outcomes for the entire group.

This trial, and its evaluation, will inform the new Budget initiative included as part of the Australians Working Together welfare reform package announced in May 2001. From February 2002, in areas where job opportunities exist, selected CDEP organisations will take on the additional role of Indigenous Employment Centres (IECs). The IECs will be funded to offer work experience, job search support, access to training and support and mentoring assistance to Indigenous jobseekers. They will work in partnership with local employers and Job Network members to find their participants work and help them keep it. They will be paid a management fee and receive a bonus for achieving lasting job outcomes for participants. The Budget provides for total spending of $48 million over
four years ($31m in new funding) to assist up to 10 000 participants make the transition from CDEP work experience into paid employment.

The CAEPR conference provided a very useful environment for public servants, academics and community workers to debate public policy. It contributed to the new initiatives recently announced. I have no doubt that the outcomes from this bold new program will serve to focus discussion at a future CAEPR forum!
9. Reforming the CDEP scheme

Terry Whitby

The importance of CDEP to Indigenous people

I begin this paper with some facts which are indisputable. CDEP continues to be Australia’s largest employer of Indigenous people, with over 270 projects involving over 33,000 participants. Of these projects, 95 per cent are located in regional and remote Australia, in places with limited access to viable labour markets. Unemployment trends will deepen unless Australians invest in collaborative, holistic programs.

CDEP is one of the most important programs for Indigenous people. It continues to provide an important focus for communities to undertake a wide range of activities which support the operation of the community, maintain services, and build upon and strengthen Indigenous culture. Most importantly, CDEP is community driven.

ATSIC’s commitment to the further development of the scheme could not be stronger. The ATSIC Board considers that the scheme is one of the most important avenues of opportunity for Indigenous people to work in their communities and to gain skills which may lead to further employment or to developing the capacity of their communities. While the CDEP continues to demonstrate successful social, economic, and community development outcomes, the ATSIC Board does not see it as a substitute for real employment.

The ATSIC Board believes that CDEP should continue to play a major role in the creation of employment and training for participants, and should form the basis for creating enterprises in economically sustainable activities, to strengthen the capacity of their communities. CDEP is something which we can all be proud of, but ATSIC and the CDEP projects must work together, and with other government agencies and the private sector, to continue to develop the scheme into the future.

The Spicer Review and its aftermath

In 1997 the CDEP scheme was the focus of a major review by Ian Spicer (Spicer 1997). The recommendations from that review have served to shape and influence the development of the scheme since that time. The ATSIC Board endorsed the broad recommendations of the Spicer Review, and in particular lent support to three key elements of suggested reform. These are:

- a refocusing of the objectives of CDEP to the provision of ‘work’ and skill acquisition, as reflected in the new objective of the scheme to ‘provide work for unemployed indigenous persons in community managed activities which assist the individual in acquiring skills which benefit the community, develop business enterprises and/or lead to unsubsidised employment’ (Spicer 1997);
a recognition that the development of economic independence for Indigenous people is firmly based in providing opportunities for income generation and enterprise development within CDEP, and in securing resources to develop commercial opportunities for CDEP; and

improving the linkages between CDEP and other programs to improve outcomes for CDEP participants, including access to other income support benefits made available by the 1998 CDEP budget initiative, improved access to training and employment opportunities through initiatives such as Job Network, the Indigenous Employment Program, DETYA's Numeracy and Literacy Programs, and DFACS's Families and Disability Support Programs.

Since the Spicer Review the government has continued to seek an improved focus on outcomes from CDEP, particularly in regard to employment and training outcomes. ATSIC has identified an agreed number of outputs in relation to the effective delivery of CDEP, on which it will have to report to government. These include:

- increased employment;
- increased training opportunities;
- enhanced community development;
- expanded economic activities;
- maintenance of culture; and
- enhanced social cohesion.

In implementing this new framework there are a number of issues that need to be considered:

- how ATSIC is to effectively obtain reporting information from CDEP projects so that they can in turn report to government on these outputs;
- how ATSIC is to measure and report back to government on achievements relating to the social and cultural outputs of the scheme (e.g. enhanced social cohesion and maintenance of culture);
- the question of whether priority should be given to these types of outputs and whether ATSIC should set specific reporting targets against these outputs; and
- whether reporting measures should be framed in terms of the number of participants who find full-time work outside the scheme.

ATSIC is considering initiatives like these to ensure that CDEPs situated in reasonable labour markets produce employment outcomes for participants in the private or public sectors. ATSIC needs to demonstrate that CDEP already successfully delivers these outcomes, and that the additional investment of resources by government will provide the opportunity to further enhance the capacity of the CDEP scheme to deliver them. The government has invested in the Job Network to deliver
employment outcomes for the Indigenous unemployed (see Shergold, Ch. 8, this volume). This investment should also be applied to CDEPs if they are to be expected to deliver enhanced employment outcomes.

**Who represents CDEP?**

At first glance, there are many possible answers to the question: ‘Who represents CDEP?’ This answer might be the ATSIC Commissioners who hold the brief for CDEP, the ATSIC Board, the ATSIC Regional Councils, the Community Councils, the communities, the local CDEP coordinators, the project officers, the participants themselves, or even in some respects all levels of government, or industry. The real answer is that all these players have a role in representing and supporting CDEP.

Wider economic forces have an integral part to play in determining the employment situation in Australia today. However, within those constraints the disadvantaged must be listened to, and their cause advocated, if the gap between the ‘haves’ and the ‘have nots’ is not to widen further. The Australian community as a whole, through its elected representatives and government agencies, must take some responsibility for helping the disadvantaged, many of whom are to be found in Indigenous communities.

I see it as my role, as portfolio Commissioner, to broadcast the message, wherever and whenever I can, that CDEP remains an important program for Indigenous peoples and communities. We must not lose sight of the fact that the CDEP has been developed by Aboriginal and Torres Strait Islander communities, and that the scheme, as a community and participant driven program, is meant to respond to their needs.

In its recent restructuring, ATSIC created Policy and Support Units at all levels of the organisation. These reflect directly the core values of the organisation, and are intended to strengthen its advocacy role in reflecting the concerns of Indigenous people. The decision to reprioritise resources and to establish these units reflects a fundamental shift in focus to policy and advocacy, and recognises a greatly increased interest in effecting change through externally directed argument, persuasion, and influence. The Board of Commissioners endorsed the restructure and it is now the task of the elected and administrative arms to deliver outcomes. It is encouraging that these extra resources are now available at all levels within the organisation to advocate the needs of CDEP projects and Indigenous people in general.

It is important, therefore, for all our voices to be heard in support of the CDEP scheme and particular CDEP projects. There is also a mutual obligation requirement on governments to deliver. For too long the role of the CDEP projects in delivering essential services to communities has gone unacknowledged (see contributions to this volume by Bartlett, Ch. 20; Kean, Ch. 21; Dukakis, Ch. 27; Nalliah, Ch. 28). If this service delivery continues, then those CDEP workers must be properly remunerated for the work they do. Governments have an obligation, at the very minimum, to deliver essential services to communities.

The use of labour market programs like the ‘work for the dole’ is one strategy adopted by this government to address its objective of mutual obligation. There should be
consistency in funding between Indigenous and ‘work for the dole’ organisations. Over the last 25 years, Indigenous communities and individuals have been meeting their mutual obligations, and they will continue to do so. CDEPs are under-resourced, an it is hoped that greater advocacy will influence the government to appreciate and recognise the benefits of the program, and resource it appropriately.

Industry needs also to be responsible in meeting its social obligations with respect to the Indigenous employment situation. It can achieve this through developing partnerships with ATSIC at national, State, and regional levels, and by creating real employment opportunities which include a commitment to employing Indigenous trainees after their training subsidy has run its course. Industry will be the beneficiary if it realises the potential of the skills base that the CDEP scheme has produced.

Reconciliation is currently a salient issue in Australia, and now is the time to capture some of the momentum and turn it into real outcomes for Indigenous people. If this opportunity is allowed to slip away, Indigenous people will remain sceptical, cynical, and marginalised.

Government and community investment

Australian governments continually commit to the principle of improving the delivery of programs and services to Indigenous Australians. Many Indigenous Australians are sceptical about these professions of good will, viewing them as lip-service that does not become manifest in policy, resources, or programs. The gap between rhetoric and delivery has lead to cynicism in the Indigenous community. ATSIC’s adoption of a greater advocacy role at all levels will go some way to addressing this cynicism, but advocacy alone will not implement real change.

ATSIC needs to put forward workable frameworks that monitor CDEP performance against other labour market programs, and that engage all levels of government, industry, and the community in general to consult and develop effective policy and programs. Some outcomes of such frameworks could be joint policy development, bilateral agreements at State and local levels, community service agreements, and commitments by CDEPs in turn to achieve improved outcomes for CDEP participants.

Government has indicated that it intends to review the outputs that it gets from ATSIC in terms of the dollars funded into its budget, and has also recently undertaken a review of CDEP on-cost funding. For CDEP the implication is that government wants to look at what it costs to obtain employment, training, economic activities, and community development outcomes through CDEP.

We need to demonstrate to government that it receives many cost-effective outcomes from funding the CDEP scheme, and that it would gain greater outcomes through a further investment of funds. We need to demonstrate that further government investment will allow:

• the strengthening of pre-vocational skills and on-the-job and accredited training through better linkages with other agencies;
• increased employment outcomes for participants through more effective utilisation of the Indigenous Employment Program and Job Network; and

• further development of CDEP communities to deliver a wide range of social, cultural, and community-based outcomes for participants.

For too long, and in too many places, CDEP has been expected to provide a broad range of services and to support Indigenous Australians without appropriate funding to support the expected outcomes. CDEP needs the support of and the goodwill that will come from partnerships with governments, the private sector, and the wider community. These partners must first understand the issues of disadvantage, and then work hand in hand with CDEP to deliver a better future for Indigenous Australians—a future which will continue to be community driven, outcomes focused, and one of which we can all be proud.

References

10. Myth-making and the delivery of banking and financial services to Indigenous Australians in regional and remote Australia

Neil Westbury

Introduction

This paper summarises the major findings of two case studies that examined Aboriginal people’s access to banking and financial services in central Australia and north-west New South Wales, and some of the assertions that are commonly made about the delivery of banking and financial services to Indigenous Australians. It then identifies some comparative best practice from overseas, drawing on developments in the delivery of banking services to indigenous peoples and low- and moderate-income earners in North America. It concludes that many of the assertions regularly employed in Australia by banks and others to justify the withdrawal or current lack of provision of banking services to Indigenous peoples are either based on myths or, at a minimum, deserve to be severely tested.

Before addressing the two case studies it will be helpful first to describe some of the underlying factors which directly impact on Indigenous people’s access to the delivery of banking and financial services in Australia.

Underlying factors

The three factors I will briefly describe are:

- the current level of Indigenous people’s social and economic disadvantage which shapes their interaction with the cash economy;
- demographic and locational issues; and
- the impact of the deregulation of banking and financial services in regional areas.

Indigenous Australians are both relatively and absolutely socio-economically disadvantaged when compared to other Australians (Council for Aboriginal Reconciliation 2000). In practical terms, this means that most low-income Indigenous households are without financial savings and often pay more than other households for financial services. These charges include for example cheque-cashing fees, bank account keeping fees and ‘book down’ interest charged by stores (Westbury 1999, 2000).

