

The Indigenous Welfare Economy and the CDEP Scheme

Abstract for the Introduction

The aim of the conference on which this book is based was to encourage debate and discussion about the Indigenous welfare economy and, in particular, one major manifestation of that economy, the long-running and now widespread Community Employment Development Projects (CDEP) scheme.

This volume is divided into four parts. Part I contains overview papers which place the CDEP program in its wider cultural, socio-political, and economic context.

The papers in Part II address policy and policy-related issues which impact directly, or indirectly, on the structure and function of the CDEP program and of individual projects.

In Part III there are research-based case studies of particular CDEP projects in their regional context, drawn from the Northern Territory, South Australia, and Victoria.

The two opening papers of Part IV address general topics: the concept of ‘community’ as it is applied in Indigenous affairs and used by Indigenous people, and the implications of the multiple functions of today’s CDEP projects. Also in this section are case studies which are the spoken contributions from representatives of particular CDEP projects. These provide a grassroots view of many of the themes and concerns expressed throughout the book.

Introduction

Will Sanders and Frances Morphy

The aim of the conference on which this volume is based was to encourage debate and discussion about the Indigenous welfare economy and, in particular, one major manifestation of that economy, the long-running and now widespread Community Development Employment Projects (CDEP) scheme. Many conferences on Indigenous issues institute (and institutionalise) debate between academic researchers, or between the bureaucrats charged with implementing and delivering policy, and sometimes between the two, but few deliberately engage in an extended way with the views of the people who are the subject of discussion. This conference was different, and so too is the volume which results from it. Representatives from many CDEP organisations were present at the conference; they not only debated from the floor in response to the issues raised by the academics and policy makers and implementers, but also presented their own view of CDEP—and their CDEPs—in the sessions of the conference designated as the ‘Community perspectives forum’.

The term ‘welfare’ has both positive and negative connotations, and so too does the phrase ‘the Indigenous welfare economy’. In using this phrase for the conference title, it was not our intention to suggest either a positive or a negative judgment about the substantial reliance of Indigenous Australians on government welfare payments for income. There was a time, before the 1960s, when Indigenous Australians were legislatively excluded from the social security system and such reliance was impossible. In the 1960s, Indigenous people and their supporters fought long and hard for social security rights as citizenship entitlements. Once these entitlements were gained, however, new issues arose. There was concern about the degree of reliance on these payments that was developing among Indigenous people and about whether this was good for Indigenous communities.

The CDEP scheme arose in the mid 1970s in response to the increasing payment of unemployment benefits in *remote* Aboriginal communities with few formal labour market employment opportunities. This payment was seen by some as unhelpful and inappropriate in these circumstances. So an alternative was developed whereby the Commonwealth’s Aboriginal affairs administration, rather than the social security administration, made payments to Aboriginal communities roughly equivalent to community members’ unemployment payment entitlements, in order for communities to employ their members on a part time basis. The CDEP scheme, as it was called, began in just 12 *remote* Aboriginal communities in 1977. It immediately proved popular and faced demands for expansion from other Indigenous communities. From the mid 1980s CDEP was allowed to expand not only into other Indigenous communities in *remote* areas but also into Indigenous communities in more southern, densely settled areas of Australia. Today CDEP operates through approximately 300 Indigenous community-based organisations, and over 30 000 Indigenous people, or about one-third of all Indigenous people in employment, participate in the scheme.

The CDEP scheme is a major adaptation of the Australian government social welfare system to the social and economic circumstances of Indigenous people. It is both long-running and widespread and deserves, therefore, to be thoroughly examined in any debate and discussion about the Indigenous welfare economy more generally. The perspectives presented at the November 2000 conference and in this publication are those of elected Indigenous representatives, government policy makers, academics, and CDEP administrators. These are extremely varied perspectives, yet almost all are supportive of CDEP without being uncritical of it. CDEP is seen as a flexible and proven program which can be further improved, but which has already achieved much. It has encouraged the building of Indigenous political authority, as well as employment and community development. It has even in some instances encouraged the development of Indigenous business enterprises.

This volume is divided into four parts, roughly corresponding to the named sessions of the conference. Part I contains overview papers which place the CDEP program in its wider cultural, socio-political, and economic context. The papers in Part II address policy and policy-related issues which impact directly, or indirectly, on the structure and function of the CDEP program and of individual projects. In Part III are found research-based case-studies of particular CDEP projects in their regional context, drawn from the Northern Territory, South Australia, and Victoria. The majority of the spoken contributions (but not, alas, the video presentations) from the 'Community perspectives forum' are found in written form in Part IV. Most are case studies, from the perspective of the actors themselves, of particular CDEP projects. They provide a telling counterpoint to the other sections of the book, taking up and providing a grass-roots view of many of the themes and concerns that are expressed there. The two opening papers of Part IV address more general topics: Frances Peters-Little examines critically the concept of 'community' as it is applied in Indigenous affairs and used by Indigenous people, and Phil Bartlett, deploying a striking image of CDEP as a cow being milked dry, discourses on the multiple functions of today's CDEP projects.

In recent debates about the Indigenous welfare economy, CDEP has probably not been given the attention it deserves. CDEP shows us the sorts of adaptations of the welfare system to the circumstances of Indigenous Australians which have been possible in the past. As a pointer to the future it has the virtue of being grounded not just in vague ideas, but in existing experience and policy practice. The Australian welfare system can better serve the interests of Indigenous people than at present, but there are no miracle cures out there waiting to be discovered. What is needed is to pay attention to, and to learn from, past practical adaptation and experience. Hopefully this volume will contribute to that important endeavour.

PART I

OVERVIEWS

The Indigenous Welfare Economy and the CDEP Scheme

Abstract for Part I: Overviews

The purpose of this first part is to provide an overview of the Community Development Employment Project (CDEP) scheme and the role it plays in the Indigenous welfare economy.

The section consists of six papers presented at a conference, each with a certain view on the issue at hand: welfare and social justice; racial discrimination; implications of a changing social security policy; community development in the context of welfare dependence; political dimensions of community development, and the reshaping after 20 years of the CDEP scheme.

Keywords

CDEP, Commonwealth Grants Commission (CGC), community development, economic development, economic reform, employment, human rights, labour market, mutual obligation, self determination, racial non-discrimination, racism, social security system, special measures, welfare, welfare dependency, welfare policy, welfare reform, work for the dole.

1. Welfare and social justice for Indigenous Australians¹

Brian Butler

Introduction

Aboriginal and Torres Strait Islander peoples are just as keen as the government is to address welfare and social justice issues. These have to be understood in the context of the early European settlement of this country, which destroyed the structure of our way of life and cultural values, and led to the dispossession of our land. Our peoples still face what is described by the Commonwealth Grants Commission (CGC) in a recent draft report (CGC 2000) as ‘the historical legacy of exclusion from the mainstream provisions of Australian society’. It is imperative that we understand the importance of these underlying issues. From the early settlement period until the referendum of 1967, the majority of our peoples never really had a fair go in education or employment, and they were certainly not in a position to exercise autonomy, or self determination about their future. This power was exercised by governments and still is to this day.

Our peoples were exposed to the welfare support system as a necessity, not by desire. They were forced to live in an alien environment, and dependence on the welfare support system of course meant access to the cash economy. As a result our peoples encountered many social problems such as alcohol and substance abuse, ill health, poor housing, brushes with the law, and racism and discrimination. These factors in turn impacted on their ability to attain relevant and appropriate levels of education and labour market skills to enhance their employment and social skills. We are faced with the reality of the legacy of dispossession and dislocation that have weakened or destroyed the economic bases of many Aboriginal and Torres Strait Islander societies. These experiences have left many without social context, relevant skills, or opportunities to move beyond a reliance on welfare.

One factor that has not received enough attention is racism. No government has yet fully considered this as a major issue which warrants changes in its policies so that it can be addressed in the delivery of essential services to Aboriginal and Torres Strait Islander clients. Despite legal sanctions against racism and discrimination, our people still experience overt and tacit racism in this country (see Bartlett, Ch. 20, this volume). It is rare, for example, to be served by an Aboriginal or Torres Strait Islander shop assistant. Racism can be addressed through structural changes in the delivery of services. Governments and policy makers should be aware of the fact that, as Noel Pearson (2000) said, ‘welfare dependency makes people even more vulnerable to the degradations of racism’.

Attempts have been made, and programs introduced specifically to address Aboriginal and Torres Strait Islander peoples’ welfare and social justice issues. Yet since the recognition of our peoples as Australian citizens in 1967, none of these programs have effectively

addressed these issues. They may have slowed down the process of dislocation, or improved conditions a little, but governments certainly have not found the right solution. The dislocation of Aboriginal and Torres Strait Islander societies has not been arrested. Wrong decisions on welfare reform have the potential to exacerbate the circumstances of our peoples. This is surely an outcome to which no government would aspire.

Principles of welfare reform

As ATSIC commissioner with portfolio responsibility for social justice I have taken a close interest in the government's current welfare reform agenda. I have visited many of our communities around the country, and have seen the reliance of many of our peoples on the social welfare system. The structure of Australian welfare is an issue of critical significance for our peoples. The demographics of our population, compared to that of the general Australian population—including the higher proportion of people living in *remote* locations, the greater proportion of single parent families, and the greater prevalence of illness—force reliance on Australia's social security safety net.

In recognition of the potentially negative impact of welfare reforms on our peoples, ATSIC, in consultation with welfare experts from academic and public sector institutions, ATSIC Commissioners, and Regional Councillors, drafted a response to the Reference Group on Welfare Reform's recent report (McClure 2000). ATSIC proposed seven policy principles as a starting point for further action on welfare reform. In summary these principles emphasised the necessity for consultation and negotiation, and stressed that any welfare reform should be focused on addressing the underlying causes of Indigenous disadvantage, and that Indigenous welfare recipients should not suffer financial loss due to welfare reform.

The safety net

The two key aspects of the welfare report that are of concern to our peoples are the safety net, and participation issues. The safety net provides access to payment for people whose life circumstances do not enable them to participate in employment. Access to such payments is non-negotiable and should not be subject to mutual obligation requirements. Participation support, on the other hand, represents a range of largely positive measures to assist people to obtain employment.

It is important to understand that for a large number of our peoples, the safety net is not yet in place. For example, people may be eligible for, but not accessing, any form of payment (see Smith, Ch. 7, this volume). There may be no access to Centrelink staff or offices in the places where they live. These inequalities must be addressed before discussion of reforms to the system can even begin. Once the safety net is available fairly for all Australians, steps must be put in place to empower people to participate fully in Australian society. Welfare in the form of the safety net is never going to lead to economic independence for our peoples. Empowerment does not come from merely reforming the welfare structures.

Reliance on welfare payments means subsisting on or below poverty levels of income. The term 'welfare reliance' assumes that people choose or want to remain poor. No Aboriginal or Torres Strait Islander person would choose or want to continue to live in the circumstances that many currently do—living in cars, not being able to afford basics like shoes and clothing, going without in order that their children may eat. It is very difficult to conceive of how a person in such circumstances might realistically front up for a job interview.

Employment

The availability of employment is a crucial factor in regard to the introduction of the concept of mutual obligation. The Aboriginal and Torres Strait Islander unemployment rate is estimated at 26 per cent. This contrasts with a national average of less than 7 per cent. If the 33 000 people employed on CDEP are classified as unemployed, the Indigenous unemployment rate is closer to 40 per cent.

The need to address employment in reforming welfare is emphasised in the ATSIIC report, *The Job Still Ahead* (Taylor & Hunter 1998). If Aboriginal and Torres Strait Islander employment continues only at the rate current at the time of the 1996 Census, the direct welfare cost to the government increases from about \$800 million in 1996 to \$1.1 billion by 2006 (see also Taylor & Hunter, Ch. 11, this volume). However, if Aboriginal and Torres Strait Islander unemployment can be reduced to the same level as that of the overall population (remembering that this was at 9 per cent in 1996, not the current 6.3 per cent), the government would save \$274 million by 2006 *and* receive additional tax income of \$177 million. This is a turnaround in the order of \$450 million in government revenues. Surely, some of this potential saving can be used now to assist our people into employment and to break the cycle of welfare.

