CLOSING THE EMPLOYMENT GAP THROUGH WORK FOR THE DOLE? INDIGENOUS EMPLOYMENT AND THE CDEP SCHEME

Kirrily Jordan

The Community Development Employment Projects (CDEP) scheme has been a unique feature of the Indigenous employment landscape since the late 1970s. Radical for its time, and still almost unique globally, CDEP has sought to combine job creation, income support and community development goals. While there is evidence it has improved outcomes for some Indigenous Australians, in recent years it has been strongly criticised as a barrier to Indigenous participation in the mainstream (non-CDEP) labour market. Especially since the abolition of the Aboriginal and Torres Strait Islander Commission (ATSIC) in 2004, successive Commonwealth governments have progressively wound back the CDEP scheme, culminating in recent changes that may see it transformed from a community managed work program paying the rough equivalent of award wages into a ‘work for the dole’ program within the social security system. While the implications of these changes are strongly contested, this paper draws on fieldwork on the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands in remote South Australia to suggest that the unintended consequences may be a greater incidence of welfare passivity and reduced support for remote-living Aboriginal people to find non-CDEP work.

The article begins by introducing the CDEP scheme and its origins in the 1970s. Section two then briefly summarises the conflicting assessments of CDEP over the years, highlighting critics’ concerns that the scheme has discouraged Indigenous engagement with alternative employment. In section three the article outlines a series of major changes to the program since 2007. Of particular importance here is that the changes to CDEP have often been portrayed by policy-makers as efforts to increase
Indigenous participation in non-CDEP work. Section four identifies the current arrangements for CDEP which are seeing the progressive phasing out of CDEP wages. The next two sections turn to the specific case of CDEP on the APY Lands. Section five briefly outlines the history of CDEP in the region and the key operating procedures of the current CDEP provider. Section six then reports on primary research—including administrative data and interviews with Anangu (Aboriginal) people from the APY Lands—to provide some cautious reflections about the possible outcomes of phasing out CDEP wages. In particular, it suggests that this change may be creating a disincentive for Anangu to participate in the CDEP scheme and, contrary to the government’s stated intent, undermining efforts to increase Anangu engagement with paid work. This raises complex questions about the role of CDEP, and other state-sponsored programs, in seeking to transform remote-living Aboriginal people into so-called ‘responsible’ wage-labourers. However, while the desirability of such a transformation can be debated, for the Anangu interviewed in this study the alternative to participation in CDEP or other waged work was invariably seen as destructive welfare dependency. For this reason, they were concerned that the current changes to CDEP would be detrimental to their communities.

The Community Development Employment Projects Scheme

The CDEP scheme is one of the most longstanding features of the Australian Indigenous policy landscape. It was introduced by the Fraser Government in 1977 as a creative response to a complex challenge—the potential for long-term welfare dependence in remote Aboriginal communities where the recent introduction of unemployment payments coincided with a lack of local jobs (Altman, 1997; Altman and Nieuwenhuyzen, 1979; Sanders, 1988, 2004). Its genesis is in the novel circumstances of the early 1970s in which the Whitlam Government had introduced two significant changes. One was the replacement of ‘training allowances’ with higher award wages for Aboriginal people in remote communities, with the unintended consequence of increasing Aboriginal unemployment (Altman, 1997:1-2). The other was the introduction of a policy guideline stating that remote-living Aboriginal people did not have to move to areas with more
robust labour markets in order to demonstrate their availability for paid work. This latter change meant that unemployed Aboriginal people in remote communities now met the formal eligibility criteria for unemployment payments (Sanders, 2004:1). Increasing numbers of Aboriginal people in remote areas sought access to unemployment benefits, triggering speculation that welfare dependence in these regions could quickly reach ‘epidemic’ proportions (Sanders, 1985).

The prospect of large numbers of remote-living Aboriginal people turning to long-term reliance on unemployment benefits created considerable concern among researchers, social workers, policy-makers and some Aboriginal residents of remote communities themselves. This concern is particularly interesting from a historical perspective because the notion that ‘passive welfare’ can have negative consequences is sometimes seen to have emerged in much more recent times. In an Indigenous context it is today most closely associated with the work of Noel Pearson and the Cape York Institute (see for example Pearson 2000) and, in policy terms, is clearly implicated in new kinds of welfare conditionality.