Families that do not maintain financial savings often have poor or non-existent credit ratings or debt to income ratios that exclude them from mainstream forms of credit. Such households have no financial margin for safety; even temporary disruptions in family earnings or unforeseen expenditures can create serious hardship.
The demographic spread and location of Indigenous Australians compared to the wider community also affects their access to banking services. The Indigenous share of total usual resident population is shown in Table 10.1 for each census since 1981 in respect of an area which includes the Far West and North Western Statistical Divisions (SDs) in New South Wales; the South West, Central West, North West and Far North SDs in Queensland; the Eyre and Northern SDs in South Australia; the South Eastern, Central, Pilbara and Kimberley SDs in Western Australia; and Northern Territory Balance SD. This roughly corresponds to the area popularly termed ‘the outback’.

Table 10.1  Indigenous share of the outback population, 1981–1996

<table>
<thead>
<tr>
<th>Census year</th>
<th>Indigenous populationa</th>
<th>Non-Indigenous population</th>
<th>Indigenous share of total population (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>77 372</td>
<td>531 050</td>
<td>12.7</td>
</tr>
<tr>
<td>1986</td>
<td>93 681</td>
<td>565 729</td>
<td>14.2</td>
</tr>
<tr>
<td>1991</td>
<td>102 205</td>
<td>563 645</td>
<td>15.4</td>
</tr>
<tr>
<td>1996</td>
<td>121 580</td>
<td>560 768</td>
<td>17.8</td>
</tr>
</tbody>
</table>

Notes:  (a) Based on usual residence counts.  
(b) Aboriginal and Torres Strait Islander status ‘not stated’ in each SD is pro-rated according to the revealed usual resident share in each census year and added to the Indigenous count.

Source: ABS Census of Population and Housing.

Table 10.1 demonstrates that the Indigenous share of the total outback population has grown from 13 per cent in 1981 to 18 per cent in 1996. This represents an overall growth over the period of some 23 per cent (Taylor 2000). Preliminary projections indicate that the Indigenous share of the outback population should rise from 18 to 20 per cent by the 2001 Census (Taylor 2000; and see Taylor & Hunter, Ch. 11, this volume).

This growth is occurring due both to a net reduction in the non-Indigenous population, and to higher population growth amongst Indigenous families. At a time when reference to meeting the needs of people living in regional Australia has become a constant political catchphrase it should not be overlooked that a significant and growing proportion of that population is, in fact, Indigenous.

The third related factor that is impacting on Indigenous people’s access to banking and financial services in Australia is the deregulation of the banking and financial services sector. One of the major impacts of deregulation is the rapid adoption of new technology occurring concurrently with major increases in consumer banking fees (Takac 1997; Westbury 2000). For example, in 1991 the major banks charged zero for account keeping fees. As at October 2000 this fee had risen to $6.00 per month (Westbury 2000). Similarly, over-the-counter withdrawals have risen from $0.50 to $2.50 per withdrawal (Westbury 2000). The continuing hike in bank fees acts as a strong disincentive for poor people to maintain a bank savings account (Stegman 1999).
Arguably the most important impact of deregulation has been the withdrawal and closure of branch and agency services in rural and remote areas (Ralston & Beal 1997a, 1997b). At a time when some of the major banks are foreshadowing hundreds more branch closures, they have also been announcing successive record profits. In the two years up to December 1999, the Reserve Bank Bulletin reported 763 branch closures Australia-wide, with 311 of these occurring in rural and remote regions. In regional New South Wales alone, over the same two-year period branches have been closing at a rate of five per month (Westbury 2000).

What we are looking at is a massive and continued withdrawal of banking and financial services in rural and remote areas. These changes have hit hard in regional Australia and have hit Aboriginal communities even harder (Commonwealth of Australia 1999). Not only have many Aboriginal communities lost agency or branch services, but also, in other locations, the historical legacy of a lack of any appropriate banking services looks set to continue (Westbury 1999).

**Major findings: The case studies**

**Central Australia**

The first case study was conducted in central Australia for ATSIC and Centrelink. It focused on the relationship between Aboriginal people’s lack of access to banking and financial services and the continued payment of social assistance by cheque. While most Australians receive their Centrelink payments electronically, as at May 1999, 30 000 people Australia-wide were still paid by cheque (Westbury 1999). Just under 47 per cent of these cheque payments are made in northern Australia, comprising nearly 42 per cent of the total amount paid by this method. Of these welfare recipients 90 per cent are Indigenous, and Indigenous people are therefore highly dependent on payment by cheque (Westbury 1999).

The retention of welfare payment by cheque reflects the harsh reality of Indigenous people’s lack of access to banking and financial services. The Commonwealth Ombudsman has concluded that this practice has led Indigenous people to be dependent on third parties such as storekeepers and taxi drivers to cash cheques and fill out complex correspondence. The result is that many people are caught in exploitative situations and are captive to exorbitant fees (Westbury 2000). In remote communities the result can contribute to a vicious circle where families have difficulty maintaining a cash flow to purchase foodstuffs over the fortnightly period between welfare cheques. Even in Alice Springs, where all the major banks are represented, Aboriginal people are experiencing major difficulties in adapting to electronic banking. They tend to rely on the goodwill of the banks to keep pass books in safe custody, or rely on third parties to cash cheques (Westbury 1999).

The case study found that in direct response to these problems a number of Aboriginal communities in the Top End of the Northern Territory banded together to establish the Traditional Credit Union (TCU), which now boasts over 5000 members. It operates six branches, five of which are supervised by an Indigenous staff member. Of its 32 staff, 25 are Indigenous.
In remote communities, TCU branches are the only financial institution providing over-the-counter banking services. Staff at community branches also speak the language of community members, many of whom have English as a second language. The TCU also has a loans scheme with a maximum loan of $5000 allowed to members, repayable over five years. A significant proportion of loan recipients are women. A member must save a specified amount on a regular basis over a three-month period to be eligible for a loan. This loan program has worked well to date, with only one loan written off, and arrears are subject to a personal one-on-one follow up by TCU staff or directors. The TCU reports that 70 per cent of loans are being repaid in advance. The evidence suggests that these loans have made a significant contribution to improving people’s standard of living (e.g. by making possible the purchase of refrigerators to store food, and washing machines and furniture and fittings for housing), with repayments reflecting people’s level of income and capacity to repay (Westbury 2000).

**Murdi Paaki Region**

The second case study was conducted in five country towns in north-west New South Wales. It was commissioned by ATSIC, and its purpose was to examine a proposed joint venture between the Murdi Paaki Regional Council and five local shires to establish a credit union. In contrast to central Australia, the vast majority of Aboriginal people in the region receive their welfare and CDEP wages payments electronically into accounts held with the major banks. But despite the fact that people have made the transition to utilising electronic services, the research highlighted a number of obstacles that effectively worked against their ability to equitably access banking and financial services.

Because of the comparatively low incomes of Indigenous people, the high levels of bank charges have had a disproportionate impact and serve as a disincentive to maintaining bank savings accounts. Also, Aboriginal people consistently complained about their inability to access small-scale loan finance via the banks, despite having long-term employment histories under CDEP or as salaried employees. This allegedly often resulted in subsequent referral to private finance companies who charge exorbitant interest rates.

As a result of these charges and the withdrawal or refusal of services, a number of Aboriginal CDEP organisations provide de facto banking services. These range from Christmas Club Savings accounts and payroll deduction services to meet water and electricity payments, to the provision of wage advances to meet family emergencies (this was further highlighted by the fact that in north-west New South Wales, as in central Australia, approximately 90 per cent of welfare recipients utilise the annually available $500 Centrelink advance to meet emergency needs).

Aboriginal people place high value on being able to access face-to-face banking services. People strongly objected to the lack of privacy and the embarrassment associated with accessing services through agencies such as newsagents. These services often serve as a replacement for bank branches that have been withdrawn or closed down.
CDEP organisations constitute at least one of, or sometimes the major employer in many country towns in north-west New South Wales, but the management of these organisations argued that they nevertheless found it difficult to access commercial loan funds from the banks. Similarly, citing a lack of local bank competition, CDEP organisations asserted they were unable to secure bank fee concessions despite their collective annual multi-million dollar budgets (Westbury 2000).

Both research reports made a number of short and longer-term recommendations, including those listed below.

- That Centrelink pay welfare benefits weekly rather than fortnightly as a direct incentive to those recipients who transfer to electronic payments.

- That the Rural Transactions Program be enhanced so it can respond to regionally based applications for assistance. This program currently focuses on individual community applications rather than on those that are regionally based. This operates as a disincentive to Indigenous communities, which invariably lack the infrastructure to support stand-alone banking services. The lack of Indigenous representation on the Advisory Board that advises the relevant Minister on applications also hinders the operation of the program.

- That an investigation be conducted into the feasibility of supporting the expansion of the TCU’s services in remote communities. The TCU has saved the Commonwealth hundreds of thousands of dollars by enabling cheque recipients in six remote Aboriginal Top End communities to receive their payments electronically.

- That the banks develop best practice policy approaches in service delivery, employment, and education that specifically address the needs of Indigenous customers.

- That ATSIC should co-operate with other major Indigenous organisations in combining their financial muscle to leverage a beneficial commercial agreement with one of the major banks that would include initiatives aimed at improving the availability of financial services to Indigenous Australians.

- Finally, that a pilot project be conducted in Alice Springs with the objective of assisting existing welfare recipients to transfer to electronic payments.

As a result of these recommendations a pilot project has commenced through a partnership involving the Tangentyere Council in partnership with Westpac and the DFACS. This project has the objective of assisting current welfare cheque recipients to transfer to electronic accounts, with appropriate financial and budgeting education. Westpac has also recently joined the Commonwealth Governments Corporate Leaders for Indigenous Employment Project (see Shergold, Ch. 8, this volume).
Common assertions

The two case studies and other research (McDonnell and Westbury 2001) undertaken on these issues have highlighted a number of justifications commonly employed by the banks, government and some economic commentators for the withdrawal of or inability to deliver banking and financial services to Indigenous communities. Among these are:

- that because of deregulation of the industry and greater competition the continued provision, let alone the establishment of new branches, in regional and remote areas by the major banks, is no longer commercially viable;
- that Indigenous customers are high risk because of their general lack of credit histories, comparatively low incomes and limited collateral to secure personal or housing loans;
- that communities resident on Aboriginal lands or reserves are necessarily precluded from access to individual housing or commercial loans, because Commonwealth and State laws prevent use of Indigenous land as collateral; and
- that a bank’s first obligation is to secure maximum profit returns for their shareholders. This precludes the exercise of any wide ranging obligation to provide a community service.

Some international comparisons in best practice

What might a future ideal situation look like, in which Indigenous communities secure fair and equitable access to banking and financial services? It might be that one of Australia’s major banks recognises that there are very real commercial opportunities in pursuing a business plan to corner the Indigenous money market. It then:

- pursues a strategy involving the establishment of a series of branches which provide face-to-face services in Indigenous communities;
- actively employs and trains Indigenous people in its workforce;
- develops housing loans accessible to individual families resident on Aboriginal reserves;
- provides financial and budget management training to its customers;
- funds scholarships for Indigenous people to gain tertiary qualifications; and
- takes loan applications from individuals over the fax machine.