The role of CDEP

Currently CDEP keeps 33 000 of our people out of the welfare system. However, the ATSIIC Board acknowledges that the CDEP scheme is no substitute for mainstream employment outcomes for our people where these opportunities exist.

Welfare reform can be transformative. Structures that empower communities and individuals will emerge as our peoples are accorded their right to take control of their lives and destinies. Our people have already demonstrated their capacity for innovation, by the way in which 33 000 of them have embraced CDEP. It is not the solution, but it is useful tool in building community. Empowerment emerges through the process that involves our peoples in making decisions about their own futures (see Rowse, Ch. 5, this volume).

Mutual obligation

Many of our people actively support the concept of social obligation; it is consistent with the traditional strong cultural value placed upon fulfilling obligations to the extended

family and community. And ATSIC supports the adoption of a broad interpretation of the concept of mutual obligation. It advocates a flexible approach that ensures the protection of 'the right of everyone to social security', which Australia has recognised through becoming a signatory to the International Covenant on Economic, Social and Cultural Rights (ICESCR). Any mutual obligation regime must recognise this right.

Our people have led the way in mutual obligation since 1976, by foregoing their individual social security entitlements, volunteering to work for their communities, and building social structures that support our people through CDEP. The CDEP scheme is a good model for how mutual obligation and social partnerships can be effectively achieved while providing work for participants and benefiting the community.

It is essential that Commonwealth, State, and local governments recognise the welfare and social support that our organisations, including CDEPs, are providing to our communities, and that they develop better linkages between these community organisations in the effective delivery of their programs and social welfare services.

Service delivery

Indigenous community organisations, including CDEP schemes, are already delivering a substantial proportion of this country's welfare and social support workload, covering for inadequate welfare support and servicing in many communities throughout the country (see the contributions to Part IV, this volume). Inadequate resourcing leads to the commonly heard criticism that these community organisations display an inability to deliver. All levels of government, as well as the private sector, should acknowledge their social obligation to deliver social support mechanisms, particularly by way of increased employment for our peoples.

Reforms to income support and service delivery will not work unless the underlying causes of difficulty are addressed. The cultural and locational diversity of our peoples coupled with the effects of racism call for different sets of service delivery structures. The diversity of the Indigenous Australian community must be adequately reflected at all levels of the participation support structures, with our people employed in all types of positions at Centrelink, the Job Network and other support agencies and private providers.

Government agencies must model an understanding of diversity and commitment to tackling racism, not only in their recruitment strategies but also in all their policy and program delivery. All agencies at all levels of government have Indigenous clients. It is time these service delivery agencies considered ATSIC as the last resort for Aboriginal and Torres Strait Islander peoples, and not as the first provider. Current practice results in the ATSIC budget being used for safety net issues, rather than as a base for true empowerment and economic development.

Governments are making an effort to move away from the concept of 'one size fits all' solutions in relation to mainstream policy. They need also to move away from it in Aboriginal and Torres Strait Islander policy.

Empowerment and control

In an announcement on 15 October 2000 concerning the 'Peak forum to support Indigenous families and communities', the then Minister, John Herron, stated that: 'Indigenous people know what their problems are and have good ideas on how to address them. Governments need to recognise this and support [I]ndigenous communities to work together to tackle their own issues' (Herron & Newman 2000). ATSIC supports this statement but stresses that it needs to translate into genuine engagement with our people at the community level, not merely through the conduct of national forums but in ensuring that measures taken on the ground are developed in collaboration with local communities.

Once we begin moving control of programs and policy to the community level to control links between programs, we also begin moving away from the model that Aboriginal and Torres Strait Islander communities are simply 'recipients' of services. Communities can then use different programs for common purposes supporting overall community development.

Conclusion

The economic and social welfare issues faced by our people in the new millennium are varied and complex. It is critical that no one be financially worse off under the proposed reforms, nor overburdened by an inflexible participation regime. Welfare reform cannot be isolated from other issues. There is little point in reforming welfare assistance to our peoples unless efforts are also made to address the underlying issues that force them onto welfare, and to address the basic questions of health, housing and employment.

These issues cannot be addressed by people, whether they be black or white, who are *remote* from what is actually taking place in our communities. The communities need to exercise control over programs and policies at the local level to ensure their needs and aspirations are met.

Notes

1. This paper is dedicated to the late Dr Kumantjayi Perkins.

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2. CDEP, racial discrimination and social justice

William Jonas

Introduction

In this paper I will address the human rights dimensions of CDEP in relation to the principles of racial non-discrimination and ‘special measures’, and also in relation to the concepts of formal and substantive equality. In 1997 a report by the Human Rights and Equal Opportunity Commission’s (HREOC’s) Race Discrimination Commissioner (RDC), *The CDEP Scheme and Racial Discrimination* (HREOC 1997, henceforth the HREOC Review), found that the CDEP scheme did not appear to raise any significant issue of racial discrimination, although it had some specific concerns with the administration of the scheme. Since then changes have been made in light of most of the recommendations from this review and an independent ATSIC review. There are, however, ongoing issues concerning the place of the CDEP scheme in the broader context of government obligations to address Indigenous disadvantage and ensure equitable social, economic and cultural participation. I shall focus later in the paper on the question of the extent to which a scheme such as the CDEP can operate as a special measure for meeting Indigenous employment need in what is our current climate of supposedly practical reconciliation.

The CDEP scheme has had a significant place in the history of struggle for Indigenous rights, specifically in the context of gaining access to the national social security system in the mid 1970s. Although the DSS removed specific and discriminatory references to Aboriginal people from its Act in 1966, full access to social security benefits did not occur for Indigenous people until the late 1970s, and, in some *remote* communities, not until the early 1980s.

The first CDEP scheme, which was started at Bamyili as an alternative to ‘sit-down’ money, developed in response to some of the problems associated with the social impact on communities of introducing cash incomes through the social security system. It should be emphasised that CDEP was an Indigenous alternative proposed by the community itself and not a ‘solution’ imposed by government (HREOC 1997: 1–5). The set of issues surrounding CDEP has resonances in current debates about Indigenous people and welfare passivity. Noel Pearson’s observations on the detrimental effects of the post 1967 era of ‘rights without responsibilities’ and ‘support without reciprocation’ on Indigenous communities have become well-known in this context. In his recent Ben Chifley Memorial Lecture, ‘The light on the hill’, he stated:

The irony of our newly won citizenship in 1967 was that after we became citizens with equal rights and the theoretical right to equal pay, we lost the meagre foothold that we had in the real economy and we became almost comprehensively dependent upon passive welfare for our livelihood. Because we find thirty years later that life in the safety net for three decades and two generations has produced a social disaster (Pearson 2000: 6–7).

The CDEP scheme emerges both as a product of, and as an alternative to, the advancement of Indigenous citizenship rights through accessing the social security system. As such, it is a form of support *with* reciprocation, which has led to its inevitable comparison with the ‘work-for-the-dole’ program. Its evolution as an adaptation to the employment circumstances and labour market realities of Indigenous Australians in the post 1967 ‘rights’ era has made it difficult to define. It has been variously described as an employment program; a form of income and a form of welfare benefits; a source of training or skilling; community development; a transition to employment in the mainstream labour market; a substitute provider of essential services; a source of community cohesion and cultural maintenance; an Indigenous initiative; and even a form of self determination. The definition which is most interesting for the purposes of this paper is that of CDEP as a ‘special measure’, and the extent to which the scheme qualifies for that category.

CDEP and human rights

The HREOC Review (HREOC 1997) was conducted by the RDC at the request of Aboriginal and Torres Strait Islander communities and organisations who expressed concern about the treatment of CDEP participants. The main brief of this report was to assess whether any aspect of the treatment of CDEP participants is racially discriminatory under Federal human rights law. The human rights principles most relevant to the CDEP scheme are those of equality, non-discrimination and special measures. The principles of equality before the law and non-discrimination are expressed in the International Convention on the Elimination of All Forms of Racial Discrimination (ICERD), to which Australia is a party, as follows:

States Parties undertake to prohibit and eliminate racial discrimination in all its forms and to guarantee the right of everyone, without distinction as to race, colour, or national or ethnic origin, to equality before the law (ICERD 1965: Art. 5).

The essential feature of the principle of equality is the understanding that the ‘promotion of equality does not necessitate the rejection of difference’ (Acting Aboriginal and Torres Strait Islander Social Justice Commissioner 1998: 31). In his now classic statement, Judge Tanaka of the International Court of Justice explained this concept as follows:

The principle of equality before the law does not mean the absolute equality, namely the equal treatment of men without regard to individual, concrete circumstances, but it means the relative equality, namely the principle to treat equally what are equal and unequally what are unequal . . . To treat unequal matters differently according to their inequality is not only permitted but required (Tanaka 1966: 303–4, 305).

There are two approaches to equality contrasted in this passage. The first is often referred to as the substantive equality model, or the provision of equality *in fact*. This approach takes into account ‘individual, concrete circumstances’, including racially-specific aspects of discrimination such as socio-economic disadvantage, historical subordination, and a failure to recognise cultural difference (Acting Aboriginal and Torres Strait Islander Social Justice Commissioner 1998: 31–2). Such an approach acknowledges, for example, that

Indigenous people are disadvantaged in Australian society and permits the differential treatment of Indigenous people in order to redress this disadvantage and to achieve their equality in society.

The alternative approach—often referred to as formal equality—relies on the notion that all people should be treated identically regardless of their differing circumstances. It presumes that a ‘level playing field’ exists for all social participants, and that everyone is on an equal footing to start with. As Dr Michael Wooldridge, the Minister for Health and Aged Care, has stated in relation to the delivery of health services to Indigenous Australians: ‘This is, of course, a false view of justice that offers those who are disadvantaged nothing. Justice does not mean treating everyone the same’ (1998: 2–3). This understanding of equality in terms of ‘treating everyone the same’ stands in contrast to the principle of equality as it has developed under international law. In adopting a substantive equality approach, international law indicates that there are two types of differential treatment that are ‘legitimate’ and therefore not discriminatory. These are firstly, actions that constitute ‘special measures’ and secondly, those which recognise and protect the distinct cultural characteristics of minority groups.

The rationale for allowing ‘special measures’ is that historical patterns of racism entrench disadvantage, and that more than the prohibition of racial discrimination is required to overcome the resulting racial inequality. Special measures are deliberately designed to offer targeted assistance to those who have been historically disadvantaged by discrimination. Where there has been ongoing and systematic discrimination against a particular group, whether it be on the basis of race, sex, or religion, for example, there needs to be a period whereby such a group is given a chance to catch up. Otherwise mere formal equality of treatment will result in further entrenchment of the discrimination that such a group has inherited.

The HREOC Review (1997) found that the CDEP scheme did not appear to raise any significant issue of racial discrimination. While the CDEP scheme is race-based and applies only to Aboriginal and Torres Strait Islander peoples, it is designed to deal with the disadvantage experienced by Indigenous communities in their access to social security and mainstream labour market programs and opportunities. Moreover, it seeks to do so in ways that enhance the economic, social and cultural rights of Indigenous peoples. The CDEP scheme is also not racially discriminatory in so far as it does not disadvantage non-Indigenous people. A further finding of the report was that the CDEP scheme is adapted to the concrete circumstances of Indigenous communities, particularly, for example, in overcoming difficulties faced by those in *remote* locations. Whether the scheme constitutes a ‘special measure’ is a more complex issue that is discussed below.

The report had some specific concerns, however, with the administration of the scheme. Many of these related to the lack of consistency shown by Commonwealth agencies in the treatment of income derived from the CDEP scheme. Serious inequities were caused by the definition of CDEP as a Commonwealth-funded program under the 1991 provisions of the *Social Security Act* which barred CDEP participants from becoming DSS customers and receiving the same services and allowances as others. The CDEP scheme was also inconsistent in its treatment of pensioners.

Following the findings of the HREOC Review and also those of ATSIIC's independent review of the CDEP scheme, changes were introduced to address these inequities in the *Further 1998 Budget Legislation Amendment (Social Security) Bill 1999*. This came into effect in March 2000.