When concerns about remote Aboriginal welfare dependency emerged in the 1970s the policy response was altogether quite different. Rather than the now familiar notion of ‘work for the dole’, the Fraser Government instead offered Aboriginal people in remote communities part-time publicly-funded employment. This was facilitated by providing block grants to Indigenous community councils or incorporated organisations to employ participants on a wide range of local projects. Participants would be paid a basic wage approximating, at a minimum, the unemployment benefits they would otherwise receive. However, being administered through the Department of Aboriginal Affairs rather than the Department of Social Security, a link to the social security system was only notional. Although participants would not be covered by a separate award, the rates of pay per hour were to reflect pro-rata minimum awards. This meant that participants were expected to work around 16 hours per week for their basic payment (Sanders, 2004). Additional grants were made to participating communities for on-costs such as workers’ compensation and capital expenditures (Altman, 1997:2; Altman and Taylor, 1987:41; Coombs, 1994:164). These arrangements formed the crux of the CDEP scheme.
Initially introduced on a trial basis in one remote community in the Northern Territory, by July 1978 trials of CDEP were running in 10 communities in remote Australia (Sanders, 1993:3). With the scheme proving popular, Indigenous communities and organisations outside of these trial areas requested its expansion. This was initially slowed by administrative problems but rapid expansion began into remote areas in 1983 and accelerated further after the introduction of the Hawke Government’s Aboriginal Employment Development Policy (AEDP) in 1987 (Sanders, 2004:1). The AEDP included the expansion of CDEP as a key strategy and allowed for its extension beyond remote communities to other locations where Aboriginal people had ‘no alternative employment prospects’ (Commonwealth of Australia, 1987:7).

While there were several subsequent changes to CDEP it continued to grow until around 2004, by which time it had expanded to include over 35,000 participants Australia-wide (SCRGSP, 2009:4.69). The scheme remained concentrated in remote areas but was delivered by approximately 300 Indigenous community-based organisations in remote, regional and urban areas (see Sanders and Morphy, 2001:1). It had become the biggest single program in the Australian Government’s Indigenous affairs budget (Sanders, 2001a:47).

**Conflicting Assessments of the Scheme**

The significance of the CDEP scheme over the last 35 years, especially in remote Australia, cannot be overstated. In many remote communities CDEP has been by far the largest employer. Until recently it has been relied upon to deliver a wide range of services, including those—like waste management and roads maintenance—that would elsewhere have been delivered by local or state governments. And until the last few years the Indigenous organisations funded to deliver the scheme at the local level have been vested considerable authority, contributing substantially to their development as political entities.

However, evaluations of the impacts of CDEP have been strongly contested. Analysis is complicated by public debate that has often been anecdotal or rhetorical. On one side of the debate is the view that CDEP has itself become a form of ‘passive welfare’ and a barrier to Indigenous participation in mainstream paid work. This view has been advanced by think tanks including the Centre for Independent Studies (Hudson, 2008;
Hughes, 2007) and Bennelong Society (Stone, 2008) as well as some Aboriginal advocates including Noel Pearson (2009:286). On the other side of the debate are those who argue that CDEP has underpinned a range of productive economic activities in Aboriginal and Torres Strait Islander communities and been a feature of significant economic and community development success (see for example Morphy and Sanders, 2001).

Is CDEP Real Work?

Understanding these various assessments requires brief reflection on how the goals of CDEP have changed over time. The original aims of the scheme included direct job creation in situ in remote communities in ways that furthered community development. This was associated with a liberal definition of what could constitute CDEP ‘work’. The key consideration was that CDEP jobs should aid community development and stability (see Human Rights and Equal Opportunity Commission, 1997:46). Moreover, in line with the overarching policy approach of self-management that was dominant through the 1970s and 1980s, Indigenous people—through their local CDEP providers—had considerable autonomy to make decisions about what constituted employment in line with local circumstances. This allowed participants to deliver a range of services and, according to some commentators, undertake ‘socially useful, if not economically viable, work’ (Altman and Sanders, 1991:12).