And of course it makes a sound commercial return on its investments.

Concurrently, government regulators recognise that any long-term success in reducing welfare dependence is directly linked to facilitating equitable access to banking services for low-income earners, and providing incentives to build assets. Government institutes regulations and provides direct incentives to the banks to provide loan funds and services to low-income earners.
We might say that such a scenario is merely a fantasy. The bad news is that in Australia, at present, it is a fantasy; the good news is that in Canada and the USA it is not.

**The Bank of Montreal**

When visiting Toronto in 2000 I met with Ron Jamieson, a Mohawk man, who is Vice President of Aboriginal Banking at the Bank of Montreal, and previously chaired the Royal Commission on Economic Matters Affecting Aboriginal People in Canada. When Jamieson joined the bank in October 1992 the value of its commercial loan business with aboriginal communities amounted to C$10 million. Today, some eight years later that same commercial loan business has grown to C$1 billion, with the bank holding a further C$1 billion in trust for First Nations communities. The bank has, over the same period, increased from 121 to 600 the number of its indigenous employees, opened 16 Aboriginal Banking centres, and established an alliance with Canada Post that has resulted in first time access to banking services for 20 remote communities (Bank of Montreal 1999).

The Bank of Montreal has also concluded innovative On Reserve Housing Loan Program agreements with 12 First Nations communities, enabling member families to borrow funds for the construction, renovation and purchase of owner-occupied housing. The default repayment rates for its First Nations customers are below those for its wider community customers (Bank of Montreal 1999).

This bank is not a lone player. Other major Canadian banks are actively chasing the indigenous dollar. They are also designing and delivering financial education and training courses for First Nations communities and funding scholarships for indigenous students. The banks believe these investments are essential in order to build long-term trust and credibility (Royal Bank Financial Group 2000).

**The Canadian Bankers Association**

Both the Canadian Bankers Association and the Canadian Federal government have also assumed important leadership positions in promoting equitable access to banking services for First Nations. For example governments, business and First Nations are active in creatively utilising existing tax incentives to promote economic and business opportunities on indigenous lands. This has resulted in the development and wide distribution of a comprehensive guide, *Frequently Asked Questions: Understanding the Regulatory Environment for On-Reserve Lending* (Minister of Public Works and Government Services Canada 1999) developed jointly by the banks, the First Nations and the Canadian Government.

All these initiatives contrast markedly with the Australian trend. In Canada, the banks are actively employing and training more indigenous people, opening up more branches (including in remote communities) and making a commercial return.
Welfare reform and banking services

In the USA, there is recognition that achieving reductions in welfare dependence, and designing initiatives aimed at encouraging asset accumulation amongst the poor, are inextricably linked to people’s ability to access banking and financial services (Gensler 2000; Stegman 2000; Summers 2000). Key government agencies such as the US Treasury and regulators such as the Federal and State Reserves play a central role in ensuring low- and moderate-income earners have equitable access to affordable credit and appropriate services (Stegman 2000; Summers 2000). Driven partly by the phenomenal growth from the 1980s in ‘fringe banking’ services, such as commercial cheque-cashing outlets and pawnshops, which charge exorbitant fees (Caskey 1996), the Federal government has sought to strengthen the provisions of the Community Reinvestment Act 1977 (CRA) and provide direct savings incentives to low- and moderate-income earners.

This policy has also been reflected in the decision of the US Treasury to provide significant resources to community-based groups to educate low-income earners about the benefits of having a bank account, managing household finances, and building assets (US Department of the Treasury 2000a). In order to assist welfare recipients to make the transition from cheque to electronic payments, the US Treasury has also negotiated arrangements with the banks that have led to the establishment of low-fee-paying accounts for low-income earners and has directly funded an expansion in access to automatic teller machines (ATMs) in poorly serviced areas (Summers 2000).

The Community Development Financial Institutions Fund

Another important initiative of the US Treasury has been to establish the Community Development Financial Institutions Fund (CDFI). The CDFI is a statutory corporation wholly owned by the US Treasury. It was created in 1994 under a bipartisan US Congress initiative to expand the availability of credit, investment capital and financial services in distressed urban, rural and Native American communities.

The CDFI seeks to stimulate the creation and expansion of community development financial institutions and to provide incentives to traditional banks and credit unions to invest in CDFIs (US Department of the Treasury 2000b). Since 1994 the fund has certified over 406 funds across the USA, including 22 that specifically service Native American, Alaskan and Hawaiian communities. CDFIs include community development banks, credit unions, venture capital funds and micro-enterprise loan funds (US Department of the Treasury 2000b).

CDFIs are defined as specialised financial institutions that work in market niches that provide a wide range of financial products and services to low-income earners, for needs ranging from community facilities to business loans and housing renovations. In addition these institutions provide services to help ensure credit is used effectively, including counselling and financial budget training. The CDFI fund provides small infusions of capital to institutions that serve distressed communities and low-income individuals. It also conducts a Bank Enterprise Award to encourage major banks by way of incentives to
increase their lending and provision of services to low-income communities. These incentives to the private sector, amounting to a combined total of US$90 million, have leveraged more than US$1.8 billion of investment and lending by banks to projects in low-income communities—a ratio of 20 to 1 (US Department of the Treasury 1999).

**The Community Reinvestment Act**

These initiatives are centrally linked to the Federal CRA which awards the banks credits based on their performance on lending, investment and the provision of services to low-and moderate-income earners. Banks must have at least a satisfactory credit rating to gain regulatory approval to merge, or to acquire another depository institution, or to open or close a branch (Litan et al. 2000). The CRAs regulations were strengthened under the Clinton administration in 1993 and were retained in the context of the Federal Financial Services Modernisation Act 1999. This legislation prohibits banks from commencing newly authorised activities, such as expanding into securities and insurance, without a satisfactory CRA rating (Litan et al. 2000).

A practical example of the impact of the CRA occurred on the Navajo Reservation in Arizona in 1998. Citibank was in the process of selling its branch network to the Norwest Bank. The Navajo complained to the Federal government that Citibank had failed to fulfil their CRA obligations to service the geographic areas surrounding its Arizona branches. At the time there were only two ATMs anywhere in the entire Navajo Nation area, with many residents having to drive up to 160 kilometers to cash or deposit a cheque.

In response to this complaint, the relevant regulatory authority blocked the Norwest acquisition until it agreed to build four additional branches and install two extra ATMs on Navajo land. Norwest agreed. The location of the new branches, and the training of Navajo staff to run them, occurred with the full co-operation and involvement of the local Tribal government (US Department of the Treasury 2000c).

A recent independent evaluation of the impact of the CRA prepared for the US Treasury concluded that in 1998, mortgage lending to low-income earners by CRA-regulated institutions stood at $135 billion, up from $75 billion in 1993—an 80 per cent increase. This increase is also reflected in other loans approved over the same period to borrowers, which have risen in total number by over 45 per cent (Litan et al. 2000).

**The Native American Lending Study**

Congress has also required the US Department of the Treasury, through the CDFI, to investigate and make recommendations to Congress and the President on the elimination of barriers to private sector lending and investment on Native American reservations. This study has been conducted through a series of 13 workshops covering ten regions throughout the USA. It brought together Native American Tribal governments, and private and public sector representatives to jointly identify barriers to financing and lending, and strategies to overcome them (US Department of the Treasury 2000c).
In addition to the workshops, over 1000 financial institutions and Tribal governments have been surveyed via a detailed questionnaire. Both these exercises have identified a number of misconceptions and misunderstandings between financial institutions and Tribal governments, and have resulted in locally based initiatives built around developing mutual understanding and strong relationships. In practical terms they include partnerships to develop and deliver financial literacy programs, on-reserve home lending programs, and increased awareness of the CRA provisions. The findings of the study and recommendations of this report will be submitted to Congress and the President during 2001.

**Individual Development Accounts**

One of the best-kept secrets of welfare reform in the USA has been the widespread adoption of measures to allow savings and asset-building by the poor (Sherraden et al. 2000; Stegman 1999). The most innovative development involves the provision of Individual Development Accounts (IDAs). A key feature of IDAs is that a community group, foundation or government matches every dollar saved by an individual. Participation is conditional upon the saver’s completion of a financial education program.

Withdrawals from IDAs are limited to specific purposes, including deposits for housing purchase, self education, buying a business, and buying or repairing a car for work or for family emergencies. These programs have mushroomed throughout the USA, in tandem with welfare reform. Detailed evaluations have confirmed that IDAs are being effectively taken up by low-income earners, and particularly by women (Sherraden et al. 2000). Specific Youth IDAs have also been established that provide up to a three-to-one dollar match for similar purposes (Stegman 1999).

The Federal government’s decision to devolve responsibility for the Temporary Assistance for Needy Families (TANF) program to Tribal governments has also included provisions that enable Indian Tribal governments to apply these monies as matching IDA funds, therefore encouraging the active accumulation of savings (US Department of the Treasury 2000b).

**Conclusion**

These overseas developments hold important lessons for Australia. At the very least they severely test some of the myths about the supposed inability of Australian banks to maintain social and community obligations whilst generating corporate profit for shareholders. Not only does this Australian banking myth run contrary to the commercial experience of some of their overseas counterparts, its net effect runs counter to the spirit and intent of banking regulatory frameworks that apply in that true bastion of the free market—the USA. I am not arguing that all the initiatives identified in this paper are immediately transferable to Australia. However they do, at the very least, raise serious questions about many of the readily cited justifications for continuing inequities in the delivery of financial and banking services to Indigenous Australians in regional and remote areas.
Overseas experience also points to a need for governments, financial institutions, and Indigenous interests to seriously examine and consider new and innovative methods of ensuring that commercial loan and capital funds can be made available to Indigenous communities. Options developed overseas include using community block grants as collateral, community councils acting as guarantors and setting aside community investment or royalty funds as collateral, and the use of tax incentives to encourage economic activities in remote communities. Consideration should also be given to how tax and other incentives could be applied to facilitate improvements in financial literacy and individual asset accumulation. The McClure Report on welfare reform (McClure 2000) remained strangely quiet on these issues, especially given the North American experience in welfare reform where the role of financial institutions and IDAs are seen as critical factors in promoting asset accumulation for low and moderate income earners.

In the USA and Canada connecting poor people in poor communities with the financial mainstream is a key plank of government policy, as are the provision of funds for financial education, and tax incentives to promote savings. In Australia, we are yet to translate those clear connections into the necessary regulatory, policy, and program incentives needed to help deliver real and sustainable reductions in welfare dependency.

In the light of highly restricted (and worsening) Indigenous access to banking services in Australia, and given these overseas initiatives and best practice, a number of practical steps could be taken in this country.

- It is recommended that the Commonwealth government examine the impact and relevance of the US Community Reinvestment Act 1977 to Australia, with a view to ensuring equitable access to credit and appropriate financial services for all Australians, especially those on low and moderate incomes.

- Consideration should be given to the conduct of an Indigenous lending study in Australia, modelled on the one commissioned by the US Congress and undertaken in the USA. The study should investigate and make recommendations aimed at eliminating barriers to and developing incentives for private sector lending, investment and provision of banking services on Indigenous lands and other lands held in trust for Indigenous Australians.