CDEP in the broader policy context

The discussion so far has been concerned with whether the CDEP scheme itself operates in ways that are racially discriminatory. I now turn to a consideration of how the CDEP scheme relates to the broader landscape of initiatives to address Indigenous inequality and disadvantage, and whether it can be considered a special measure in regard to unemployment.

Article 2 of the International Covenant on Economic, Social and Cultural Rights (ICESCR), to which Australia is a party, places obligations on states to ensure that economic, social, and cultural rights are exercisable in a non-discriminatory manner, as well as 'to take steps', that is, to apply special measures, to achieve the full realisation of these rights, which includes the right to work. In interpreting the scope of the obligation 'to take steps', the Committee on Economic, Social and Cultural Rights (CESCR) has indicated that there is a threshold level of enjoyment of economic, social and cultural rights that states must provide. State parties to ICESCR have a 'minimum core obligation to ensure the satisfaction of, at the very least, minimum essential levels of each of the rights', and must be able to demonstrate that 'every effort has been made to use all resources...to satisfy...those minimum obligations' (CESCR 1999: Para. 10). The Committee has also acknowledged that full recognition of these rights will be realised *progressively*, over a period of time, since 'the full realization of all economic, social and cultural rights will generally not be able to be achieved in a short period of time' (CESCR 1999: Para. 10).

Despite all the rhetoric championing 'practical reconciliation' in recent years, a concerted approach to the progressive realisation of Indigenous people's economic, social and cultural rights in Australia is still clearly lacking. In 1999 the Australia Institute published a study on 'Public expenditure on services for Indigenous people' (Neutze, Sanders & Jones 1999) across the 'four pillars' of the government's stated commitment Indigenous disadvantage—education, employment, health and housing. One of the findings of this study was that: 'While Indigenous people benefit substantially more than other Australians from specific programs, they benefit substantially less from many, much bigger, general programs' (Neutze, Sanders & Jones 1999: xii). In the area of unemployment, the CDEP scheme is a major element contributing to this pattern. While the Indigenous unemployed receive 35 per cent less expenditure from general programs, they receive 48 per cent more when Indigenous-specific programs are added. This is a reflection of the significant role of the CDEP scheme in supporting the Indigenous unemployed. While the total number of CDEP participants is difficult to identify in census data, the Australia Institute study found that even with conservative estimates, '[t]he figures suggest that about as many Indigenous people participate in CDEP as access general unemployment payments' (Neutze, Sanders & Jones 1999: 25–6.)

Even so, government expenditure on Indigenous employment is still relatively low in comparison to need. Using CDEP-adjusted figures for the Indigenous unemployed, the Australia Institute study found that the Indigenous unemployment rate was approximately four and one-half times the non-Indigenous rate. Indigenous people also experienced higher levels of long-term unemployment than any other group. The study concluded that given the greater level of need, '[i]t would seem reasonable then to suggest that specific measures to encourage Indigenous people into employment are well justified, alongside general measures' (Neutze, Sanders & Jones 1999: 28).

It should also be noted that CDEP accounts for approximately one-third of ATSIC's program budget. This is reflective of a general trend to see ATSIC as the main provider for Indigenous affairs rather than as a supplementary provider created to take up the slack of provision that should be coming from all levels of government to address Indigenous disadvantage. The CDEP scheme itself takes up the slack by providing specific employment, training, and community development initiatives for Indigenous people. At times, it even substitutes for a lack of service delivery and programs, becoming the 'entry point' for government in some instances.

A further issue that needs consideration is the potentially greater level of Indigenous employment need in the near future because of the age structure of the Indigenous population (see also Ch. 11, this volume). The Indigenous population aged 15 years and over is expected to grow at 2 per cent per annum over the decade from 1996, compared to 1 per cent for the rest of the population. About 65 000 Indigenous people will be added to the working-age population within this decade. It is estimated that, as a result, 'at best the unemployment rate of Indigenous people will remain unchanged, at worst it will increase' (Altman 2000: 16, citing Taylor & Hunter 1998). Altman has predicted that as a consequence of greater Indigenous employment need in the first decade of twenty-first century, '[t]he costs to government of low income disparity are estimated to grow and maintenance of unemployment levels at current unacceptably low levels will remain dependent on continued expansion of the CDEP Scheme' (2000: 16).

These comments draw attention to the inadequacy of CDEP as a special measure in the face of the continuing escalation in levels of Indigenous employment need and inequality. One of the advantages of the CDEP program is that it has evolved and adapted in response to the uniqueness of Indigenous labour force circumstances, and has significant social, economic, and cultural benefits such as supporting traditional cultural aspects of community life, and contributing to social cohesion and the viability of communities in *remote* areas. It is arguable, however, whether the CDEP scheme constitutes a 'special measure' or a merely 'form of reasonable differentiation'. A 'form of reasonable differentiation' is the term used by the ICERD Committee for differential practices or treatment adapted to the circumstances of a particular racial group that are not able to be characterised as 'special measures' but do not constitute racial discrimination.¹ The HREOC Review noted that the CDEP Scheme 'is beneficial in nature and *contains elements* that could be described as "special measure" under the RDA [or *Racial Discrimination Act 1975*]' (1997: vii, *emphasis added*). The Australia Institute study described the CDEP scheme in qualified terms as:

not as clearly and unequivocally an 'Indigenous specific' program as some others. Indeed it can in some ways be thought of as 'appropriate' adaptation of general unemployment payments to the different economic and labour market circumstances of Indigenous Australians (Neutze, Sanders & Jones 1999: 29).

One of the features of 'special measures' is that they should provide targeted assistance to particular disadvantaged groups within a prescribed time-frame—that is, they must have assessable objectives to be met within a certain period—until equality is achieved. Special measures are to be withdrawn when they have completed the job that they were established to do. This is when the cycle of discrimination is broken and the target group is no longer in need of special treatment.

While the CESCR acknowledges that the full realisation of all rights will occur progressively over a period of time, there is an obligation for states 'to move as expeditiously and effectively as possible towards that goal'. This requires the implementation of special measures in ways that are 'deliberate, concrete and targeted as clearly as possible towards meeting the obligations recognized in the Covenant' CESCR 1990: Para 2).

As recent analyses of Indigenous levels of health, housing, education, and employment indicate, there is certainly no evidence that Indigenous Australians no longer suffer the effects of past discrimination. In the case of the CDEP scheme, when it is considered as a measure for meeting employment need, its lack of a prescribed time-frame and employment goals implies that it exists to support a problem perceived as intractable or maybe just not worthy of significant commitment to redress. As ATSIC's 1997 Spicer Review observed, CDEP runs the risk of becoming a 'life-time destination' for the Indigenous unemployed rather than a 'conduit to other employment options' (Spicer 1997: 4).

In assessing the question of what kind of special measures or what form of progressive realisation of Indigenous employment rights is necessary, it is worth considering the notion of social cost rather than looking to programs such as CDEP to maintain the status quo. In its Final Report (1996), the Canadian Royal Commission on Aboriginal Peoples (CRCAP) argued that the current approach to Indigenous disadvantage results in two forms of 'social cost' to the nation: costs associated with the economic marginalisation of Indigenous people, and costs incurred as governments attempt to address social problems through remedial programs (CRCAP 1996: 23). The Commission proposed that an extensive effort to overcome indigenous disadvantage was necessary, and that it would require the application of substantial resources by government, over a 20-year cycle, to restructure the relationship between indigenous and non-indigenous people. The Commission argued that this type of commitment would not only change the circumstances of aboriginal people but lead to the progressive reduction and eventual elimination of the social costs accrued due to indigenous disadvantage.

In the Australian context, CAEPR has made similar observations about the social cost of the lack of parity between Indigenous and other Australians in the labour force. Taylor and Hunter estimate that:

If Indigenous unemployment was reduced to the same level as that commensurate with the rest of the population, and assuming that this latter rate remained constant, then the savings to government in payments to the unemployed, in 1996 dollars, would be around \$193 million by the year 2001 and \$274 million by 2006 with much lower unemployment bills of \$112 and \$126 million respectively.

On the credit side, the tax return of achieving parity in labour force status would approximate \$177 million by 2006. However, by shifting all Indigenous people who want to work from welfare dependence to unsubsidised employment would increase tax revenue by \$250 million (in 1996 dollars). Furthermore, this would enhance national production and provide large social policy returns in areas such as health (1998: iv).

Conclusion

Some of the outstanding issues surrounding the CDEP scheme and Indigenous employment do not sit well in relation to the Commonwealth government's avowed commitment to practical reconciliation. In July 1999, the government introduced its Indigenous Employment Policy (IEP) to be implemented by DEWRSB (see Shergold, Ch. 8, this volume). This policy offers incentives to increase Indigenous people's participation within the private sector and seeks to support the development of Indigenous small business. While this kind of policy is a step in the right direction, it is clear that a more thorough and comprehensive range of special measures are needed in addition to CDEP and the IEP to address Indigenous disadvantage in regard to unemployment.

This is why a 'rights'-based approach has such a valuable role to play in prompting government to take responsibility for the effects on its Indigenous constituents of past and continuing inequities. The notion of a rights-based approach to Indigenous disadvantage has been associated of late with a loss of responsibility on the part of Indigenous people (see Pearson 2000). But the reason why such an approach to reviewing the social justice implications of the CDEP scheme and Indigenous employment need is so important, is that it requests a significant commitment from government to address Indigenous disadvantage with adequate special measures. The development of appropriate and effective special measures does not necessarily mean a commitment to greater welfare passivity. It can lead, instead, to building on the inroads already made by the CDEP scheme on Indigenous unemployment. This should entail serious application to the question of how an adequate investment can be made in building both the financial and the human capacity to address Indigenous employment need, particularly for the future of our young people.

Notes

1. The ICERD Committee observes 'that a differentiation of treatment will not constitute discrimination if the criteria for such differentiation, judged against the objectives and purposes of the Convention are legitimate.' Cited in the HREOC Review (1997: 41).

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3. The changing social security policy context: Implications for the CDEP program

Peter Saunders

Introduction: Inequality and unemployment

There is a certain irony in the fact that at a time when Western industrial economies are entering their eighth year of solid economic growth, attention has focused on the limitations of the social security system. Governments, for long prepared to tolerate rising income inequality as the price to be paid for increased reliance on market flexibility and market forces, see joblessness and the unequal distribution of (paid) work as requiring a policy response.

Although unemployment has fallen markedly in some Organisation for Economic Cooperation and Development (OECD) countries, including Canada, Denmark, Ireland, New Zealand, the UK and the USA, elsewhere it has either fallen only modestly or actually increased. For the OECD as a whole, the unemployment rate is projected to fall by less than one percentage point between 1997 and 2001 despite average growth over the period of around 3 per cent per annum (OECD 2000). The decline of unemployment in countries such as the UK, USA and New Zealand has been accompanied by substantial rises in income inequality (Easton 2000; Smeeding 2000).

Considerable attention has focused on increasing inequality (particularly in the USA), yet as Nobel Prize winner Amartya Sen has pointed out, inequality in the US income distribution must be seen in the context of its low unemployment rate relative to Europe (Sen 2000). In Australia, this debate has been promoted by the recent report of the Reference Group on Welfare Reform (McClure 2000), which cites inequity in the distribution of work as an issue to be addressed, but makes no explicit reference to the need to reduce inequality in the distribution of income.

Has the combination of globalisation and technological change given rise to a new trade-off between inequality and unemployment? Or is it simply that an *ex ante* rise in inequality is the trigger for falling unemployment and declining *ex post* inequality? What has happened to the traditional argument that low unemployment is not only inherently desirable, but is also an effective way to reduce poverty and inequality? Is the only realistic path to lower unemployment for a country like Australia to follow the USA and accept a dose of rising inequality during the transition—and possibly also beyond it?