However, from at least as early as 1997 there has been a progressive recasting of the scheme towards a focus on transitioning participants into unsubsidised (non-CDEP) employment (DEWR, 2005; Sanders, 2007a; Spicer, 1997). This has been especially apparent since 2004 when CDEP was shifted from its original administrative home in Indigenous-specific agencies (first the Department of Aboriginal Affairs and later the Aboriginal and Torres Strait Islander Commission) to the then Department of Employment and Workplace Relations (DEWR). This is often cited as a key event in the recent history of CDEP because it reinforced a growing view that CDEP should operate more like an employment program to engender the skills necessary for mainstream paid work (see Hunt, 2008:35; Sanders, 2007a, 2007b).

This shifting policy focus towards mainstream employment outcomes has aligned closely with a sustained criticism that CDEP has in effect
crowded out’ other options for paid work or reduced the incentive for participants to take up alternative jobs even where they are available. Critics make three main arguments as to why this may have been the case. The first relates to CDEP wage rules. Under the CDEP scheme individuals in receipt of CDEP wages can do additional work over and above their required minimum hours. This may be through waged work with another employer, or through additional hours of CDEP work for extra pay (called ‘top up’). The additional income rules are much more generous than those under the social security system, with CDEP participants able to earn gross income up to $5,166 per quarter in addition to their CDEP wages without triggering the income taper that applies to recipients of unemployment payments (FaHCSIA 2010). This means that CDEP participants working longer than usual hours could theoretically earn up to around $35,000 gross income per year. In addition, for the last ten years eligible CDEP participants have been able to claim some social security payments (such as Rent Assistance and Family Tax Benefit) at the same time as they have been receiving CDEP wages (Commonwealth of Australia 2011:S118C). These arrangements are sometimes said to produce incomes high enough to discourage CDEP participants from looking for other jobs (see for example Hudson 2008:8–9).

A second argument often made by critics of CDEP has been that many participants have been paid their wages without having to turn up to work or undertake ‘productive’ activity. For example, several politicians and other commentators have characterised the scheme as ‘sit down money’ and suggested that, despite the formal requirement that CDEP participants complete their minimum work hours, in practice they have been paid even if they have not fulfilled these obligations (ABC, 2008a; Hudson, 2008:1; Hughes, 2007). Those making this argument tend to suggest that CDEP has itself become a form of ‘passive welfare’ that has undermined personal agency (such as seeking alternative work) and exacerbated social pathologies through ready access to cash.

The third way in which some commentators represent CDEP as undermining engagement with alternative work is to portray CDEP positions as ‘make work’ activities that fail to impart skills useful in other paid employment. In this way CDEP positions are seen as ‘pretend jobs’ that do not ‘provide experience of real work’ and, therefore, fail to equip participants for so-called ‘real’ jobs in the mainstream labour market (Hughes and Hughes, 2010:18).
Characterisations of CDEP as ‘sit down money’ or as a disincentive to finding alternative work remain strongly contested (see for example Altman, 2007; Altman, Gray and Levitus, 2005; Gray and Thacker, 2001; Smith, 1994). While it has not always been evenly enforced, CDEP organisations are formally required to institute a ‘no work no pay’ policy under which participants are docked wages from their weekly pay if they fail to attend their scheduled CDEP activities. It is clear that at least some CDEP providers have used ‘no work no pay’ to encourage active community participation in the scheme (Gray and Thacker, 2001; Kean, 2001; Lewis, 2001). There is also evidence that many CDEP participants have undertaken CDEP work directly relevant to the mainstream labour market including accredited training, paid apprenticeships or traineeships. Others have worked for third party (non-CDEP) employers where they have received additional wages (Gray and Thacker, 2001; Madden, 2000; Smith, 1994).

Some observers have argued there have also been measurable spin-off benefits to the payment of CDEP wages for ‘cultural’ work such as looking after country or arts production, including the formal recognition of Indigenous natural and cultural resource management through programs like Working on Country (Morrison 2007; Ross 2011) and the emergence of the internationally successful Indigenous art industry (ATSISJC, 2008:283; Altman and Sanders, 2008; Coombs, 1994:81). Even on more limited criteria of mainstream economic participation, a number of studies have identified positive outcomes, including the emergence of Indigenous-owned enterprises through the use of CDEP labour (Kearney, 2007; Nalliah, 2001) or the transition of CDEP participants into non-CDEP jobs where these have been available (Gray and Thacker, 2001; Lewis, 2001; Office of Evaluation and Audit, 1997; Spicer, 1997).