- The Commonwealth government should give active consideration to the potential relevance of IDAs as a key element of any policies aimed at reducing welfare dependence.

- Finally, a comprehensive program of financial education needs to be promoted and supported by the Federal government in partnership with Australia’s banks and ATSIC.

Notes

1. The research for this paper was undertaken when the author was a Visiting Fellow at CAEPR.

2. The Cairns Statistical Sub-Division (SSD) and Darwin Rural Areas SSD are excluded.
References


—— and —— 1997b. Economic and Social Impacts of the Closure of the Only Bank Branch in Rural Communities: A Report Prepared for Credit Care, Centre for Financial Institutions, University of Queensland, St Lucia, Qld.


11. Demographic challenges to the future of CDEP

John Taylor and Boyd Hunter

Introduction

Increasingly over the past three decades, the scale and the nature of initiatives aimed at achieving social justice for Indigenous Australians have been guided by information about the size, composition, and changing location of the officially identified Indigenous population. The data drawn from five-yearly censuses and, progressively, from other surveys and administrative collections have aided in determining the global quantum of Indigenous need for government services. More recently, there has been a growing recognition that an understanding of the dynamics of demographic change is important for the formulation of policies that are based on some estimation of anticipated requirements, and not solely on current or historic assessment of government obligations (Taylor 2001).

The age structure and related growth of the Indigenous population differs markedly from that of other Australians, and this has consequences for the direction of public policy. For example, Indigenous Australians are on average much younger than the rest of the population and will continue to be so for decades to come (their median age is 19 years compared to 35 years for the general population). As a consequence, the focus of population expansion in the years ahead among Indigenous Australians will be among those of working age (15–64), especially in the school-to-work transition years, whereas for the rest of the Australian population the focus of growth will be amongst the aged (over 55 years). These are opposite ends of the social policy spectrum and point to quite different needs. Such is the momentum for growth built into the Indigenous age distribution that it is estimated that the population aged 15–64 will be 16 per cent greater by 2006 (285 000 compared to 245 000 in 2000). This is the figure adopted for the use in the present analysis.

It should be noted, however, that this estimate of the future size of the Indigenous working-age population is conservative. The Indigenous population is enumerated by self reporting, and consequently there is a major methodological difficulty in projection, deriving from the absence of a rigorous model for capturing change in the propensity of individuals to identify as Indigenous. Different assumptions regarding this propensity can produce widely differing population estimates (ABS 1998). Thus, the low series ABS projection, as used above, assumes no further growth due to increased identification as Indigenous. On the evidence of past census counts this seems an unreasonable expectation and so higher projections, based on varying assumptions about increased propensity to identify, are also provided. Of these, the published high series assumes a continuation of the rate of new identification observed over the most recent inter-censal period. This yields an Indigenous working-age population of 650 000 by 2006.
Despite a 44 per cent increase in Indigenous employment between 1991 and 1996, the underlying rate of employment was little altered, with only 26 per cent of the adult population engaged in mainstream work (Taylor & Bell 1998). There were two reasons for this anomaly. First, much of the recorded employment growth was due to increased participation in the CDEP scheme. By 1996, as much as one-fifth of the Indigenous workforce was employed by the scheme. Another contributory factor was an increase in wage-subsidised employment and training under the Federal government’s Working Nation initiatives. Against these government-sponsored labour market interventions, growth in mainstream work was negligible. The second reason, as might be expected, was demographic—quite simply, growth in jobs, especially mainstream jobs, failed to keep up with growth in the Indigenous working-age population.

A number of studies have analysed the consequences for labour force status of the persistently youthful Indigenous age profile (Altman & Gaminiratne 1994; Gray & Tesflaghioghis 1991; Taylor & Altman 1997; Taylor & Hunter 1998). The most recent of these estimated that over the 10-year period from 1996 to 2006 an extra 25 000 Indigenous people would need to be employed just to maintain the Indigenous labour force status at its 1996 level (an employment rate of 39 per cent and an unemployment rate of 26 per cent). The anticipated crisis for public policy that this figure signalled was based on an estimation that only 21 000 additional jobs were likely to be created over this period, leading to worsening labour force status.

Significant changes have occurred in labour market conditions for Indigenous people since 1996, especially in regard to the supply of CDEP work. It is timely, therefore, to review these estimates. Accordingly, this paper has four aims: to estimate the future supply of CDEP scheme positions against the background of population growth and growth in non-CDEP jobs; to assess this against anticipated demand for CDEP; to estimate the consequences of these parameters for future Indigenous labour force status; and to examine the consequences of projected employment and population growth for the achievement of parity in labour force status.

**New estimates of employment outcomes**

To estimate future numbers of Indigenous jobs, separate calculations are made for mainstream (non-CDEP scheme employment) and CDEP-scheme employment.¹ Previous estimation of mainstream employment growth was based on an assumption that this would continue at the rate observed between 1991 and 1996, of 1.3 per cent per annum (Taylor & Hunter 1998: 17). Historically, this is a relatively high annual rate of Indigenous employment growth and it incorporates the impact of government-sponsored Working Nation job programs in boosting the numbers counted as employed. Since 1996, a number of significant changes have occurred in the labour market. This assumed growth rate is therefore in need of review, although this can only be undertaken by inference because reliable inter-censal estimates of Indigenous employment are absent from sources such as the monthly Labour Force Survey (LFS) (Hunter & Taylor 2001).
The first important change was the dismantling of Working Nation programs in 1996 and the second was the subsequent privatisation of employment services. Indigenous people were over-represented in Working Nation programs (Taylor & Hunter 1996) and the new Job Network has generally failed in servicing the needs of Indigenous people (Commonwealth Grants Commission (CGC) 2000), so the assumption is made here that these developments served to deflate the original estimate of mainstream employment growth. On the other hand, in 1999, the government launched the Indigenous Employment Policy (IEP), which restored, for Indigenous job seekers, many of the features of Working Nation programs including wage subsidies for eligible employers (see Shergold, Ch. 8, this volume). In addition, since 1996, employment growth overall in the labour market has been buoyant, with a concomitant substantial decline in the rate of unemployment. In turn, these developments may be assumed to have boosted the employment prospects of Indigenous job seekers. Thus, balancing all these factors leads to the conclusion that the original assumption of 1.3 per cent per annum growth in Indigenous mainstream employment should be retained.

Greater certainty surrounds the future scale of CDEP employment. The broad level of participation in the scheme is controlled by agreement between ATSIC and government at a national policy level, while the actual allocation of places stems from administrative procedures enacted by ATSIC Regional Councils. Thus, planned participant numbers provided by ATSIC provide a basis for estimation. As for demand, less is understood about why communities and individuals seek to participate in CDEP, but the proven capacity for rapid expansion of the scheme suggests that many more would if they could (Sanders 1993).

Previous estimates of growth in CDEP employment were constructed from a composite of assumptions informed by analysis of the administrative procedures for new participant places. For example, given the intermittent nature of CDEP scheme work in 1996 and the fact that non-working spouses of participants could be included in participant totals, the percentage of scheme participants who could be counted as employed (according to ABS criteria) was set at 60 per cent in remote areas and 80 per cent in the rest of the country. Following the review of the scheme in 1997 (Spicer 1997) and implementation of reforms to focus more on equipping participants for mainstream work, these ratios were assumed to rise to 80 per cent and 90 per cent respectively. This effected a jump in estimated participant numbers from 21,228 in 1998 to 27,028 in 1999, with numbers increasing thereafter by 550 per annum in line with government provision for the expansion of existing schemes (Taylor & Hunter 1998: 17).

Subsequent administrative developments require that these assumptions be revised. First of all, the recommendations of the Spicer Review, in emphasising the importance of the scheme as an employment program, coincided with the movement off the scheme of non-working participants to become clients of the social security system (see Sanders, Ch. 6, this volume). As a consequence, ATSIC now advises that all registered participants should be classified as employed. Initially, it was assumed that this push towards a more work-focused scheme would put off the need for expansion since CDEP could ‘expand’ internally by re-classifying non-working participants, thereby increasing the proportion of
participants who were working. However, provision for an additional 1500 places was announced in the 2000–01 Federal Budget and this is factored in to revised estimates of future CDEP employment, along with provision for 580 additional places annually to accommodate natural growth.

The impact of these revisions on projected employment estimates is shown in Table 11.1. As indicated, mainstream employment estimates remain unaltered but CDEP employment is raised markedly, commencing in 1999. The overall effect is that by the end of the projection period (in 2006), the number of the Indigenous employed is expected to be around 6700 higher than previously estimated.

<table>
<thead>
<tr>
<th>Year</th>
<th>Mainstream jobs</th>
<th>Original estimate: CDEP jobs</th>
<th>Revised estimate: CDEP jobs</th>
<th>Original estimate: Total jobs</th>
<th>Revised estimate: Total jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>71,556</td>
<td>18,656</td>
<td>18,656</td>
<td>90,212</td>
<td>90,212</td>
</tr>
<tr>
<td>1997</td>
<td>72,486</td>
<td>19,974</td>
<td>19,974</td>
<td>92,460</td>
<td>92,460</td>
</tr>
<tr>
<td>1998</td>
<td>73,429</td>
<td>21,228</td>
<td>21,228</td>
<td>94,657</td>
<td>94,657</td>
</tr>
<tr>
<td>1999</td>
<td>74,383</td>
<td>27,028</td>
<td>31,650</td>
<td>101,411</td>
<td>106,033</td>
</tr>
<tr>
<td>2000</td>
<td>75,350</td>
<td>27,486</td>
<td>32,220</td>
<td>102,836</td>
<td>107,570</td>
</tr>
<tr>
<td>2001</td>
<td>76,330</td>
<td>27,944</td>
<td>34,175</td>
<td>104,274</td>
<td>110,505</td>
</tr>
<tr>
<td>2002</td>
<td>77,322</td>
<td>28,402</td>
<td>34,725</td>
<td>105,724</td>
<td>112,047</td>
</tr>
<tr>
<td>2003</td>
<td>78,327</td>
<td>28,860</td>
<td>35,275</td>
<td>107,187</td>
<td>113,602</td>
</tr>
<tr>
<td>2005</td>
<td>80,377</td>
<td>29,776</td>
<td>36,375</td>
<td>110,153</td>
<td>116,752</td>
</tr>
<tr>
<td>2006</td>
<td>81,422</td>
<td>30,234</td>
<td>36,925</td>
<td>111,656</td>
<td>118,347</td>
</tr>
</tbody>
</table>

Note: (a) Based on figures of Agreed Participant Growth provided by ATSIC.