I think not. A recent study of the rise in US income inequality in the 1990s reveals the extent of the problem and highlights the factors that are driving it (Mishel, Bernstein & Schmitt 1999). Across the middle and lower sections of the US income distribution, the main culprit has been declining wages. Real hourly wage rates fell for the bottom 60 per cent of American workers between 1989 and 1997, resulting in a decline in real median earnings and a rise in median family income of less than US\$300. In contrast, executive

salaries have soared, increasing on average from 20 times those of the average production worker in 1989 to 116 times as high by 1997. In other words, it now takes the average US executive around two days to earn what the average production worker earns in a year.

Taxation has also played a major role, with the wealthiest 1 per cent of US families experiencing a decline in their annual tax bill of almost US\$37 000 between 1977 and 1998. Even the inequities of Australia's Goods and Services Tax (GST) reforms pale in comparison against these figures. Much of the increase in American inequality has occurred (as it has in Australia) at the top of the distribution. Changes in tax policy are needed to bring the rich back within the sight of the rest of society, though there is little sign of this occurring in the foreseeable future in either country.

However, it is what has been happening at the *bottom* of the income distribution that has far greater implications for social security. As Australia follows US trends (though to a lesser degree), wages and working conditions are declining at the bottom of the distribution. This is leading inevitably to a situation where the attractiveness of work relative to social security is declining, making it more difficult to induce those on social security into the workforce.

The persistence of high unemployment is thus in part a direct consequence of the rise in earnings inequality and job insecurity generally. Strategies that attempt to coerce the unemployed and other jobless social security recipients back into work will fail (or, at best, achieve only limited success) unless they also address the issues of low wages, job security and unemployment.

At the same time, the changing nature of risk has undermined the support role of social security. One of the initial goals of the welfare state—as Giddens (2000) has emphasised—was to institutionalise the management of risk so as to offer protection against hazards such as disability or job loss that were seen as outside the control of individuals. Over time, however, moral hazard emerged as an issue, particularly as mass unemployment made it increasingly difficult to police eligibility by supplying job offers to welfare clients. We are now in a situation where, far from protecting the individual against uncontrollable external risks, social security allows individuals to avoid the internal risks associated with participating in an increasingly flexible (and thus precarious) labour market.

Thus, while it is entirely rational from the short-term perspective of individual welfare clients to avoid risk by minimising the effort put into job search activity, the longer-term consequence is to entrench them in a cycle of dependency and social exclusion. Over time, their human capital erodes and they become less attractive to employers, apparently confirming their own assessment of poor labour market prospects. Meanwhile, the welfare budget remains high, preventing government from cutting middle-class taxes. These kinds of arguments have caused the focus of social security policy for people of working age to shift away from meeting the needs of people when they are without work, to developing strategies for integrating them (back) into the world of paid work.

In reviewing some of the policy developments that are taking place in Australia and elsewhere, it is important to emphasise that changes are required both in the social security

system and in the labour market. An important factor behind the difficulties facing the social security system relates to what is happening in the labour market. Without addressing these labour market issues, reform of the social security system will achieve only limited success.

Mutual obligation and the new welfare agenda

The McClure Report (McClure 2000) provides a blueprint for medium-term reform of the Australian social security system. Designed to encourage participation, it is built around the principle of mutual obligation—the idea that those who receive social support should be required to ‘give something back to the community’. Some commentators are opposed to the idea of mutual obligation on the grounds that its compulsory nature involves a reduction in the rights of citizens, as articulated in social security legislation. However, the receipt of social security benefits has always involved an element of compulsion. Ever since unemployment benefit was first introduced in Australia in the 1940s, applicants have had to satisfy eligibility criteria that have included the requirement that they engage in active job search or other forms of approved activity.

I see nothing wrong in principle with the idea of compulsion—as long as it works in the interests of the client and his or her family and protects the legitimate interests of taxpayers. The key issues revolve around how things operate in practice. How much compulsion will be applied, with what degree of severity, how much assistance will be provided in the form of services, and what will be the consequences for those unable to achieve the participation outcomes expected of them? These practical questions are not addressed in any detail in the McClure Report, yet they are crucial to the functioning, impact and public acceptability of increased mutual obligation. Until we see the government’s response to the report’s recommendations and observe how the changes function in practice, it is difficult to reach any conclusion about the likely impact of mutual obligation on the prospects of the jobless (as opposed to the numbers receiving social security benefit).

A key concern with mutual obligation as developed in the McClure Report is not the idea itself, but its unbalanced application. Although mutual obligation involves imposing additional requirements on social security recipients, there are no parallel requirements (only expectations) on the other social partners—government, business and local communities. In relation to business, for example, there are many ways in which its obligations could be enforced through appropriate legislation, even if it involved increased taxation. If the social security system is to be tailored to ensure that the mutual obligation requirements on recipients are being met, should not the tax system serve the same purpose for the other social partners, particularly business?

Unless mutual obligation requirements are developed and imposed on all of the social partners, the McClure Report proposals will become the latest in a series of measures designed to make life increasingly difficult for those in receipt of social security. Even the impact of compulsion on job-seeking activity will be small unless action is also taken to address the labour market impediments facing those with few skills or little experience

of the labour market. That is, unless compulsion is seen as a vehicle for further eroding the protections currently offered to those at the bottom of the labour market.

This is the US model, where minimum wages are very low, but where low-paid work is an option (in fact, the option) for those denied social security. Poverty on welfare is replaced by poverty in work, the work ethic is enforced, and the declining welfare bill provides the next round of tax cuts for the rich. Despite what some in the current government might wish, I do not see this as an approach acceptable to the vast majority of Australians.

What would most Australians be prepared to tolerate in terms of treatment of the unemployed and other groups? Some insight into this issue can be gained from the Social Policy Research Centre (SPRC) research on community attitudes to social and economic change based on a nationally representative sample of Australians undertaken in the middle of 1999 (Saunders, Thompson & Evans 2000). The results indicate that a high proportion of Australians see no end to the unemployment problem. Over three-quarters of respondents agreed that there will always be some unemployed people and that full employment is no longer a realisable goal. There was also a tendency to overestimate the level of unemployment and the incidence of long-term unemployment. At the same time, while less than 14 per cent agreed with the proposition that the unemployed 'only have themselves to blame', almost 44 per cent agreed that business should be required to create more jobs, while over 47 per cent agreed that solving unemployment is the government's responsibility (Eardley, Saunders & Evans 2000).

There is thus little evidence here of a one-sided approach to mutual obligation when it comes to addressing the unemployment problem. Indeed, there is strong community support for requiring more of business and government as well as of the unemployed themselves, and broad agreement that mutual obligation should be extended to all three groups, through specific proposals. This suggests that mutual obligation must be linked to the notion of social partnerships, which is given considerable emphasis in the McClure Report, with government having a major role in fostering community capacity.

When it comes to views on the generosity of support for the unemployed, clear differences begin to emerge. Around one-quarter of people think that too much support is provided to the young (under 25) unemployed, the long-term unemployed, people constantly in and out of work, and unemployed migrants. In contrast, less than 14 per cent thought that too much was provided to the unemployed with young children, and less than 2 per cent thought that this was so for the older (over 50) unemployed. This differentiation of views is consistent with recent attitudinal research for the Netherlands reported by van Oorschot (2000). That research indicates that public support for welfare benefits is greatest for those seen as having less control over their circumstances, those who most closely resemble the respondents, and those who are seen as having 'earned' their right to support. Support is greatest, in other words, for those who are powerless and deserving, but also most readily identifiable as part of the mainstream.

When the SPRC researchers asked about attitudes to activity test requirements such as requiring people to look for work, participate in work for the dole, or undergo training, they found a similar differentiation in what is considered reasonable, according to the

circumstances of the unemployed person. In fact, the variation was greater according to the characteristics of the unemployed than according to the kinds of requirements imposed on them. While a large majority favoured requiring the young unemployed and, to a lesser degree, the long-term unemployed, to do just about anything as a condition of getting benefit, support for similar treatment of other groups of the unemployed was much lower. There was much greater reluctance to impose activity test requirements on the older unemployed and those with young children, and strong opposition when it came to people affected by a disability (Eardley, Saunders & Evans 2000: Table 7).

Australians thus do not seem inclined to offer unconditional support to the notion of mutual obligation as applied to all of the unemployed. There is strong agreement that government should play a greater role in solving the unemployment problem, even if this involves additional budget outlays. But there is almost no support for further deregulation of the labour market as a strategy for reducing unemployment, with less than one per cent citing this as one of the changes government should be making.

Although the participation support system proposed in the McClure Report represents a uniquely Australian response to the problems of unemployment and joblessness, strong parallels have been drawn with 'welfare to work' programs introduced in the USA and UK and elsewhere (e.g. the Netherlands). There are certainly many similarities. These include the imposition of work-focused requirements and sanctions for those who refuse to comply, the according of a supportive role to enabling services such as training and child care, an emphasis on encouraging self reliance and independence, and the need to involve other key stakeholders such as business and the community. But there are also important differences in the emphasis given to obligation as compared with other objectives, as well as in the design of specific policies introduced to achieve change.

Making work pay: Implications of US and UK experience for Australia

Australia has always had strong links and shared experiences with the UK and the USA, the two leading members of the liberal welfare state regime to which Australia belongs. There have been many exchanges of policy experience (and policy makers) between Australia and the UK, operating both through organisations like the OECD and on a direct bilateral basis. Although this is less true of Australia–USA relations in social policy, the USA is a natural place to look for empirical evidence on the impact (particularly the behavioural impact) of social policies. It is also the home of many of the most prominent liberal (and libertarian) welfare theorists and the country that has travelled for longest on the 'welfare to work' path.

Although it is natural for Australia to look to developments in those countries with which its welfare system has most in common, this should not prevent us from also studying the experience of other countries. There is a tendency in Australia to equate European welfare states with those of Scandinavia—where levels of social expenditure and taxation would terrify most Australian politicians. But there is in fact a considerable diversity of welfare size and experience within Europe and many lessons to be learnt from a careful study of the relevant experience of countries such as France, the Netherlands and Ireland.

Australia can also benefit from the experiences of our nearer neighbours, including not only our OECD partners Japan and Korea, but also others in a region where, even though state welfare plays a subsidiary role to family and civil society, welfare policies still provide many interesting lessons.

These comments notwithstanding, my focus here is on what we can learn from the recent social security experience of the USA and the UK. There is a good deal that is common in the recent welfare reform experience of Australia and these two countries. At the same time, as Julia Perry of the SPRC has observed, although these three countries speak the same welfare reform language, they do so with rather different accents (Perry 2000). One common thread running through what all three countries are trying to achieve is to increase the attractiveness of work compared to welfare through a combination of welfare conditionality and in-work benefits. The former is designed to modify the behaviour of social security recipients (possibly through coercive measures) in order to make them more prepared to seek (paid) work, while the latter is intended to make the transition to work more financially attractive to them. The differences arise in the scope and severity of conditionality and in the nature of the tax, benefit, and labour market changes designed to increase the attractiveness of work.

There is no doubt that the Earned Income Tax Credit (EITC), originally introduced in the USA in 1975 but greatly expanded in the early 1990s (Ellwood 2000), has increased the financial attractiveness of work for those on welfare—although not by as much as is often claimed, according to Wolfe (2000). The Temporary Aid for Needy Families (TANF) program introduced in 1996 as part of the *Personal Responsibility and Work Opportunity Reconciliation Act* placed a time limit on benefits for single parents. This introduced an element of compulsion into the welfare system that commentators like Lawrence Mead (2000) see as essential in achieving the welfare to work transition.

However, although Mead argues that the evidence on participation rates and poverty is consistent with the view that these programs have been successful, others agree with Giddens' (2000) assessment that 'the jury is still out' on this key question. There is less evidence, for example, that the fall in welfare receipt among US single mothers, although accompanied by increased employment participation, has resulted in increased incomes and lower poverty. There are, however, formidable problems in attributing what has happened to the EITC and TANF welfare reforms, as distinct from the booming US economy. The real test for the USA will come when the next recession arrives.