**Has Self-Determination Failed?**

The changing goals of CDEP are associated with a broader shift in Indigenous policy-making away from what is usually referred to as ‘self-determination’, the dominant political philosophy in Indigenous affairs through the 1970s and 1980s. This philosophy was explicit in early CDEP rules that encouraged local organisations to use CDEP ‘to support the aspirations of Aboriginal communities to undertake development in a
way that is controlled and determined by those communities themselves’ (Commonwealth of Australia, 1987:1). From this perspective, the authority vested in CDEP organisations—as well as the funding allocated to them under the scheme—was part of a ‘program of political development’ and, according to Rowse, ‘one of the most significant steps ever taken in this country towards Indigenous self determination’ (2001:41).

In this vein, some observers have argued that a key benefit of the CDEP program has been its flexibility, which is often said to accord with the aspirations of many Indigenous people (Altman, 2007:2; Coombs, 1994:165; Smith, 1994). For example, several authors posit that participants have been able to use CDEP to continue engaging with other activities (like hunting, fishing and participating in ceremonies) that can be important to distinct Aboriginal ways of life (ATSISJC, 2008:283; Altman, Gray and Levitus, 2005:15–16). This may be by virtue of part-time employment (facilitating both increased income and adequate free time) or by virtue of specific work roles where these have been defined according to local cultural priorities.

However, over the last decade self-determination has come under increasing criticism for failing to address Indigenous socio-economic disadvantage, with critics suggesting it has in fact exacerbated poverty and social dysfunction in remote communities (see Sutton, 2009). One argument is that self-determination has failed, at least in part, because it has allowed Indigenous people to disengage from the market economy and therefore denied them the economic independence that participation in mainstream economic institutions—such as schooling, paid work and private home ownership—can bring. Reflecting this critique, the more recent approach to Indigenous affairs has been dominated by relatively centralised decision-making, especially within the Commonwealth Indigenous affairs portfolio, and new approaches to seeking to increase Indigenous participation in school and work, especially through changed welfare rules.

Because it is seen by critics as facilitating disengagement from alternative employment, CDEP is often implicated in this broader picture of what is deemed to be policy failure. According to some observers, it has also frustrated the government’s welfare reform agenda by limiting the number of remote-living Aboriginal people in receipt of unemployment payments and therefore subject to welfare measures such
as income management (ATSISJC, 2008; Siewert, 2009; Toohey, 2008). While the exact motivations behind policy changes are often difficult to discern, it is likely that a combination of these factors has contributed to a dramatic winding back of CDEP over the last five years.

Recent Policy Changes

One of the most significant events in this period came in July 2007 when the Howard Government reversed the 1987 decision that had allowed CDEP to extend outside of remote Australia. By ceasing funding to around 40 CDEP providers in more than 60 urban and regional areas with what were deemed ‘strong labour markets’, this reversal reduced total participant numbers by approximately 5,000 people (Commonwealth of Australia, 2007a:2; Sanders, 2007b:6; Commonwealth of Australia, 2007b). From September in the same year some additional CDEP programs in the Northern Territory were closed as part of the Northern Territory Emergency Response (NTER). In explaining these closures former Minister for Indigenous Affairs, Mal Brough, drew directly on arguments that CDEP has been a barrier to other employment, stating that:

> While CDEP has been a major source of funding for many Northern Territory communities, it has not provided a pathway to real employment, and has become another form of welfare dependency for many people. Instead of creating new opportunities for employment, it has become a destination in itself (Brough, in Commonwealth of Australia, 2007c:7).

Closures of CDEP under the NTER occurred on a community-by-community basis and, by the time this process was halted with the election of the Rudd Government in late November 2007, CDEP had ceased in around 30 communities in the Northern Territory, representing 16 CDEP organisations and more than 2,000 CDEP participants (Altman and Johns, 2008:10; NTER Taskforce, 2008:8). With the change of government CDEP was reinstated in these communities in July 2008 but not all of the CDEP positions that had been ‘dissolved’ under the NTER were refunded (ABC, 2008b; Tangentyere Council, 2008:2).