It is interesting to consider the impact of this revision on previous estimates of future job needs developed using ABS experimental projections of working-age population (Taylor & Hunter 1998: 10–12). This is shown in Table 11.2. With an estimated 25,000 additional jobs required just to maintain an employment rate of 38.9 per cent, the original anticipated jobs growth of 21,400 was clearly insufficient: it led to a projected jobs deficit of 3600 against this target. The revised calculations, which take into account the changes to CDEP, estimate that by 2006 a total of 28,100 extra jobs would have been created. This leads to a job surplus against the target of maintaining the status quo and translates into an employment rate by 2006 of 40 per cent—a positive outcome, but still way below the national average. If the aim is to achieve employment equality, then the task remains enormous, with an additional 49,000 jobs still required.
Table 11.2  Revised estimates of Indigenous employment growth required to maintain the status quo (A) or to achieve employment equality (B), 1996–2006

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Original estimates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(A) 38.9&lt;sup&gt;b&lt;/sup&gt;</td>
<td>90 212</td>
<td>115 307</td>
<td>25 059</td>
<td>21 444</td>
<td>3651</td>
</tr>
<tr>
<td>(B) 56.4&lt;sup&gt;c&lt;/sup&gt;</td>
<td>90 212</td>
<td>167 181</td>
<td>76 969</td>
<td>21444</td>
<td>55 525</td>
</tr>
<tr>
<td>Revised estimates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(A) 38.9&lt;sup&gt;b&lt;/sup&gt;</td>
<td>90 212</td>
<td>115 307</td>
<td>25 059</td>
<td>28 135</td>
<td>-3076</td>
</tr>
<tr>
<td>(B) 56.4&lt;sup&gt;c&lt;/sup&gt;</td>
<td>90 212</td>
<td>167 181</td>
<td>76 969</td>
<td>28 135</td>
<td>48 834</td>
</tr>
</tbody>
</table>

Notes:  (a) The estimated number of Indigenous Australians in employment in 1996.  
(b) The estimated employment/population ratio for Indigenous Australians based on 1996 population estimates.  
(c) The employment/population ratio for non-Indigenous Australians from the 1996 Census.

Implications of demographic trends for Indigenous unemployment

Indigenous unemployment rates in the 1996 Census were between two-and-a-half and five times the national average depending upon whether participation in the CDEP scheme counts as being unemployed (Taylor & Hunter 1998). If CDEP scheme participants are counted as unemployed, Indigenous unemployment will become even greater over time as large numbers of Indigenous youth enter the workforce. Fig. 11.1 shows that if the CDEP scheme did not exist, the overall unemployment rate among Indigenous people would increase steadily from just over 41 per cent to about 48 per cent between 1996 and 2006. Detailed projections are found in Table 11.3. However, the CDEP scheme does exist and it substantially reduces the official unemployment rate. If CDEP scheme jobs are treated as employment, the Indigenous unemployment rates falls by over one-third.

The recent expansion of the CDEP scheme resulting from changes to the CDEP administration and the renewed spending push in ATSIC has not only contained the growth in Indigenous unemployment but has even led to a small reduction in Indigenous unemployment rates. However, on current projections such gains will be eroded by the large increase in the numbers of Indigenous people entering prime labour force age. The Indigenous unemployment rate falls from just over 25 per cent in 1996 to a low point of 20 per cent in 2001 (coincidentally the census year), before it increases under the current policy settings to about 25 per cent in 2006.

The CDEP seems to be keeping total Indigenous unemployment in some sort of holding pattern. We now seek to address the question of what are the numbers of jobs required for Indigenous people to achieve equity, in terms of unemployment rates, with the rest of the Australian population.
In July 2000, the overall Australian unemployment rate was 6.2 per cent. Fig. 11.2 describes the number of jobs required to reduce the Indigenous unemployment rate to this level. It follows the same basic pattern as Fig. 11.1, showing a substantial fall in the number of jobs required to June 2001. Unfortunately without further supplementation of the number of CDEP scheme places, the number of jobs required increases consistently after that point.
## Table 11.3 Estimates of Indigenous employment need, 1996–2006

<table>
<thead>
<tr>
<th>Year</th>
<th>Without CDEP scheme employment</th>
<th>With CDEP scheme employment</th>
<th>Including discouraged workers as unemployed</th>
<th>Indigenous labour force held at 1996 levels</th>
<th>Including discouraged workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>41.4</td>
<td>26.1</td>
<td>29.2</td>
<td>24 303</td>
<td>27 992</td>
</tr>
<tr>
<td>1997</td>
<td>42.1</td>
<td>26.1</td>
<td>29.2</td>
<td>24 885</td>
<td>28 665</td>
</tr>
<tr>
<td>1998</td>
<td>42.8</td>
<td>26.3</td>
<td>29.4</td>
<td>25 763</td>
<td>29 643</td>
</tr>
<tr>
<td>1999</td>
<td>43.5</td>
<td>23.0</td>
<td>26.2</td>
<td>22 065</td>
<td>26 044</td>
</tr>
<tr>
<td>2000</td>
<td>44.1</td>
<td>20.2</td>
<td>23.6</td>
<td>18 834</td>
<td>22 906</td>
</tr>
<tr>
<td>2001</td>
<td>44.8</td>
<td>20.0</td>
<td>23.4</td>
<td>19 106</td>
<td>23 282</td>
</tr>
<tr>
<td>2002</td>
<td>45.3</td>
<td>20.8</td>
<td>24.2</td>
<td>20 644</td>
<td>24 919</td>
</tr>
<tr>
<td>2003</td>
<td>45.9</td>
<td>21.6</td>
<td>24.9</td>
<td>22 307</td>
<td>26 685</td>
</tr>
<tr>
<td>2004</td>
<td>46.6</td>
<td>22.4</td>
<td>25.7</td>
<td>24 101</td>
<td>28 588</td>
</tr>
<tr>
<td>2005</td>
<td>47.2</td>
<td>23.3</td>
<td>26.6</td>
<td>26 081</td>
<td>30 683</td>
</tr>
<tr>
<td>2006</td>
<td>47.9</td>
<td>24.2</td>
<td>27.5</td>
<td>28 181</td>
<td>32 902</td>
</tr>
</tbody>
</table>

Notes: (a) Discouraged workers according to ABS definition. (b) Calculated using the national unemployment rate in 2000 of 6.2 per cent. (c) The unemployment rates used in this column are adjusted by adding the number of discouraged workers to both the numerator and denominator (ABS 2001).

These estimates are conservative—or low—because they are based on Indigenous labour force in 1996, which excludes many people who want to work. For example, workers who have become discouraged by prolonged exposure to poor labour market conditions (or, indeed, who have experienced persistent discrimination) may re-enter the labour force when job prospects pick up (or we enter a brave new world without racism) (see Hussmanns, Mehran & Verma 1990: 107 for the precise International Labour Organisation [ILO] definition). The potential labour force, which includes all those currently in work as well as those who are discouraged from looking for work, can be substantially greater than the existing labour force (Hunter & Gray 1999).

Being discouraged from looking for work is an inherently subjective phenomenon. The conventional ABS definition of a discouraged job seeker in the LFS uses the reasons for not looking for work to classify whether or not a person is a discouraged worker. For example, job seekers are deemed to be discouraged if employers’ attitudes or behaviours dissuade them from looking for work. Individuals who are not looking for work for personal reasons but state that they want to work are not classified as being discouraged workers. Given that many respondents (especially Indigenous people with a history of
experiencing discrimination) may not be able to abstract their personal circumstances from
the labour market situation, this definition is probably too circumscribed.

The 1994 National Aboriginal and Torres Strait Islander Survey (NATSIS) provides the
only reliable data on the extent of the discouraged Indigenous workforce. Unfortunately,
it is not possible to achieve the correspondence between the NATSIS and LFS categories
that would allow a direct comparison between Indigenous and non-Indigenous peoples’
reasons for not looking for work. However, it is possible to observe that personal reasons
also dominate those given in the LFS survey (ABS 1994). Almost three-quarters of LFS
respondents who are not in the labour force and want to work indicate they were not
looking for work for personal reasons (especially to do with child care or attending an
educational institution).

The predominance of personal reasons for not looking for work among both the Indigenous
and non-Indigenous populations indicates how potentially sensitive the results might be
of an analysis of Indigenous labour force status based narrowly on the ABS definition of
discouraged worker. The theoretical literature on the discouraged worker emphasises the
relative productivity of family members in both market and non-market work, and the
level of welfare entitlements, and as a result the official definition can easily be challenged
(Hunter & Gray 1999). Nevertheless, the ABS definition should provide a conservative
benchmark for the extent of discouraged workforce.

That there are many Indigenous discouraged workers is highlighted by the fact that the
ATSIC regions with the highest employment rates (often because of substantial numbers
of CDEP scheme places in such areas) also have the highest labour force participation rates.
For example, the Cooktown region has the highest Indigenous male labour force
participation rate of any ATSIC region, presumably because of the relatively large numbers
of CDEP scheme participants in the area (Hunter 2000). The Cooktown rates can be
contrasted to those in nearby Cairns which, despite a larger and more buoyant labour
market, has substantially lower Indigenous labour force participation rates because of
relatively small number of CDEP scheme places in that region.

What happens to the estimates if one includes all of these discouraged job seekers in the
projections of Indigenous job need? In an attempt to be consistent with the ABS definition,
only NATSIS respondents who nominated ‘economic’ reasons for not looking for work
are counted here as discouraged: thus a person is counted as a discouraged job seeker if
they want to work but are not looking for work because of the lack of suitable jobs in the
local area, or in the economy at large.

As noted above, it is not possible to compare directly the proportion of discouraged
workers in NATSIS with that in other ABS collections because of the lack of concordance
in the reasons given for not looking for work. For example, potential workers who have
given up looking for work because of their low levels of skill cannot be identified through
NATSIS, further reinforcing the conservatism of the definition adopted in this paper.
However, another problem arising from using a standard definition is that the formal ABS
definition requires that discouraged job seekers be available to start work within four
weeks (ABS 1994). Since the NATSIS unit record file does not include information on
availability of job seekers, the operational definition may tend in this respect to overstate the numbers of Indigenous discouraged job seekers. These competing biases will thus tend to balance out, and the estimates which follow thus provide a reasonable basis for approximating the potential Indigenous workforce.

According to the 1994 NATSIS, only one-sixth of people who want jobs but are not currently in the labour force indicated they were not looking for work because of the lack of availability of suitable jobs. If such discouraged workers are included as unemployed then the number of jobs required to reduce Indigenous unemployment to that of other Australians is lifted by another 4000–5000 (Fig. 11.2). This adjustment does not substantially change the pattern in the trend of the number of jobs required; it merely shifts it up. The upshot is that by 2006, about 33 000 jobs are required nationwide to achieve equity with the non-Indigenous unemployment rates.

The reinforcement of CDEP scheme employment is clearly a vital strategy for expanding Indigenous labour force participation. Even so, producing incremental improvements in Indigenous employment is just tinkering around the edges of an enormous, and growing, problem. Estimates of job need are conservative because they focus on the low series projection of the Indigenous population, and the estimates of the number of discouraged workers are very low, based as they are on the official ABS definition. If all the Indigenous people who want to work are counted as unemployed, then policy makers need to find work for another 30 000 or so people.

The bulk of growth in the Indigenous population is occurring in urban Australia. If CDEP growth only occurs outside the capital cities, then Indigenous unemployment rates in the cities are liable to remain high and participation rates low. This is not to say that there is no room for growth of CDEP schemes in rural and remote Australia. Clearly the population growth in such areas means many new jobs are required. However, an unbalanced approach to CDEP funding which ignores the urban areas may result in a greater inclusion of discouraged workers, and hence an increase in the Indigenous labour force, in non-urban areas relative to urban areas. This raises the question of horizontal equity in labour force status among Indigenous Australians.