The other important aspect of the US situation is the labour market, specifically the low wages and working conditions of the low-paid. As Mishel, Bernstein and Schmitt (1999: Fig. 6I) have demonstrated, throughout the 1990s both male and female wages at the twentieth percentile are well below what is required to raise a family of four above the poverty line. In light of this, it is difficult to see how low-wage workers in the USA can be expected to work their way out of poverty. Despite the rhetoric about work being the most effective anti-poverty strategy, the US experience shows that this is not a practical reality if market forces are allowed to dictate what happens at the bottom of the labour market.

Indeed, Wolfe (2000) argues that the USA has not been successful in combining strong work incentives with an adequate welfare safety net that has eliminated poverty. The welfare system (and the welfare budget) may have shrunk, but poverty remains high and inequality continues to rise. The statistics are certainly impressive. As Danziger (1999) indicates, the number of Aid to Families with Dependent Children (AFDC)/TANF recipients fell from a peak of over 14 million in 1994 to 7.5 million by 1998, at a time when employment participation among single mothers increased to the same rate as that of married mothers. Yet the poverty rate for single mothers in 1997 was 35.1 per cent, virtually identical to the figure for 1979 (34.9 per cent) and 1989 (35.1 per cent).

In contrast to the US approach, the New Deal in the UK combines active labour market support for the unemployed with greater emphasis on the obligations of (and, increasingly, compulsion on) the unemployed to achieve financial independence through paid work. But the difference is that the strategy operates within a social security safety net designed to provide security and an adequate standard of living for the unemployed, sole parents, and people with disabilities who are not able to find work. Work itself has been made more financially attractive through the introduction of Working Families Tax Credit (WFTC) and an additional tax credit for those with child care costs (Grover & Stewart 2000).

But arguably the most significant element of the British approach—certainly the aspect that distinguishes it from the American model—is the introduction of a minimum wage. Although there have been criticisms that it has been set too low, two arguments in favour of the minimum wage are of particular interest in the Australian context. The first is that, in direct contrast to what has happened in the USA, a minimum wage has the potential to prevent the erosion of the welfare system in the face of downward wage pressures emanating in the labour market. It reflects the fundamental principle that a coherent welfare to work strategy requires a consistent set of welfare *and* wage policies. The other rationale for the UK minimum wage was that, since wages are spent locally, a minimum wage can assist in the regeneration of economically depressed regions by injecting additional spending power into the local economy (Grover & Stewart 2000).

It is clear from this discussion that there are both similarities and differences in the recent welfare to work policies of the USA and the UK. The similarities include the use of tax credits to raise the in-work income of low-wage earners, an increased reliance on the obligations of welfare recipients to find paid work, and (although not discussed explicitly above) the elimination of child poverty as a goal of social policy.

The differences are, however, both more important and of greater relevance to Australia. Whereas the USA has continued its *laissez faire* approach to the labour market, the UK has increased the role of labour market interventions as part of its overall strategy to forge a new ('third way') alignment between state and market in achieving economic and social objectives. The logic underpinning the US approach is that an increasingly competitive labour market will continue to drive down wages, making the welfare system unsustainable. In these circumstances, the state has a duty to warn welfare recipients that 'their days are numbered' and to take action (including coercion) to force them to compete in the labour market, assisted by tax credits and other programs consistent with a minimalist state, market economy.

In contrast, the UK's strategy recognises the need for a new approach to state welfare in a world increasingly dominated by market competition, in which paid work is the source of economic prosperity and an expression of personal identity. In this context, the means and ends of welfare may need to be revisited, but neither the welfare state nor those who rely on it should be abandoned. That, at least, is the essence of the UK experience under the Blair government.

Which country offers the better model for Australia? There are aspects of both in the vision and framework developed by the Reference Group on Welfare Reform (McClure 2000), although the strength of its commitment to social security (albeit it repackaged as social participation support) suggests a closer affinity with what is happening in the UK. Against this, the Howard government's labour market reform agenda has been strongly influenced by the US experience.

We cannot have it both ways. The logic developed above indicates that the social security system is not sustainable in an environment where the labour market is deregulated and where the wages of the low-paid are constantly falling. The need to lower benefits in order to maintain incentives will constantly erode the ability to provide an adequate level of support relative to need. Australia's traditional emphasis on poverty relief and a targeted, needs-based approach to adequacy suggests that it has more to learn from the UK experience than from what is happening in the USA—particularly when it comes to the labour market.

Implications for CDEP

What, if anything does this imply for the future of CDEP? I restrict myself to a few observations, prompted by the work of the Reference Group on Welfare Reform and by Noel Pearson's recent scathing attack on 'passive welfare' (Pearson 2000a, 2000b). Some time ago, Will Sanders described the CDEP scheme as 'sitting astride the welfare/work divide', by which he meant that it was primarily a welfare program, but with many of the attributes of an employment program (Sanders 1997; see also Sanders, Ch. 6, this volume). Now CDEP is located at the centre of the welfare–work stage, not because of any change in the program itself, but because welfare is now viewed as part of a spectrum leading to work in an era of mutual obligation.

Since its establishment on a pilot basis in 1977, CDEP has shown remarkable resilience in a period of constant welfare reform. It has also proved to be popular among the Indigenous community and its leaders (Altman 1997) and has recently been shown to generate additional income in the communities reliant on CDEP compared with other Indigenous communities (Altman & Gray 2000). Yet the fact remains that CDEP has not provided the basis for economic renewal in remote Indigenous communities.

Research undertaken by Gregory and Daly (1997) has relevance to this issue. They showed that although Indigenous Australian men had higher incomes than Native American men in the USA, Indigenous employment rates were much lower in Australia. Over the 1980s, while Native Americans maintained their employment level in the face of a 17 per cent

fall in income, the incomes of Indigenous Australians rose by 10 per cent while their (non-CDEP) employment fell by one-quarter. This situation in Australia can only be overcome, the authors argued, by giving 'Aborigines currently residing in remote communities... access to the range of employment opportunities that are normally available to the White community in cities' (Gregory & Daly 1997: 118). The implication is that CDEP cannot provide a long-term solution to this problem, whatever its short-term popularity and effectiveness.

There are echoes of this line of argument in Noel Pearson's recent criticism of 'passive welfare', by which he means welfare provided as 'unconditional cash pay-outs to needy citizens of whom nothing further will be required' (Pearson 2000a: 137). Although CDEP does require something of its recipients and provides a modicum of control over local communities, Pearson emphasises that this should not divert attention from the fact that Indigenous Australians have been provided with social transfer income but have been dispossessed from the real economy (Pearson 2000b).

There is a certain similarity between Pearson's use of the term passive welfare and the moralistic tones which were expressed by Minister Newman in her 'welfare dependency' speech to the National Press Club prior to the establishment of the welfare review (Newman 1999). The difference is that whereas Senator Newman was arguing that requiring too little of non-Indigenous welfare recipients may have induced a 'culture of dependency' that has left individuals excluded from economic wealth and prosperity, for Indigenous Australians the problem is one of community exclusion based on systematic discrimination and dispossession.

Welfare reform alone will do little to resolve the problems identified by Noel Pearson. What is needed is the establishment and development of real productive economic activity in the Indigenous community. Welfare reform may be necessary to achieve this, but unless accompanied by economic reform its role will be, at best, only marginal. This paper has argued that the same is true of the role and impact of welfare reform generally. In light of this, the failure of CDEP to bring about economic revival is hardly surprising.

This is the main conclusion that flows from the arguments presented here. The major contemporary problems we face—structural unemployment, poverty, and inequality—are all basically economic in origin and their resolution requires policies that address these economic causes. That is why welfare reform must be accompanied by labour market reform in mainstream Australia, and why significant progress for Indigenous Australians will not be achieved without sweeping economic reform.

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4. Community development in the context of welfare dependence

David Martin

The beginning of the twenty-first century sees a number of quite fundamental challenges confronting the CDEP scheme, both at the policy level and at the level of local implementation. The first challenge arises from implications for the CDEP scheme of new international and Australian thinking about welfare policy in general. A second challenge concerns the establishment of meaningful and appropriate parameters for 'development' through the CDEP scheme which go beyond purely economic development. Another concerns the definition and operationalisation of an appropriate scope for the 'community' in which the particular CDEP scheme is operating.

CDEP and 'mutual obligation'

I first want to turn briefly to some of the issues emerging from new welfare policy thinking in Australia, which itself reflects international trends in countries such as the USA and the UK (see also in this volume Saunders, Ch. 3; Smith, Ch. 7; Westbury, Ch. 10). In essence, these new approaches to welfare replace the philosophy of the inherent entitlements of citizens to basic social and economic support by the state, with one in which the recipient of welfare benefits is expected to actively seek employment, to improve his or her employability, and to contribute to society in return for its support.

The cynic might take the view that much of this thinking derives from the increasing reluctance of government to fund the ever-expanding demand for welfare support, and its sensitivity to popular, if misinformed, hostility towards welfare recipients. At the same time, it has to be said that there is an increasing awareness of the corrosive effects on individuals and communities of long-term welfare dependence. This can be seen both in the report to government of the Reference Group on Welfare Reform, *Participation Support for a More Equitable Society* (McClure 2000) and in publications by the prominent Aboriginal intellectual and social activist, Noel Pearson, in particular *Our Right to Take Responsibility* (Pearson 2000).

The Reference Group argues that the welfare system must be judged by its capacity to assist people to participate both economically and socially, as well as by the adequacy of income support arrangements. The McClure Report identifies five features of its proposed Participation Support reforms, including 'mutual obligations' underpinned by a broader concept of social obligations, and 'social partnerships' as a key strategy for building community capacity. Similarly, Pearson argues for new partnerships to be forged between Indigenous people and their organisations, government, and other parties, and for 'reciprocity' to be reinstituted as a fundamental means by which the 'gammon' (false) welfare economy, which encourages passive dependence in Indigenous people, must be transformed to a 'real' economy.

While (as Jon Altman notes in Ch. 13 of this volume) neither Pearson's monograph nor the McClure Report pay much attention to the CDEP scheme, it could be argued that for almost a quarter of a century Indigenous people and their organisations have pioneered innovative means of instituting principles now espoused through the 'mutual obligation' framework. However, I would caution against assuming that the principles of CDEP schemes should be seen as unproblematically consistent with that policy framework.

Firstly, mutual obligation is held to lie essentially between the welfare recipient as an autonomous individual on the one hand, and government, representing the wider society, on the other. However, the obligations accorded significance by Indigenous people are typically not to the wider, largely non-Indigenous society, from which after all they have historically been excluded or at best marginalised; on the contrary, their obligations lie within Indigenous society itself, for example to specific kin or within 'family' networks.

From this perspective then, the form of mutual obligation which underlies CDEP schemes may be closer to the 'reciprocity' which Noel Pearson has argued is necessary to transform the passive welfare economy to a 'real' economy. Pearson argues in part that government is too *remote* from its citizens, and in particular does not have the moral authority with Indigenous people to appropriately enforce mutual obligations. Rather, these obligations must be demanded and implemented between the individual and his or her particular community, family and local group; it is at these levels that the terms must be established of the reciprocity to which able bodied community members should be bound (Pearson 2000: 85–7; see Martin 2001).

The core point being made here is that while in CDEP schemes mutual obligation lies essentially between the Indigenous individual and their own particular Indigenous group or community, in the wider policy framework the obligations lie between the individual and the wider society. I return to this point later in the paper.

A second point of difference is that the stated objective of the mutual obligation policy is to encourage greater self reliance and motivation in job seekers by encouraging them to take responsibility for, and to be more focused on, preparing for and searching for work. That is, mutual obligation is clearly concerned with moving individuals from welfare dependency to engagement with the formal market economy. As such, it is consistent with the increasing reliance upon market and quasi-market forces in areas of social as well as of economic policy. Its adoption as a policy principle is thus consistent with a view of people which sees them essentially in economic terms, as taking their place within a progressively more mobile workforce in an increasingly globalised economic order.

Such views of the relationship between society, the individual, and the economy are not necessarily widely held by Indigenous people themselves; in fact, they may well be rejected. Within Indigenous groups, value is typically placed on particular sets of relationships to other people within particular social networks (especially those of kinship), and on connections to specific regions and locales. Thus, while there is high mobility amongst Indigenous people, it tends to be mobility within a relatively bounded social geography. Indigenous people's world views and identities are thus often intensely locally based; the very idea of moving away from one's own family and place may be confronting

or even frightening. The values accorded to such 'economic' matters as work, cash, consumer goods, entrepreneurship, investment, and productivity, may differ significantly from those which enable individuals and groups to compete effectively in the wider economy.