Interestingly, when the Northern Territory CDEPs were closed in 2007, several figures within the parliamentary Australian Labour Party (ALP)
voiced strong opposition to this aspect of the NTER. Warren Snowdon, then Shadow Parliamentary Secretary for Northern Australia and Indigenous Affairs, argued that it would see ‘Aboriginal people … moved from CDEP, where they are actually doing work, onto sit-down money’ and ‘spell the death knell’ of many positive initiatives in Indigenous communities (Snowdon, in Commonwealth of Australia, 2007c:64; Snowdon, 2007:78). Jenny Macklin, then Shadow Minister for Indigenous Affairs, went further. In announcing the ALP commitment to retain and ‘reform’ CDEP following the federal election, Macklin argued that ‘getting rid of CDEP in the remote Northern Territory communities will … make communities, parents and children more vulnerable’ (in ABC, 2007).

While it did reinstate CDEP in the Northern Territory, in other respects the Rudd Government approach was perhaps surprisingly in line with that of its predecessor. Jenny Macklin—now the Minister for Indigenous Affairs—announced that in July 2009 funding would cease for the remaining CDEPs in ‘non-remote areas with established economies’, while major changes to remote CDEP programs would make new participants ineligible for CDEP wages (Macklin and O’Connor, 2008). Under this plan, CDEP would be removed from a further 30 locations in regional areas (affecting just under 2,000 people) but around 2,000 public sector jobs would be created in remote areas to replace some CDEP positions in government service delivery (COAG, 2008:5). Most significantly, an announcement was made that from April 2012 that all remaining CDEP participants would be transitioned off CDEP wages and onto income support (Macklin, Arbib and Plibersek, 2010). The government described these changes as ‘key to making progress’ towards the COAG target of halving the employment gap between Indigenous and non-Indigenous Australians within a decade (Macklin and O’Connor, 2008), presumably by encouraging more Indigenous people in remote areas to seek out non-CDEP work.

**Current Arrangements**

The 2009 changes to remote area CDEP constitute a major modification, and are certainly among the most significant changes in the scheme’s long history. New CDEP participants who have joined the scheme from 1 July 2009 are ineligible for CDEP wages or ‘top up’. These participants
have a participation requirement usually up to around 14 hours per week; and instead of wages they receive income support payments directly from Centrelink. The most common payment is Newstart Allowance, paid fortnightly at a maximum rate of $474.90 for a single adult with no children ($237.45 per week). This compares to a standard adult CDEP wages payment (that is, with no ‘top up’) of $264.97 per week.

Because new CDEP participants cannot receive CDEP wages, they are unable to work additional hours for ‘top up’ pay. While they can take on part-time employment in addition to their CDEP commitments, additional part-time wages must be reported to Centrelink and the normal taper on their income support payments applies. This is significant because, as detailed previously, prior to these changes all CDEP participants could earn additional income up to around $5,000 per quarter while still being eligible for a full CDEP wages payment. Continuing (or ‘grandfathered’) CDEP participants who joined the scheme prior to 1 July 2009 are eligible to continue receiving CDEP wages and ‘top up’ ‘until at least 1 April 2012, as long as they remain eligible’ (FaHCSIA, 2011a). Eligible participants are those who do not take an unapproved break of more than two weeks.

The net effect of these changes to CDEP under the Howard and Rudd governments has been a dramatic decline in participant numbers, from around 35,000 in 2004 to just under 10,500 in February 2011. Approximately 55 per cent of these participants are in receipt of CDEP wages; the remainder work with CDEP providers but are paid income support (Senate Community Affairs Legislation Committee, 2011:CA47).