Finally, the excess demand for CDEP scheme places is of a similar size to the current number of participant places (see e.g. Dukakis, Ch. 27, this volume). That is, the number of CDEP scheme places would have to double to reduce the Indigenous unemployment rate to that of other Australians. If all people who want to work are included in the Indigenous labour force, then the number of CDEP places would have to treble. This calculation is designed to illustrate the magnitude of Indigenous employment need: it is probably not feasible to expect that the scheme will absorb all Indigenous people who want a job. Clearly, it will be necessary to augment the demand for Indigenous labour by other means as well (for example, through education and training).
Conclusion

The McClure Report (2000) has reinvigorated the debate about mutual obligation, both of the unemployed and of the state, encouraging a re-examination of relationships between labour force participation, unemployment outcomes and the social security system. In the Indigenous employment context, the CGC’s ongoing Indigenous Funding Inquiry provides one important impetus for re-evaluation of such relationships and consequent implications for future Indigenous employment requirements (Hunter 2000). The need for employment can be defined in two ways: in terms of the utility it brings to individuals in giving them command over resources (money income), or through the non-pecuniary benefits that flow from work, including psychological connection to the community and wider society.

Notwithstanding that CDEP scheme employment meets the ILO definition of employment, a perennial problem for defining Indigenous labour force status is whether to treat CDEP scheme jobs as work or welfare. In reality, the scheme contains elements of both (Sanders 1997). In terms of employment need, the CDEP scheme fulfils both aspects of the defining features of need: it provides a psychological link to society and also provides some discretionary financial income in addition to social security entitlements (although the amount involved may be quite small, see Altman & Gray 2000; ATSICOEA 1997). Therefore, if one gives precedence to non-pecuniary aspects of CDEP work, then it should be considered as employment. In many non-urban areas, the scheme is the only source of employment and, in the absence of mass migration to more developed labour markets, there is little alternative for increasing the economic activity of local Indigenous residents (see Scott, Ch. 24, this volume). Frequently, CDEP schemes are also development programs delivering goods and services to local communities which, in many cases, would not be provided by the mainstream economy (see Kean, Ch. 21 and Nalliah, Ch. 28, this volume).

The CGC’s Indigenous Funding Inquiry highlights the importance of taking into account demographic factors, employment demand, the treatment of the CDEP scheme and the large numbers of Indigenous people not included in the Indigenous workforce (i.e. discouraged workers) in establishing employment requirements. Indeed, the CGC’s preliminary indicator of Indigenous employment need in the 36 ATSIC regions (the proportion of the labour force receiving income support) would be substantially revised if CDEP scheme were classified as employment, as it is by the ABS. There would be further revisions if discouraged job seekers were included in the Indigenous labour force. Such revisions tend to increase the measured level of employment need in urban areas where there are few CDEP places. For example, Hunter (2000) shows that official participation rates are highest in remote areas with large numbers of CDEP scheme places, presumably because more of the potential labour force (i.e. discouraged job seekers and the official labour force) are included in statistics. The larger labour force in such areas means, all else being equal, that Indigenous employment need is greater there than in other (usually urban) areas.

A previous analysis of the relationship of Indigenous population growth and employment outcomes concluded that to prevent Indigenous labour force status from slipping further behind it would be necessary to maintain a commitment to special employment programs as well as ensuring that Indigenous people continued to find jobs in the mainstream labour
market (Taylor & Hunter 1998). The estimates that were put forward indicated that just maintaining the status quo was going to be difficult, given the policy settings of the day. The idea of moving beyond this and achieving an improvement in labour force statistics was seen to require, in the face of demographic pressure, a quantum leap in the scale of policy intervention.

It appears that the recent adjustments to CDEP administration and the announcement of additional CDEP places have created such a shift. The revised estimates presented in this paper show that inroads can be made into changing official levels of employment and unemployment. However, they also demonstrate that if such interventions are not sustained then the situation can very quickly deteriorate once more.

Notes

1. These estimates are not developed from a formal labour market forecasting model; they are more in the nature of a plausible scenario.

2. The year 2006 is used because this is the limit of currently available Indigenous population projections from the ABS.

3. The projected deficit of –3076 jobs by 2006 (see Table 11.2) is, of course, a surplus of 3076 jobs over that required to maintain the employment to population ratio at 1996 levels.

4. Recent ABS estimates of Indigenous labour force status are consistent with the projected decline in unemployment rates predicted in this paper for the late 1990s (ABS 2000). Indeed, there is no significant difference between the unemployment rates calculated in this paper and those calculated using the latest LFS data (Hunter & Taylor 2001). Notwithstanding legitimate questions about the reliability of Indigenous data from the LFS, one can be confident that the analysis above provides a reasonably accurate estimate of excess supply of Indigenous labour in the near future.

5. In this respect, the ‘work for the dole’ scheme should also be considered as a form of work. However, the official ABS definition of employment excludes ‘work for the dole’ schemes because there is no employer–employee relationship. Since CDEP scheme work does involve such a relationship, it is easy to rationalise the treatment of CDEP jobs as genuine work.


References


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12. Training by doing: Pathways through CDEP

Shirley Campbell and Jerry Schwab

Introduction

Indigenous Australians often say that their traditional forms of education involved ‘learning by doing’—a hands-on and practical approach that fitted with the immediate needs and interests of individuals and communities. This particular approach is certainly not unique to Indigenous education and is a strategy deployed at every level of education today, from preschools to postgraduate studies. At the vocational level ‘training by doing’ is the heart of effective skill and knowledge acquisition, making this level of education particularly amenable to Indigenous students (Aboriginal and Torres Strait Islander Peoples Training Advisory Council (ATSIPtAC) 1997, 1998, 1999b, n.d.; Australian National Training Authority Research Advisory Council (ANTARAC) 1998; Schwab 1997; Teasdale & Teasdale 1996). Many who have lived or worked in and with Indigenous communities will be familiar with stories of failed training programs based on decontextualised classroom lectures and abstract book-work. On the other hand, stories of practical success abound, telling of Indigenous students who have gained and refined their understanding of a new skill or process ‘in the field’ with their hands on tools. Clearly, a desirable means of providing education and training opportunities looks to the practical acquisition and application of skills with an immediate use value. If ever there was an avenue leading to the development of new skills and knowledge for Indigenous Australians, it is CDEP—a program that allows Indigenous people to work in and for their own communities. Yet training, as part of the CDEP scheme, is problematic.

It has been said on many occasions at the national level (Deloitte Touche Tohmatsu 1993; Spicer 1997), that CDEP is the single biggest employer of Indigenous people in the country. This is particularly pronounced for young Indigenous people, with CDEP employment accounting for around 40 per cent of employment among 15–19 year-olds. Given its prominence in so many Indigenous Australians’ lives, one might expect that CDEP would be a significant pathway to other forms of employment, yet, as so much research has shown, that is not the case (Altman & Gray 2000; Saunders 1993; Spicer 1997). Few CDEP workers go on to take up jobs in any other sector, despite government initiatives to facilitate this process.

Of equal concern is the fact that too few CDEP workers accumulate skills or knowledge that is transferable to other community contexts, let alone to outside employment opportunities (ATSIC 1999; ATSIPtAC 1999b; ANTARAC 1998; Commonwealth Grants Commission (CGC) 2000). While there are countless reasons for this, the poor articulation between CDEP and training is one of the most significant. For those intimately engaged with issues concerning CDEP training and employment readiness, this is not news. Both policy makers and communities have wanted for a long time to find ways to underpin CDEP more effectively through the provision of appropriate education and training. This was
noted most prominently in the Spicer Review (1997) and more recently by ATSIPTAC. Drawing out the key issues from Spicer, ATSIPTAC has recommended a ‘three-pronged approach’ to increase the articulation between CDEP and vocational education and training. ATSIPTAC recommends a nationally consistent approach involving coordination at the national, State and Territory, and regional and local levels, nationally consistent accredited vocational education and training (based on the Australian Qualifications Framework), and flexible delivery options (ATSIPTAC 1999b). This is in accordance with the national strategy set out by the Australian National Training Authority (ANTA) for vocational education and training in Australia (ANTA 1998).

While reviews are conducted and a plethora of position papers are drafted and discussed, CDEP goes on in nearly every corner of this country with CDEP managers, boards and workers having to contend, as best they can, with a system which too often fails to meet their training needs. This paper arose out of a desire to contribute to discussions on the future shape of CDEP by drawing out relevant vocational education and training issues ‘on the ground’, which are experienced today within CDEP programs across the country. The goal has been to better understand how training is being managed within the current constraints affecting CDEP, at a time when vocational education and training is undergoing considerable re-shaping at the national level. This paper focuses both on the obstacles and opportunities that CDEP programs encounter, and on the strategies some employ to work through (and sometimes around) the obstacles as they struggle to find pathways to improve the training content of CDEP programs and to meet the needs of the workers who seek employment and training experience through them.

**Methodology**

We had neither the time nor resources to carry out a major investigation involving significant field research, but that was never our intention. Our research design and methodology were intended to produce an exploratory study; we make no claim to have exhaustively surveyed or even randomly sampled from the 300 or so CDEP schemes across the country. Our aim was to gauge the current state of affairs ‘on the ground’, to establish the critical issues surrounding training needs in a sample of different CDEP schemes which represent the diversity of programs currently in operation.

We began by drawing up a list of research questions which focused on current opportunities available through vocational education and training, the types of training being carried out, and the strategies individual CDEP schemes employed to identify funding and conduct such training. ATSIC’s CDEP office in Canberra then assisted us to locate a range of sites which might be appropriate for exploring these questions. ATSIC contacted their regional offices, calling for suggestions of programs that fitted a range of specific criteria. The response was quick and extremely useful. We subsequently contacted many of these State and regional ATSIC officers, who have direct knowledge of the programs within their areas. We discussed our research with them in more detail and sought further advice on appropriate programs to contact directly. Our sample included large and small programs, some rural, some remote, and some urban. Several of the
programs were newly established, while others had been in existence for a number of years. Ultimately, we were able to conduct in-depth telephone interviews with 11 managers of CDEP programs across the country. In addition, a few managers responded in writing to our formal interview questionnaire. This paper is a presentation of our findings, taking up the concerns raised by those we spoke to and in the materials sent to us.

The ability of CDEP programs to meet their training needs

Overview of key issues

As we analysed the responses of the various people involved with CDEPs, four broad indicators emerged as significant in the sourcing of training. First, there was a clear relationship between location and access to adequate training. Programs in capital cities have a range of training providers at their disposal. Programs in rural areas, on the other hand, have far fewer choices, while programs in remote areas sometimes found it nearly impossible to obtain training of the nature they required. However, the urban–rural–remote differentiation is not so neatly predictive of a CDEP’s ability to obtain training. While there may be more options for the provision of training available in urban areas, there is also greater competition for training places, access to training dollars, and employment placements.

There appears to be a ‘critical mass’ in terms of program size that correlates with the ability to secure appropriate and recurrent training. Large CDEP programs have larger budgets from which it is possible to draw funds to purchase training, while a small program with few participants has little if any fiscal flexibility. Once a program attains a critical mass, staff numbers grow and staff time may be allocated to develop applications for funded training, or, in some cases, to undertake the extensive and time-consuming process involved in qualifying the CDEP as a Registered Training Organisation (RTO), able to deliver its own training.