A third, and very important, point of difference lies in the focus of mutual obligation on individuals. It implicitly assumes that social and economic change should be driven through changes in the circumstances, skills, and opportunities of individuals. Equally, it assumes that the wider social problems which are associated with welfare dependency can be addressed through changing the circumstances of individual lives. However, this focus on the individual does not reflect common principles of Indigenous social, economic, and political organisation. Nor does it reflect the fact that the problems associated with the cumulative effects of historical exclusion, marginalisation, and now welfare dependency in many Indigenous societies, most particularly in the remote and rural Indigenous communities, are *systemic* in nature and of a scale absolutely unparalleled in contemporary non-Indigenous society. CDEP, if it is to truly be effective, must take account of the particular ways in which individual participants, in each scheme, are embedded within their social networks and groups, for example those of family and kin.

I have suggested a number of reasons why the current policy definition of mutual obligation does not necessarily sit easily with the CDEP scheme. I now turn briefly to consider what might be meant by the 'development' aspect of community development.

Community 'development' and CDEP

CDEP schemes have been operating in Indigenous communities since 1977. However, under the 1987 Aboriginal Economic Development Policy and more particularly since the Spicer Review of CDEP (Spicer 1997), the original emphasis on 'community development' has gradually been replaced, at the policy level at least, by a focus on the scheme's capacity to facilitate enterprise development and to prepare individuals for employment in the mainstream labour market (see Shergold, Ch. 8, this volume).

In practice, the goals of CDEP schemes continue to be rather more diverse. There are many schemes which do have a primarily economic focus, which provide training and work opportunities which enable participants, if they so choose, to move into the mainstream job market, and which in some cases have developed creative strategies for leveraging their competitive advantage for enterprise development. Such outcomes should be applauded, and strongly supported at both policy and resourcing levels. However, as an exclusive policy focus for the CDEP scheme, moving individuals into formal employment and enterprise development is, in my view, misguided for at least three reasons.

First, many Indigenous communities, particularly those in remote and rural regions, are located within regional economies in which such policy objectives are simply not achievable for more than a relatively insignificant minority of individuals. Structural factors such as the current poor health and educational levels of Indigenous people in many regions, together with 'locational disadvantage', that is, the lack of business development

and employment opportunities in the areas in which many Indigenous people live, mean that it is simply not realistic for policy to be predicated upon moving significant numbers of Indigenous people from dependency on welfare payments to participation in the formal economy. In such circumstances, the challenge both for policy makers and for Indigenous people themselves is to develop creative responses to the objective reality that in many regions there will be continuing medium and long-term Indigenous dependence upon Government transfer payments, rather than simply reproducing the myth of economic development or even independence.

Second, an exclusive policy focus on a narrowly 'economic' form of development also denies the objective reality of distinctive Indigenous world-views—cultures—in which, typically, material goods play a different role than they do in non-Indigenous society. This is not to say that Indigenous people are necessarily caught in some time warp where the contemporary world of cash, consumer goods and so forth has no place. The evidence indicates the contrary. However, there is a strong commonality between the so-called 'traditionally oriented' Indigenous societies in the more remote regions and those in urban and rural areas, in that the formal economy based on the production, exchange and consumption of things, including cash, is embedded within a 'social economy' in which primacy is given to the connections between people rather than to the connections between people and things.

Third, a formally 'economic' focus for CDEP ignores the severely disadvantaged and sometimes quite dysfunctional state of many contemporary Indigenous communities, particularly those in rural and remote areas. It assumes that, somehow, meaningful employment, training, and enterprise development activities can take place within situations all too often characterised by chaos, conflict, and family and personal distress. It assumes that the intensity and scale of these personal and social problems, often wrongly attributed solely to welfare dependency, can be addressed through mechanisms which both enable, and ultimately compel, individuals to engage with the formal economy.

The challenge for CDEP is to return to the core concept of 'community development', in which economic development is but one factor, although one of central importance. This broader goal is consistent with the thrust of the recommendations of the McClure Report mentioned earlier. While affirming the policy framework of mutual obligation and the centrality of enabling people to find meaningful work, the McClure Report embeds mutual obligation within a wider framework of social obligations, stresses that there are a range of means by which individuals can participate in and demonstrate their obligations to society, and places the enhancement of 'community capacity' as a core policy goal. A more broadly based policy goal such as this suggests at the very least a sympathetic re-examination of the potential importance of community development as a core goal of the CDEP scheme, and challenges a narrowly economic or employment-based focus for the welfare system more generally, and particularly for CDEP.

CDEP should not be seen as the Indigenous equivalent of 'work for the dole'. It should be one of the means by which Indigenous communities are resourced to enhance and develop their social and capital infrastructure. Its goal of community development should

not be confined to formal 'economic' development, but should include building on existing Indigenous values and capacities, developing the capacity of Indigenous groups and individuals to make strategic choices in their engagement with the wider society and economy, and helping Indigenous individuals and groups enhance their capacity to deal with the often difficult circumstances of their everyday lives.

What constitutes the 'community' in CDEP?

The concept of 'community' also needs careful examination in the context of CDEP. The term is widely used both by government and by Indigenous people and their organisations. Indigenous individuals and organisations will legitimate their position by reference to being community based. Equally, governments seek what they term 'community support' for their policies, and will legitimate policy changes in terms of this supposed support. However, Indigenous communities are highly complex and internally differentiated (see Frances Peters-Little, Ch. 19, this volume). Their existence as communities of interest is constituted largely in relation to the outside world. Their populations are differentiated in terms of the factors which continue to inform Indigenous political, social and economic relations—connections with ancestral lands and language, personal and group histories, ethnicity, and bearing on all of these, family and other local group affiliations.

Above all else, a fundamental component of Indigenous societies across Australia is the 'family'. Indigenous families however are not to be understood as merely 'extended' versions of non-Indigenous families. They are based on principles, in particular that of descent, which demonstrate direct continuity with the land-holding structures of pre-colonial Indigenous societies. They form the basic political, social and economic units of contemporary Indigenous society. Indigenous people typically do not operate in terms of their 'community'; rather, their place in the Indigenous world, and their responses to the non-Indigenous society, are established through their place as a member of their particular family (Sutton 1998: 55ff).

This has important implications for the implementation of the CDEP scheme. It has been argued throughout this paper that the CDEP scheme should take account of, rather than deny, the reality and validity of Indigenous values and practices. If Indigenous families form basic units of economic and social action, then it is important that this be taken into account, as far as possible, in the implementation of CDEP schemes.

What could this mean in practice? From the perspective of government, and of ATSIC, it is simply not feasible to fund a whole host of family-based CDEP schemes. Nor is it desirable from the Indigenous point of view; for one thing, small schemes would just not be administratively or logistically viable, as can be seen from the failure of many of the small Indigenous housing associations. Funding agencies need administratively competent, viable, CDEP organisations with the economies of scale and the ability to attract the necessary skilled staff.

Yet, within these organisations there is the capacity to plan and implement the allocation of resources, work programs, and other activities in such a way that autonomy and control

at the local group level is facilitated. There are many ways in which this is already being done within CDEP schemes across Australia. Work gangs can be based on families or kin groups. Centrally administered regional CDEP schemes can allow for local residential communities to have effective control of their own work programs (see Gray & Thacker, Ch. 15 and Madden, Ch. 18 in this volume for cases in point). Even mechanisms for budgeting, program delivery and financial accounting can be developed so as to maximise control by relevant local groups, within an overall strategic direction set by the organisation as a whole. New technologies, including the Internet and accounting software, can be important tools in assisting the CDEP scheme to be accountable to, and maximise the control of, such local groups, as can more effective and accountable organisational structures.

An analogy—although it speaks to saltwater, rather than inland people—is that a CDEP scheme which gives maximum autonomy to its constituent families or other relevant sub-groups can be likened to a large jellyfish. From above, the jellyfish appears solid and bounded. Underneath, however, are myriad tentacles, each feeding and existing almost independently of the others.

Thus the community to which a CDEP scheme relates is not just an aggregation of individuals, as the non-Indigenous welfare policies would have it. Nor is it an undifferentiated entity. Rather, it is comprised of ‘family’ or other relevant sub-groupings which reflect basic Indigenously defined structures. It is these Indigenous groupings which should be the primary focus of CDEP, and of Indigenous welfare policy more generally.

Conclusion

During the 1988 bicentennial events, Indigenous people countered the dominant view of Australian history with their own, alternative view. Transcending the history of the denial of the reality and validity of Indigenous society and culture by the dominant society, the strong message from Indigenous people was: ‘We have survived’. The policy of assimilation has been replaced by self determination and, more recently, self management, and the Indigenous view should be accorded the respect that is due. The CDEP scheme should not be utilised to provide a mechanism for a more subtle form of assimilation—not by overt prescription but by default.

Of course, all cultures change, and the situation in many Indigenous communities is truly desperate and must be addressed. But economic change is only one aspect of social change, and the full potential of the CDEP scheme will only be realised through its capacity to foster community development which includes, but is not limited to, economic development.

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5. The political dimensions of community development

Tim Rowse

The self determination policy era has given rise to Indigenous political institutions with a mix of representative, service delivery, policy making and land owning functions. This 'Indigenous sector' is essential to the representation and satisfaction of Indigenous wishes. Without the Indigenous sector, Indigenous Australians would lack public policy recognition of their needs and aspirations; they would be invisible, as Indigenous people, within Australian society and they would be unable to make any demands, as Indigenous Australians, on Australian institutions. In short, the Indigenous sector is one of the defining material products of the Australian public policy change from 'assimilation' to 'self determination'. The Indigenous sector is what puts into practical effect the 'self' in self determination.

CDEP as political development

CDEP schemes make up an important component of the Indigenous sector. In this paper I want to highlight CDEP as a program of political development. Any CDEP scheme can be considered as an instance of Indigenous political authority. It is easy to 'forget' that CDEPs are political institutions whose aims include perpetuating and increasing their own empowerment. The 'labour market' focus of so much of the government effort to improve Indigenous welfare invites us to consider the outcomes of CDEP as either 'employment outcomes' or 'non-labour market outcomes' (ATSIC Office of Evaluation and Audit (ATSICOE) 1997: i). Another policy publication lists the outcomes of CDEP under the headings 'Indigenous employment situation' and 'community development, social and cultural outcomes' (Spicer 1997: contents page). I suggest that the so-called 'non-labour market outcomes' and 'community development, social and cultural outcomes' of CDEP include the 'political' empowerment of Indigenous participants in CDEPs, and that this should be explicitly stated.

A CDEP scheme embodies a form of Indigenous authority, in three ways. First, CDEP schemes derive authority from the fact that the Commonwealth government endows them with money, and delegates to each scheme a great deal of discretion about how that money is to be spent. That discretion is not unlimited. The Commonwealth's grant of money is conditional on each CDEP scheme addressing certain policy objectives. However, these objectives are multiple, and it would be rather difficult to demonstrate that a CDEP scheme is not addressing any of the stated objectives of Commonwealth government policy. Thus although CDEP schemes derive their authority from the government giving them money, they have a high degree of autonomy. One of the most important expressions of that autonomy is that CDEPs can define 'work'. When ATSIC's Office of Evaluation and Audit (OEA) examined the range of definitions of 'work' used in urban CDEPs, it found that about three out of every five CDEPs in their survey paid people for 'home duties'. Across 53 CDEP

schemes, 7 per cent of participants had their home duties recognised, and paid, as ‘work’ (ATSIC OEA 1997: 17).

Second, the CDEP scheme exercises authority over the work-time of its participants. However, a CDEP scheme is unusual when compared with other ‘bosses’ who have authority over ‘workers’; CDEP workers are, in some respects, like shareholders in the CDEP. Because CDEPs are community-based organisations, their managers are not only bosses over the participants, they are also, to some degree, the employees or servants of the scheme’s participants.