Other significant factors are the individual skills and knowledge of CDEP managers. ‘Learning the ropes’ takes time and it is clear from our research that experienced managers are better able to negotiate the difficult terrain of securing training than are new managers unfamiliar with the various policies, rules, and procedures. Similarly, securing training can require perseverance, determination and patience that not every CDEP manager or staff member is fortunate to possess or able to sustain. In some cases, individual personality and knowledge of agency networks appears to be a key factor in finding the means to provide the desired training.

Finally, community aspirations play a part. These are hard to measure, but are nonetheless a very real factor. If a community has clear and realistic goals and desires, and if the CDEP program is part of a larger community strategy, it appears easier to locate, obtain or create opportunities for training that can in turn facilitate the attainment of those goals.

Conversations with those CDEP people involved in the articulation between vocational education and training and employment opportunities raised a number of issues. Many
of these pointed to shared difficulties experienced by a diverse range of CDEPs, and others reflected unique local circumstances. However, all fell broadly within four areas of concern: socio-economic disadvantage, relevance of training, resources, and access. In what follows, these four problem areas provide the basis from which to examine a range of pertinent key issues. In order to respect the anonymity of the CDEPs in the survey, the illustrative material used to highlight those issues that are of major concern to the respondents will not be attributed to individual CDEPs.

**Socio-economic disadvantage**

The socio-economic disadvantage experienced by Indigenous Australians in relation to the wider Australian population can hardly be disputed. In the context of CDEPs and their ability to provide training opportunities, this disadvantage is implicated in nearly every attempt to incorporate training into CDEP programs. Indeed, the policy discourse from which CDEPs arose was based in part upon a recognition of the socio-economic disadvantage of Indigenous Australians, particularly those living in remote locations (Altman & Sanders 1991; Altman & Smith 1993; Sanders 1988).

A prevailing message recurring in all interviews, regardless of any other indicators, was the continuing low level of skills that are transferrable to ‘mainstream’ training and employment opportunities. Although CDEP participants in some communities may have considerable skills in looking after country, maintaining cultural continuity and managing family connections, these do not lead to recognisable skills outside an Indigenous cultural context.

Low levels of numeracy and English literacy are a significant impediment to commencing training, regardless of whether it leads to employment. Generally, the most basic expectation for competency in both non-accredited and accredited training is that students are able to read and write, and that they have the ability to perform basic numeracy tasks. The relatively low rates of numeracy and competence in English literacy among Indigenous Australians have implications for the cost of training, and significantly affect the kind of training that is reasonably possible. All training must include basic numeracy and literacy, and has implications in terms of the length of time required to complete the training. Finally, the cost of training may be affected: the trainer may need qualifications to deliver appropriate numeracy and literacy, over and above the qualifications needed to deliver the specific training protocol.

Low educational achievement has a flow-on effect, particularly when CDEP participants are competing for jobs with non-Indigenous people. Securing employment becomes more challenging without basic skills, and a lack of them also restricts people’s ability to undertake further training for career development. This was an issue for some of the larger CDEP organisations located in areas where job opportunities existed outside of the CDEP, but where the competition for these jobs was open to the majority—that is non-Indigenous people with basic numeracy and literacy skills. This situation was considered to be one of the major problems militating against gaining further training through employment. One CDEP considered registering for RTO status just so that they
could access funding to provide basic courses in numeracy and literacy and give their clients a better competitive edge.

Many organisations highlighted the difficulty of placing CDEP participants in outside employment because of the problem of low skill levels. To overcome this, some CDEPs have adopted enterprise development as a strategy to assist their participants to become ‘job-ready’ by giving them basic, ‘hands-on’ skills. In so doing, they feel they will be in a better position to place their job-ready participants in outside employment, where they can then receive further education and training, and improved access to numeracy and literacy skills. Another solution is to determine what business opportunities exist in the area, develop relevant enterprises to capitalise on these, and thereby create job opportunities for CDEP participants through these enterprises. In this way, the organisations can provide employment and skill development opportunities for their Indigenous clients without their having to compete in the outside employment market.

The relevance of training

The value of training is intrinsically connected to its relevance to the people undertaking the training. However, relevant training is not so easily defined. Several issues emerged when we were trying to determine the relevance of training in any given context. Our research suggests that relevant training is strongly associated with local opportunity (see also ANTARAC 1998).

A recurring frustration evident throughout the interviews was that Indigenous people are ‘training saturated’, but with few identifiable outcomes. Meaningful vocational education and training enables Indigenous individuals and families to maintain an adequate standard of living, as it does for all Australians. However, for many Indigenous people, maintaining a standard of living includes sustaining and managing social and cultural ties. Indigenous people say that they want to determine their training needs so they can engage in training that prepares them for participation in broader economic activity, when and where available, while also participating in training that enables them to maintain a lifestyle that acknowledges and incorporates their cultural responsibilities.

To date, however, training has largely been developed and sold to Indigenous people with the goal of enabling them to contribute to the wider economic activity of the Australian workforce. There has been too little reference to Indigenous aspirations. For example, if training is provided for people to gain the competencies necessary to weld, a generally anticipated outcome is the ability to secure employment in that line of work, wherever there is a job vacancy. However, motivation for an Indigenous person to undergo training in welding may spring from quite different desires. An Indigenous person may initiate training in welding so that he can repair the water pump in the community whenever it breaks down, and thus meet a social need rather than fulfil an economic one. Although not seeking employment in the wider workforce, an Indigenous welder is able to provide a community service that is of value to the rest of his community, while remaining a part of the social fabric of that community. The question
arises, whether those responsible for developing policy for training programs, and for providing the funding that is required for their delivery, want to support training that does not necessarily lead to an individual’s participation in the labour market.

Training for training’s sake has left a legacy of negative attitudes and low expectations. Participation levels in various training programs may have been significant, but outcomes in terms of completions and employment have been negligible relative to the number of people participating. One CDEP used welding as an example, citing the extraordinary amount of training in welding that had gone on over the years with not one Indigenous person employed as a welder in their area. Yet another CDEP employee told of finding a drawer-full of Ranger Certificates. When he tried to hand these out to the certified rangers, each was rejected with complaints from the would-be rangers that they had worked hard to get the certificates, but had not achieved employment as rangers. This training, while considered a success—in terms of completions—by the non-Indigenous providers, was a disaster for the participants. It had led only to disillusionment. Some CDEPs are finding that these negative experiences have left people unwilling to participate in any further training, and sceptical about any assurances that training will change their lives.

CDEPs are in a dilemma over competing priorities. On the one hand they can resource formal training that gives a variety of training experiences to people, but which may or may not lead to further training and employment opportunities. On the other hand, they can give communities the freedom to specify what training they want in response to their immediate needs, recognising that these may be one-off training experiences which generate little ongoing training and few employment opportunities. While the latter may lead to greater participation and may also achieve outcomes that meet the immediate expectations of the community, such training does not necessarily lead to improved pathways for Indigenous people into the wider economy. There is a further consideration: it is not easy to secure funding without some indication of improved employment outcomes. Too often CDEPs are caught in a training mind-frame that automatically links training to employment, leading them to chase the funds that are tied to employment outcomes outside CDEP. In so doing, they lose sight of those training needs of the community that may have no employment outcomes.

A significant message arising from the interviews was that people are not necessarily interested in accredited training for the sake of getting a qualification. Further, they are even less concerned about qualifications that enable them to pursue a trajectory leading towards a career. For many CDEP recipients, pathways to careers are non-existent, and further accredited training and qualifications are therefore irrelevant. However, this should not be construed as a purely negative point of view.

The point is that people do want training, but they do not necessarily want a qualification at the end of it. This puts Indigenous people’s participation in the national vocational education and training system somewhat at odds with the goals of ANTA, the organisation responsible for developing a significantly streamlined, nationally articulated, and qualifications focused system. For Indigenous people, however, the issue is the relevance of the training to what people are doing rather than the qualifications gained. Some CDEPs
are able to make the training context relevant by developing training environments that include skills acquisition by hands-on training. These training environments are often part of the enterprise development in which the CDEP is engaged, so that the training has an employment outcome within the CDEP, if not outside it. One very large CDEP on the eastern seaboard has identified a niche market and developed a business, with enterprise support, to supply that market. In so doing, it has created a training environment within which CDEP participants can get industry specific training in the anticipation of future employment prospects within that business.

Those CDEPs that are less able to build relevant enterprise within their structure, or which are not located within an economic environment where enterprise development can be sustained, are less able to provide a focus for training. In one such case, the organisation encourages the community to determine its training objectives, leaving the CDEP to broker the training. This training is more often than not unaccredited, one-off, and short term, raising a range of other concerns to do with identifying funding avenues and locating appropriate and willing trainers. This approach also attracts criticism from some training providers who argue that this kind of ‘dead end’ opportunistic training does not provide transferable skills and qualifications. However, from the perspective of many Indigenous people there is value in this approach, which gives them greater ownership of the objectives and the process. In this particular case, the result has been a high degree of interest and participation in the training, together with a greater sense of accomplishment and corresponding value to the community.

Accredited training may lead to the acquisition of credentials for further career development and portable employment prospects, but Indigenous people’s experience is too often that the piece of paper does not change their lives. With one-off training—accredited or not—they are able to get immediate and enduring benefits. Such training puts into their hands the practical skills to build a mechanics’ shed, restore a homestead, or to maintain and fix equipment that has lifestyle significance to the community.

Another spin-off of specific, opportunistic training would be that just one person might put their hand up for further training, and their needs could be met within the national training system. The building of intrinsic motivation, together with incremental outcomes that have relevance to the participants, might mean that there is more chance of building a culture of ‘life-long learning’, which is part of the policy platform developed by ANTA to secure a trained and competitive Australian workforce (ANTA 1998).

Developing training strategies

Many CDEPs are involved in making strategic decisions about the provision of training opportunities. Some CDEPs have been able to develop the infrastructure necessary to support various enterprise initiatives, providing training opportunities and employment (see e.g. in this volume Gray & Thacker, Ch. 15; Humphries, Ch. 32; Madden, Ch. 18; Young, Ch. 29). Such initiatives are possible in areas where opportunities exist, and are dependent upon the support of a critical mass of population, both in terms of the potential workforce and in relation to market demand. However, locational opportunities are not the only
factors influencing the ability of a CDEP to develop significant business enterprises. Others in seemingly less amenable locations have managed to identify the available possibilities and to tap into them (see Nicholas, Ch. 25, this volume). One CDEP saw an opportunity to hire out job-ready people, rather than develop their own enterprise operations; the creation of competitive businesses in the area was thought to be too risky, and an unacceptable drain on available CDEP resources. Its approach has been to assist people to become skilled for the specific jobs available, and to hire them out, thereby generating the income needed to keep the scheme going. It was considered better to provide focused skill development relevant to employment possibilities, using non-accredited and accredited training, to help get CDEP recipients into employment and in this way further improve their access to accredited training through other providers.

Yet another CDEP competes with other businesses in the region by tendering for work required by the local council and some private organisations. Another is developing a business in marketing seeds as a subsidiary business to a horticultural farm where CDEP participants work for their CDEP wages and receive training. The strategic decisions made by these CDEPs provide examples where the work and training environment is developed to initiate enterprise opportunity, that in turn generates further training opportunities.

Resources

The securing of adequate resources to facilitate the necessary conditions to promote and deliver vocational education and training is an ongoing concern. In particular, the management of CDEP organisations requires specific skills, yet there is little money to provide the necessary training. Several issues arise out of the need for appropriate resourcing.