Let me illustrate my first two points with some research findings. In 1997 ATSIC’s OEA surveyed 53 coordinators of urban CDEPs. The OEA asked coordinators what aspects of CDEP were most in need of improvement. Interestingly, they ranked ‘participant motivation’ well behind ‘project funding’, ‘training’, ‘paper work/redtape’, and ‘planning’ (ATSIC OEA 1997: 20). In other words, the coordinators were finding more difficulties in managing their relationship with ATSIC and other agencies than their relationship with participants. When the OEA asked about the problem of ‘participant motivation’, the coordinators offered a range of suggestions:

- the most frequently cited (43 per cent) was the provision of more meaningful and varied work in the CDEP;
- the next most frequently given suggestion (28 per cent) was the strict usage of the ‘no work, no pay’ policy; followed by
- the provision of better communication and participant involvement in the running of the CDEP (26 per cent);
- giving participants a warning followed by dismissal if absenteeism persists (17 per cent);
- provision of incentives such as pay bonuses and recognising the contribution of participants (17 per cent); and
- development of a good system for monitoring and enforcing attendance (13 per cent) (ATSIC OEA 1997: 17).

This list of motivational strategies draws attention to two features of the political authority of CDEPs: the importance of sufficient autonomy, so that CDEPs can define work in a way that takes seriously participants’ interests and needs, and the ‘industrial democracy’ factor—the wisdom, as managers see it, of involving participants in decision making.

The third and final way in which I see CDEP schemes as a form of Indigenous political authority, is that by being able to direct the collective working capacity of participants towards certain ends, the CDEP scheme becomes an effective player in the local political scene. That is, a CDEP scheme forms relationships with other organisations, whether they be other Indigenous organisations in the region, or the local shire or municipal council, or State or Territory and Commonwealth agencies that have responsibilities in the area. Sometimes these relationships take the form of contracts for the CDEP scheme to deliver a service. However, not all the significant relationships between CDEP schemes and other

regional players are contracts of service. Sometimes CDEPs are effectively powerful simply because they deliver a service that no government agency has provided. (Although this is often seen as an unfair imposition on over-stretched CDEPs—see Bartlett, Ch. 20 and Kean, Ch. 21 of this volume—it is also a source of their bargaining power—see Nicholas, Ch.25, this volume.) Another reason a CDEP scheme may be a political player is because its leaders—its governing Board or Council and its senior managers—include some of the most experienced and hard-working Indigenous leaders in that region (see Lewis, Ch. 30, this volume). A CDEP scheme may be part of a power base for the emergence of a regional Indigenous leadership.

In making these three points about CDEPs as structures of Indigenous political authority, I am not saying anything new. However, it is important to make these political dimensions of CDEP explicit, because in the CDEP policy literature this political dimension tends to be taken for granted. For example, the Spicer Review (1997) remarked that CDEP ‘can be described as an employment program, a community development program, and enterprise development program, a diversionary program, a skills development and work preparation program and/or a cultural maintenance program’ (Spicer 1997: 24). I would like to add ‘political development program’ to that list of possibilities. Spicer might concur, because his very next sentence implies ‘political development’ without actually using that phrase: ‘As CDEPs *have the ability to determine their own objectives, and the manner in which they are achieved*, features of all these programs can exist in any one community’ (Spicer 1997: 24, emphasis added).

Spicer’s phrase ‘community development’ might be interpreted to include ‘political development’. However, the phrase ‘community development’ can mean so many different things to different people; any positive change in people’s lives, such as a fall in alcohol consumption, can be counted as ‘community development’. I want to promote ‘political development’ as an essential part of the vocabulary with which we discuss CDEP so that we can appreciate CDEP as one of the most significant steps ever taken in this country towards Indigenous self determination. I will later suggest a way to understand ‘community development’ in the context of CDEP.

Forgetting the political dimension

By insisting on the political dimensions of CDEP, I hope to bring back into our understanding something that we are in danger of forgetting. The then Aboriginal Affairs Minister, Ian Viner, first tabled guidelines for CDEP in the House of Representatives on 26 May 1977. The fourth of his four objectives was ‘to maximise *the capacity* of Aboriginal communities *to determine* the use of their workforce’ (Human Rights and Equal Opportunity Commission (HREOC) 1997: Appendix 2, p.59, emphasis added). One of CDEP’s architects, ‘Nugget’ Coombs, suggested later that same year that those evaluating the new scheme should bear in mind that ‘CDEP is not simply a means of providing employment as a source of a minimum cash income but a *training exercise in self-management* and increasing independence for the Aboriginal communities involved’ (Coombs 1977: 1, emphasis added).

In the 23 years since Viner and Coombs wrote political objectives into the founding documents of CDEP, it has been too easy to evaluate CDEP as if it were only or mainly another strategy to counter ‘welfare dependency’. For example, the Department of Social Security (DSS) asserted in 1997 that ‘the philosophical basis of the scheme is to assist unemployed Indigenous Australians in their move away from welfare dependency towards self-reliance’ (cited in HREOC 1997: 48). This is far too narrow a view of CDEP. By contrasting ‘welfare dependency’ with ‘self-reliance’, the DSS was ignoring the possibility that CDEP communities might develop their self reliance in the context of their continuing dependence on a certain form of welfare payments—CDEP. Self reliance is a term with more than one meaning. It may refer to an individual ‘not relying on any kind of payment from the state’, but it can mean other things too. These other forms of ‘self reliance’ are those envisaged by Viner—‘the capacity ... to determine’ how consolidated Unemployment Benefits are to be used—and by Coombs—‘training ... in self-management’. We should avoid assuming that ‘self determination’ or (‘self management’) is possible only once people have moved outside the welfare system. If people get organised so as to use their welfare payments as they wish, and if governments do not impose narrow conditions on such uses, then we can have a form of self determination that is based on, and secured by, ‘welfare dependency’. Unlike the author of that 1997 DSS letter, I believe that welfare payments can be the financial foundation for Indigenous self reliance. It all depends on *the political conditions* that are placed by the government on the transfer of funds to the CDEP scheme.

If we are to evaluate CDEP with a sensitivity which pays attention to its complexities, we must understand each CDEP scheme as an interlocking set of three political relationships: between the government and the eligible Indigenous participants, between those participants and the managers of each scheme, and between each scheme and the other organisations within its region.

Just as the emergence of the ‘Indigenous sector’ since the early 1970s is a new chapter in Australian political history, so CDEP is a unique program within the history of Australian social policy. Because it is unique it is very tempting to try to understand it by comparing it to some welfare program with which we are already familiar. It has been very common, in discussions of CDEP, to liken it to other programs—such as income support programs and job-training programs—and to evaluate it in such terms. No doubt there are elements of CDEP which cause it to resemble, in some ways, other social and industrial programs. One example has just been mentioned: DSS in 1997 chose to think of CDEP as if it were essentially aimed at getting its participants into jobs and so making them ineligible for welfare payments. Another way of understanding CDEP, which also falls into the trap of likening it to something with which we are familiar, has recently risen to prominence: is CDEP the Indigenous version of ‘work for the dole’ (WFTD)? And are both CDEP and WFTD the prototypes of the newly-acclaimed principle of ‘mutual obligation’?

Work for the dole and mutual obligation

It is certainly tempting to understand CDEP as Australia’s earliest experiment in ‘mutual obligation’. I have tried to understand CDEP in such terms, but now I have my doubts. If there is a precedent for mutual obligation in Australian social policy it is not CDEP, but

the (more recent) WFTD program introduced by the Howard government in October 1997. CDEP is not the Indigenous equivalent of WFTD.

Why is it misleading to liken CDEP to WFTD? The Spicer Review gave one answer to that question in 1997—an answer from the point of the view of the individual participants:

WFTD participants retain their NSA (New Start Allowance) entitlement and are also paid a \$20 per fortnight 'Community Work Supplement' to cover work related costs such as transport. They also retain all the 'extras' attached to NSA that are at present denied to CDEP participants (e.g. Rent Assistance, taxation rebates, access to advance payments). They are also able to access free child-care whereas this is not an automatic entitlement for CDEP participants (Spicer 1997: 46).

Governments have generally tried to calibrate the entitlements of CDEP and WFTD participants, to give them more equal 'baskets' of benefits, in order to oblige the principle of equity of entitlement among citizens. Indeed Spicer advocated such equalisations. However, we do not have to restrict our comparison of WFTD and CDEP to the viewpoint of the individual participants. While the baskets of entitlements may become more equal, there remain some important structural distinctions between WFTD and CDEP.

The essential difference between them, as I understand it, is that WFTD does not require the formation of an ongoing community-based political authority. In a WFTD scheme, the participants' primary relationship is with DFACS. They continue to receive NSA from the Department (including Centrelink). The host of the WFTD scheme is a relatively unimportant go-between in the relationship between NSA beneficiary and state authority. Although the WFTD host supervises and certifies each individual's performance of some work, that host's powers are less than those delegated to the managers of a CDEP scheme. CDEP schemes have more ongoing discretion about what is to be defined as 'work', for example.

Those in the WFTD schemes continue to be counted as unemployed. In CDEP, the relationship between participants and management is an employer–employee relationship. That is why the author of the Spicer Review thought it necessary to devote its longest chapter to discussing how best to apply the *Workplace Relations Act* to CDEPs. There is no employer–employee relationship in the WFTD scheme, and so there is no possibility for industrial relations law and culture to shape the social context in which people 'work for the dole'.

Both WFTD and CDEP schemes get administrative and capital grants, but the CDEP scheme also gets all the money equivalent to the Jobsearch Allowance and NSA that their participants would receive, and they have some discretion to draw on this money in funding their various expenditures on administration and capital items. This greater financial latitude that is afforded to CDEP structures would be magnified were a government to take up Spicer's recommendation that CDEP schemes be funded triennially. (It is clear from the contributions to the 'Community perspectives' section of this volume that CDEP managers aspire to more authority over the use of their diverse incomes than they have been allowed recently.)

In many places where there is a CDEP scheme—particularly in remote Australia, and more particularly on outstations—CDEP is one of the few administrative structures for that place, and in some cases the only administrative structure. As Spicer put it, ‘in some localities, CDEP often represents the community itself. Without it, some remote communities would simply not exist’ (1997: 1).

To sum up, in WFTD schemes DFACS–Centrelink has delegated far less authority to the host of the scheme than ATSIC has delegated to CDEP organisations. This difference is consistent with a marked cultural difference between the two presiding agencies. Compared with ATSIC, the administrative culture of DFACS is highly centralised; its senior officers are nervous about the possibility of the downward delegation of authority, lest that detract from the Department’s well-deserved reputation for policing the fiscal delinquency of the poor. ATSIC, by contrast, seems to have weathered the storms of fiscal accountability and has secured a government mandate to delegate a great deal of authority to Regional Councils and to such clients of the Regional Councils as CDEP schemes.

‘Mutual obligation’ as industrial relations

All major political parties have endorsed, in general terms, the principle of mutual obligation. However, we are still in the early days of the development of that principle into operational social policy programs. Much of our comment about the forms to be taken by ‘mutual obligation’ must remain speculative. My speculation is that it is unlikely that CDEP will be a general precedent for ‘mutual obligation’ which, in Australia, is likely to become a punitive administration of social security entitlements, a raising of the bar of eligibility testing. According to the DFACS 1998–99 *Annual Report*, out of 72–96 000 people estimated to fall under the Department’s mutual obligation requirement, 53 000 signed up to mutual obligation (not necessarily in WFTD schemes) and 23 000 were breached (in 1998–99) for not satisfying their mutual obligation requirements (DFACS 1999: 121). Certainly ‘mutual obligation’ provides new grounds for breaching.

If the state were to make CDEP its model for ‘mutual obligation’, it would have to foster the formation of CDEP-like community authorities all over Australia, and then it would have to delegate considerable powers to those entities. There is nothing in the statements made by either side of politics that promises such a transformation of Australian social policy. From the point of view of political elites who favour market solutions to problems of human survival, CDEP is not a model, but an exception—possibly an embarrassing or even dangerous exception. CDEP is an infringement on the privilege of private investors to define the conditions of material wellbeing through the market place. CDEP does more than compensate for the market’s failure to provide jobs where Indigenous people live, it also throws into question the power of the market to define the nature and intensity of work. To illustrate this point, let us look at some recent reviews of CDEP.

I suggest that the term ‘community’ in CDEP can best be understood as a particular industrial relations culture. Participants in CDEPs are not like employees of a normal Australian employer. Earlier I likened CDEP participants to shareholders. Looking at it another way, the relationships within a CDEP are also a bit like the relationships among

members of a mutual association. Ultimately, we must try to see each CDEP in its own terms, for a CDEP industrial framework seems nevertheless to be evolving. Spicer's Monash University industrial relations consultant posed the question: would it be better for CDEP management and participants to formalise their relationship as an Australian Workplace Agreement (AWA) or as a Certified Agreement (CA)?

After surveying a sample of CDEP managers, the consultant concluded that AWAs were inappropriate. For several reasons, it would be neither practical nor consistent with the communal aspirations of CDEPs to govern industrial relations through a series of individual contracts between management and participant. The 'values and principles' of AWAs are 'contrary to CDEP social or community development objectives' (Spicer 1997: 129). Even if all the individual contracts within a CDEP were written in the same terms, the consultant concluded, there was reason to doubt that CDEP managers had the skills or the inclination to use AWAs. Though CDEP managers did deal with their participants as individuals, they told the consultant that they preferred to keep such individual case-management on a purely informal basis. The managers' reported reasons for preferring certified agreements—whether negotiated with a union or not—are very interesting, and pertinent to the theme of this paper. The managers told the consultant that they thought it important that all CDEP personnel—managers and participants alike—were bound by an agreed set of rules, in order to discourage favouritism and to establish, in the eyes of all, the fairness and impartiality of the CDEP, and in order to bind managers and participants to the expressed wishes of the host community (Spicer 1997: 134–5).

Thus, the main value in certified agreements for CDEPs appear to lie in potential benefits derived from having a self-determined level of formalisation of rules and regulations governing participation in CDEP. In comparison with AWAs, certified agreements were also seen as far more consistent with self determination and various consultative approaches to CDEP decision-making in operation at CDEP programs (Spicer 1997: 136).

Let me underline two points that emerge from the work of Spicer's Monash University industrial relations consultant.

- The managers conceived of themselves as working according to a community mandate. (This was not the only constraint that they were aware of, of course. They remarked also on the way that conditions of funding set a framework for their supervision.) The notion of a community mandate is clearly important in distinguishing CDEPs from other enterprises with which it might be compared. It serves as another reminder that CDEPs are structures of political authority.
- The managers, at least as reported by the Monash consultant, expressed their need for a set of rules that made their authority legitimate in the light of what they see as the participants' expectations.

These insights into the industrial relations culture of CDEPs are important because they help us to come to an understanding of that otherwise impossibly vague term 'community development'. The 'community' that CDEP constructs can be understood in quite specific

terms as a set of *negotiated understandings* about what counts as work, what counts as effort, and what obligations bind 'management' and participants.

Conclusion: Market versus democracy

There are competing models of mutual obligation. One of them is CDEP; another is WFTD. With such different possible models, 'mutual obligation' has the potential to become a key political term whose practical meanings are continually contested. The main issue that would emerge from such a politics of 'mutual obligation' would be this: what is the nature of the authority that defines and enforces the obligations of individual welfare recipients? Is that authority a national bureaucracy, seeking to apply the same definitions of recipient compliance all over Australia, with no concessions to cultural or regional difference? Or is that authority a series of local community authorities, each delegated the discretion to define work in locally-relevant terms and each empowered to make its own assessment of the developmental needs of the individuals and communities it serves?

The rise of the Indigenous sector is the most important change in the Australian system of government since World War II. CDEP is one of the most interesting and challenging types of institution within that Indigenous sector. CDEP could be a model for the application of mutual obligation to the entire Australian welfare system, or it might merely continue to be understood as an expedient device for dealing with a temporary 'Indigenous problem'—helping 'them' to catch up with 'us'. There is a culture of mutual obligation in CDEP, but it is one which Australian governments are unlikely to find attractive. Governments are unlikely to use CDEP as a widely relevant model of mutual obligation because CDEP is also a model of how the demands of the market may be answered by the demands of democracy. For this reason, governments are more likely to try to reduce the autonomy of CDEPs and to regulate their internal culture so that they become more like the 'work for the dole' scheme.

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6. Adjusting balances: Reshaping the CDEP scheme after 20 good years

Will Sanders

Introduction

There are two simple ideas flagged in the title to this paper. The first is that the first 20 years of the CDEP scheme, from 1977 to 1997, were very clearly *good* years. From its tentative beginnings in just a few communities, the CDEP scheme proved enormously popular both with Indigenous communities and with governments. Over the years the scheme grew accordingly; indeed, it became the largest single program in the Commonwealth Indigenous affairs budget.

The second idea is that the CDEP scheme has always been a fairly delicate balancing act. It arose out of the extension of social security rights to Indigenous Australians and it has, ever since, tried to balance those rights with other policy imperatives—such as the desire to encourage employment, enterprise and community development.

In current debates about the Indigenous welfare economy, and how it might be improved or even surpassed, I do not think the CDEP scheme has been given enough attention. The scheme shows us what is possible in improving the Indigenous welfare economy and it also shows us some of the complex and delicate balances that have to be struck in order to realise these possibilities.

In this paper, I focus on some of those complex and delicate balances and how they continue to require adjustment, even after 20 good years for the CDEP scheme. Ultimately I want to argue that the reforms of the last two or three years have been moving the CDEP scheme in two quite different directions at once—towards the social security system on the one hand and towards greater employment outcomes on the other. I do not have a strong sense yet of whether this is, overall, a good or bad thing. My main objective, at this stage, is simply to try to understand why and how it is occurring. I will set the scene with a little bit of policy history, from the 1970s to the early 1990s.

Policy history

Although the CDEP scheme grew out of the extension of social security entitlements to Indigenous Australians, it was not, in the late 1970s and the 1980s, in any way formally linked to the social security system. The scheme was not recognised by or referred to in the social security legislation and it was administered, at Commonwealth level, almost entirely by the Indigenous affairs portfolio with little or no input from the social security portfolio. The link between the CDEP scheme and social security entitlement was simply an informal, notional financial offset. The CDEP scheme was outside the social security system, and participants in the scheme were essentially treated simply as low-income wage earners.

This changed somewhat in 1991 when a clause was introduced to the social security legislation which forbade participants in ‘Commonwealth funded employment programs’ from qualifying for unemployment payments—or New Start Allowance as it then became. CDEP was not mentioned specifically by name, but the intent of the reference to ‘Commonwealth funded employment programs’ was clear: CDEP participants would not under any circumstance be entitled to Newstart allowance because they were seen as already receiving another form of Commonwealth government income support.

This quite specific legislative provision opened up a new line of criticism of the CDEP scheme, which manifested itself in complaints to the Human Rights and Equal Opportunity Commission (HREOC) from CDEP scheme participants. These complaints, paraphrasing the voice of CDEP participants, were of roughly the following form:

Seeing the social security legislation recognises us, CDEP participants, as Commonwealth income support recipients for the purposes of disqualifying us from New Start Allowance entitlement, why doesn’t it also recognise us as income support recipients for the purposes of qualifying for such social security entitlements as rent assistance, health care cards and tax rebates available to beneficiaries, and for the further fringe benefits that can flow from income support recipient status such as concessional charges for various state and local government and privately provided services?

The HREOC Review

In 1995, HREOC directed its Race Discrimination Commissioner to investigate and report on these complaints. In her report in 1997, the Commissioner generally accepted the validity of the complaints and, although stopping short of making a finding of racial discrimination, was quite critical of the way the DSS and other government agencies treated CDEP participants. She argued that there was a lack of ‘consistency’ or ‘uniformity’ in the treatment of CDEP participants by government agencies which, in some situations, meant that they got the ‘worst of all’ treatments (HREOC 1997: ix).

The Race Discrimination Commissioner suggested that the solution to this ‘worst of all worlds’ treatment was to consider CDEP participants consistently and uniformly as ‘ordinary wage earners’. To this end, she even contemplated the repeal of the 1991 provisions of the *Social Security Act* which had partially recognised the CDEP scheme as part of the Commonwealth income support system, and had hence forbidden CDEP participants from also qualifying for New Start Allowance (HREOC 1997: ix). However this repeal did not occur.

By late 1997, the DSS had also come to accept the validity of the complaints of CDEP scheme participants and was moving, in consultation with ATSIC, to resolve the issues in another way altogether. Its solution was to *extend* the recognition of CDEP participants within the social security system. CDEP scheme participants would become social security customers, while also being wage earners in relation to their local Indigenous community organisation. They would have a social security customer reference number and receive

‘add on’ entitlements as income support recipients from within the social security and tax systems, even though their basic entitlement would still be routed through ATSIC and the Indigenous community organisations administering CDEP as wages.

This is the arrangement which was foreshadowed in the 1998 Budget and which was slowly introduced during 1999 and 2000. The new social security service delivery agency, Centrelink, is now part of the CDEP scheme’s administration and DFACS, which oversees social security system, also has a background policy presence. This reshaping of the CDEP scheme after 20 good years has brought it, and its participants, considerably closer to the social security system than ever before.

The Spicer Review

I now turn to another source of review and reshaping of the CDEP scheme altogether, the so-called Spicer Review (Spicer 1997). This review grew out of a freeze placed on the expansion of the CDEP scheme by the incoming Howard government in 1996. Previously, under Labor, CDEP had been able to expand by between 1200 and 1800 places per year. After a year of the Howard government’s freeze, ATSIC sought to raise anew the issue of expansion and was told that, before expansion would be even contemplated, there would have to be an ‘independent’ review of the CDEP scheme. Hence the creation of the Spicer Review in the second half of 1997.

The Spicer Review began with the observation that up to one-third of CDEP participants did not then work, and that for them the scheme was no more than an alternative form of income support (Spicer 1997: 2). This ‘sit-down money’ element of CDEP was seen as both a wasted work resource and as a poor substitute for social security income support. These people would often be better off, financially, if they were clients of the social security system and, it was suggested, the CDEP scheme would also be better off, and more work-focused, without them. This push towards a more work-focused CDEP scheme was also seen as putting off the need for expansion since, for a couple of years at least, CDEP could supposedly expand internally, by offloading those on sit-down money onto the social security system and by increasing the proportion of participants who were working.

This set of reforms was essentially pursued by ATSIC once it became clear that the Howard government was not going to accept much expansion of CDEP. ATSIC was, in many ways, pushing CDEP away from the social security system. Those on CDEP who looked like social security recipients were being encouraged off, while those who stayed on CDEP were being encouraged to be more work-focused, possibly undertaking training and even being encouraged to move beyond the scheme into general, or mainstream employment.

Conclusion

At the policy level at least, the recent reshaping of CDEP has been a matter of adjusting balances within the scheme by moving in two directions at once. This movement has been both towards the social security system, as a result of (though not recommended by) the HREOC Review, and towards a greater employment focus as a result of the Spicer Review.

In an earlier paper I described CDEP as being ‘astride the welfare/work divide in Australian social policy’ (Sanders 1997). With this recent movement in two directions at once, CDEP is as firmly and awkwardly astride that divide as ever, though as I noted in that earlier paper, there are both opportunities and problems in that position, and the opportunities for CDEP have in general outweighed the problems.

I have not attempted here to make any overall judgment as to whether this recent pull in two directions has been a good or a bad thing for the CDEP scheme. I simply observe that this is what has occurred, and try to understand why. At the level of practice—rather than policy—it is debatable whether the CDEP scheme is in fact moving in two directions at once. It would seem to be very difficult to encourage people off the scheme onto social security payments because they are not working, while at the same time telling them they are indeed Centrelink customers, even while on CDEP. In practice, on the ground, the scheme may not have been moving in two directions at once; it may simply have been moving closer to the social security system, with some old and thorny issues about working and not working within the scheme remaining unresolved.

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