We found no cases in which CDEP managers and board members were able to formally access training as part of the CDEP. In part, the problem was a matter of time. A common condition of employment in CDEP management structures is the heavy demand on individuals’ time so that finding the opportunity to do training and skill development is nearly impossible (see Lewis, Ch. 30, this volume). The lack of funding to enable the essential training needed to run these organisations keeps the employees under-skilled and the organisations depleted of expertise. One respondent made the poignant observation that they deal with millions of dollars yet there is no money available to train people to manage that money. In a colourful image, he added that they needed to ‘suck the money out of the system’ in order to provide what little training they could get. Any training that does go on is in-house and opportunistic. If an organisation is fortunate to have a full-time employee within the CDEP who has any skills or job experience whatsoever, these are shared in-house with other employees whenever time permits. Where opportunistic use of employees is not possible, the managers and boards have less success in developing managerial and fiscal strengths within their organisation. One CDEP we surveyed is currently going through another reorganisation with the appointment of a new Chief Executive Officer (CEO). This follows a succession of CEOs who were unable to do the job because of a lack of skills. Nor in this instance did the support staff have sufficient skills and training to assist. Some CDEPs find it difficult to attract trained staff for a variety of
reasons including location, services, and living conditions, thus contributing to the continuing circumstances which keep dedicated and highly motivated CDEP employees underskilled.

Active CDEPs that engage in training opportunities invariably have a significant person who acts as ‘broker’. As well as managing the payroll for CDEP participants and ensuring that basic services are provided, CDEP staff, if they are to make opportunities available for training, have to act as brokers between potential business interests, potential providers of employment for their job-ready participants, funding agencies, and training providers. Managing the articulation of these interests to enable just one person to gain training and employment represents the workload of more than one dedicated full-time position. Many CDEP organisations operate with less than that. The provision of successful training relies upon securing staff with the ability to broker these opportunities, and keep abreast of funding avenues for the initiatives that become possible through various government agencies. It is a significant asset if a staff member has had experience with one of these other organisations, thus bringing to their job a host of contacts to offer advice or information. The need to attract motivated and experienced staff is a major issue. It might only take one person to make possibilities become realities.

There are substantial costs associated with identifying the possibilities available for training. Our research shows that enterprise development provides significant opportunity for relevant training and employment. However, recognising potential and secure business opportunities is time consuming, and risky at the best of times. Some organisations were able to secure consultants who could identify opportunities for enterprise development, locate funding avenues to support that development, and build short and long-term goals and performance indicators for the CDEP. However, consultants cost money and they do not always have the expertise and experience appropriate to advise Indigenous organisations. Funds to engage consultants are available through the Structured Training and Employment Projects (STEP), administered by DEWRSB (see Shergold, Ch. 8, this volume). STEP can assist employers to develop medium to long-term Indigenous recruitment and career projects. Funding assistance though STEP was being well utilised by some CDEPs while others were unaware of its existence or did not fit the profile for such support. Many CDEPs simply felt they lacked the skills, time, and resources to carry out the necessary research and market analysis to develop relevant and viable enterprise opportunities themselves.

The provision of training and the creation of profitable enterprises do not sit easily together. While on-the-job training seems to have the greatest success in maintaining participation and realising outcomes, it also presents CDEP enterprises with tough decisions. CDEP management must ensure that appropriate training opportunities are available, but they also have to take into consideration various costs of training in relation to the overall viability of the organisation. They cannot divert CDEP money used to support the wages of those CDEP participants who are not involved in CDEP enterprises. Moreover, when training is undertaken, it often takes longer than average for participants to move through the competencies of accredited training. For these reasons, making accredited training as a priority has implications for a business’s ability to remain competitive, and to fulfil its wider obligations to the community.
Another issue raised by the respondents was the cost of providing training opportunities, particularly in relation to the New Apprenticeships scheme. One CDEP calculated that it cost the organisation approximately an extra $75.00 per apprentice or trainee per week. This represented the shortfall between paying the apprentice or trainee their CDEP entitlement, and DEWRSB’s wage assistance top-up. This shortfall poses a dilemma. The decision to support people in attaining accredited training through employment via the New Apprenticeships scheme militates against the equitable distribution of CDEP wages to all potential recipients. Creaming off dollars in this way means ‘robbing Peter to pay Paul’.

Some CDEPs raised the issue that profits accrued through their enterprise activity led to reductions in the CDEP monies made available to them in the following round of CDEP regional funding allocations (and see also Loomes, Ch. 31, this volume). In this sense there is a cost to profit which blocks the reinvestment of CDEP enterprise profits in further training and employment opportunities. There were some instances where profits where being diverted to other parts of the CDEP, for example to set up new enterprises, or to meet the cost of applying for grants, tender submissions, or train other staff. The profit made by CDEP enterprise needs to be available for improving the viability and development of enterprise activity rather than flowing towards the propping up of other CDEP responsibilities usually supported through ATSIC’s CDEP funding.

Access

CDEPs and the regional CDEP organisations face difficulties in gaining access to information about the wide range of programs available for vocational education and training and related funding. The complex relationships between Commonwealth, State or Territory, and private organisations which are involved in developing policy, implementing programs, and providing various kinds of funding for vocational education and training is almost impossible to comprehend, even for those working in the various agencies. Navigating one’s way through these complex relationships and finding the appropriate vocational education and training programs and funding avenues requires experience, initiative, and human resources. For a CDEP intimately engaged with the day-to-day local issues that challenge its participants, and which also attempts to broker relationships with local businesses, local governments, and schools in its efforts to find available opportunities, the added burden of chasing programs and funding presents almost insurmountable barriers. One CDEP manager had found a ‘very helpful person’ within his Territory Training Authority whom he could rely on for advice and assistance in getting funding. Finding his ‘speck of gold’ meant that he was able to accomplish much more. Larger organisations dedicated a specific position within the CDEP to developing ongoing contacts within their State or Territory Training Authorities.

Identified money for training is not a part of the funding formula considered in ATSIC’s CDEP allocations. This point was raised by Spicer in his 1997 report on CDEPs. As a result, if CDEPs are going to provide more than ‘sit-down money’ they have to become creative, and they experience varying degrees of success in brokering training opportunities.
There are currently two labour market initiatives, separated by a chasm. On one side of the divide is the funded support provided by ATSIC for the CDEP, a program created to provide development and employment opportunities for people living in Indigenous communities. On the other side of the divide are funded employment initiatives designed to target improved access for Indigenous people to employment opportunity, most notably through DEWRSB's Indigenous Employment Strategy. However, as noted throughout this discussion, the population targeted for this support has a relatively low education and skill base from which to build specialised, industry-based training. The extra training that is required to accomplish something seemingly as simple as training for an outboard motor license, an occupational health and safety certificate, or a Level I certificate in Building Construction attracts little funding. For a CDEP to provide this kind of basic support there is a corresponding need for recurrent funding, specifically directed towards training initiatives that develop basic competencies to enable people to achieve success in their training experiences.

**Conclusion: Key findings**

This research has investigated a spectrum of activities undertaken by CDEP organisations in their efforts to provide vocational education and training opportunity. Some CDEPs have developed into quite large and complex organisations. They have embarked upon a range of enterprise activities that provide training and employment opportunities, thereby generating profits to feed back to their overall operations. Other CDEPs have successfully tapped into available opportunities, marketing their own resources to employers and businesses in the local area. Still others view a more self-sufficient strategy as the best way to provide available choices by arranging one-off, community identified projects that incorporate training. These generally have not led to employment opportunities outside of the CDEP but have provided community focused outcomes. Finally, there are CDEPs that have been less able to identify opportunities, focusing their activities solely on providing essential services. From these varied approaches and experiences, our research highlights a range of critical issues relevant to the provision of vocational education and training through CDEP programs. These are summarised below.

CDEP participants almost invariably have very low education and skill levels. This has implications for all aspects of the training spectrum, influencing the planning and implementation of training programs, the funding necessary to accomplish the training, and the length of time needed to complete the training. Remedial programs are needed to overcome the current situation. Intervention programs implemented at the school level may also be necessary to encourage students to remain in school and thereby circumvent this continuing problem. Without basic numeracy and English literacy skills, Indigenous Australians have reduced chances of successfully completing any kind of training, be it accredited or non-accredited.

Securing training is complex, expensive and time consuming. In order to develop enterprise and employment opportunities CDEP organisations must have access to secure, recurrent training money. Providing vocational education and training requires dedicated
staff whose only responsibility is to identify training needs, locate the funds, and find the appropriate trainers. Some CDEPs side-step the administrative burden of training by brokering external employment opportunities through which CDEP recipients can access accredited training. Still other CDEPs plan to enter into complex arrangements to become RTOs so as to attract funding specifically to provide relevant training. CDEPs which had become registered, however, often found that they received no benefit. As a result they preferred to let their RTO status lapse and to continue their activities in less formal ways. Clearly, whatever strategy is employed, there needs to be explicit, recurrent funded training components in the CDEP scheme. While this money may not originate from the ATSIC budget, it should be channelled through ATSIC in order to simplify, for individual programs, the process of accessing available funding.

CDEP workers, managers and board members tend to have few if any managerial skills and, consequently, training of workers, managers and boards is essential. The kinds of skills brought to the managerial operations of CDEPs have a direct impact upon the ability of organisations to become more than conduits for CDEP wages. The capacities of full-time support staff, the managers and the board to oversee the budgets they receive so as to ensure that the organisations are viable, enduring, and able to nurture opportunity, is dependent upon their access to appropriate training and career development.

Building education and training capacity is essential for the success of CDEP programs. There should be greater latitude allowed to organisations in identifying their own needs and setting goals for vocational education and training outcomes that are realistic within the context of the organisation and the community. In many cases CDEPs may need some funding assistance to secure the advice and expertise of relevant consultants in order to identify these needs and set goals. In addition, CDEP programs should be allowed to invest in their own ability to provide training or purchase training from other providers; where profits have been generated by individual programs, they should be available for reinvestment in the program and must not, as happens now, result in what is effectively a financial penalty when an equivalent amount is sliced from the CDEP funding allocation for the following year. This practice can too easily result in the eventual strangulation of the very enterprises that achieved the profit.

Enterprise development should be promoted as one of the most effective means of providing relevant training-by-doing for CDEP participants. Small businesses developed by CDEPs are a significant avenue for the provision of training and employment opportunities, and some CDEPs have found that enterprises contribute to keeping children in school, providing them with work experience and meaningful education. In the face of persistent low levels of school retention among Indigenous youth and their consequent poor employment prospects, this represents a significant community benefit.

Finally, our research revealed a wealth of experience and knowledge among CDEP programs spread across the country. Directly sharing that knowledge between programs has until now been virtually impossible. There would be enormous benefit in establishing some form of national association of CDEP schemes in order to facilitate the exchange of information among members about funding options and opportunities, training
approaches, strategic development and so on. This could be facilitated on-line, as well as through the various other channels. In addition, our research suggests the need for some type of ‘one-stop shop’ for information on vocational education and training. This would greatly improve the ability of CDEPs to access and make use of all government and non-government programs available to them. We suggest that relevant agencies investigate a means of facilitating a model for disseminating this information.

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