The future of CDEP after April 2012 is not yet clear. Prior to February 2012 the Commonwealth Government’s policy was that CDEP wages and ‘top up’ for grandfathered participants would be progressively phased out on a community-by-community basis between 1 April and 30 June 2012. The plan was that from 1 July a new system of CDEP would be put in place in which no wages were paid to participants but those who were eligible would be moved onto income support payments from Centrelink. While participants in receipt of unemployment payments would still be formally required to attend CDEP activities for 14 hours per week, this would transform CDEP very clearly into a form of ‘work for the dole’. As of February 2012, however, this forecast change has been postponed for an indefinite period, ostensibly to ‘provide stability’
for CDEP providers and those participants still in receipt of CDEP wages (Macklin in Karvelas, 2012). Exactly how this provides stability is unclear, particularly because this is the second time the planned phasing out of CDEP wages has been postponed. Presumably, CDEP providers are again left wondering about the future of the scheme.

More details about the Government’s plans for CDEP are expected no later than May 2012 when the Commonwealth Budget is released. It does, however, remain a distinct possibility that CDEP wages will be removed for all participants. The next sections outline recent research on the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands which suggests that, should the Government continue to pursue this approach, there is significant cause for concern that socio-economic outcomes for many remote-living Aboriginal Australians may deteriorate.

**CDEP on the APY Lands**

The APY Lands occupy just over 100,000 square kilometres in the remote, arid north-west corner of South Australia (Figure 1). These lands are Aboriginal owned under inalienable freehold title under the *Anangu Pitjantjatjara Yankunytjatjara Land Rights Act 1981* (SA). The traditional owners of the APY Lands are Pitjantjatjara, Yankunytjatjara and Ngaanyatjarra peoples, often collectively referred to as Anangu. More than 2,000 Anangu live on the APY Lands in a number of dispersed communities and up to 100 small homelands.

The 2006 Census records that 46 per cent of Anangu on the APY Lands aged 15 years and over were employed at that time. A further 51 per cent were outside the labour force and only around 3 per cent were unemployed. These data may seem surprising but they reflect the fact that the census counts CDEP participants as employed. According to the census, in 2006 less than one-quarter of employed Anangu had jobs outside of CDEP. On this basis, if the CDEP scheme were to be removed from the APY Lands without additional intervention, the unemployment rate among Anangu would be around 77 per cent. Among Anangu employees on the APY Lands, well over half (57 per cent) are employed in public administration and safety. This is followed by health care and social assistance (23 per cent) and education and training (13 per cent). Together, these three industries account for almost 93 per cent of Anangu employment on the Lands.
Not surprisingly given the employment profile, average incomes of Anangu on the APY Lands are very low. According to the 2006 Census, over three-quarters (76 per cent) of Anangu aged 15 years and over had weekly incomes below $250 at that time. This was well below the national median of $466 per week and reflects the high proportion of Anangu in receipt of CDEP wages or social security payments. As in many remote communities, costs of living for Anangu can be quite high. There have been reports that the high costs of store-bought food and fuel mean that some Anangu are going without fresh foods for several days in each pay period.

CDEP was introduced to the APY Lands in 1978. For its first 30 years on the Lands CDEP was administered separately in each participating...
community by the appropriate community council, and up to 16 CDEP programs were running at any one time. Participant numbers increased through to at least the early 1990s when they reached over 1,100. As elsewhere in remote Australia, CDEP had become well entrenched by this time, accounting for 86 per cent of all employment on the APY Lands and generating more than 55 per cent of all personal cash income for local Anangu (see O’Connor, 2010:unpaginated). Some years earlier, a review had found that nearly half of all Department of Aboriginal Affairs funding for the APY Lands was paid through the CDEP scheme (Bonner, 1988:110).

As noted previously, from around 2004—when overall administration of CDEP was transferred to DEWR—the Commonwealth Government placed an increasing emphasis on transitioning CDEP participants into non-CDEP jobs. This was the case even for remote area CDEPs. Some preliminary changes were made to CDEP on the APY Lands, including a tightening up of payments (such as restrictions on ‘top up’) and a reorientation of the kinds of work people could do under the scheme to focus more on mainstream job readiness. In 2006 DEWR representatives also flagged that they would review arrangements for CDEP and that they wanted a more regional focus on the APY Lands so that issues could be addressed with a ‘Lands wide view’ (APY, 2006a:6, 2006b). Under DEWR the number of CDEP providers on the APY Lands began to decline, from 16 in 2004 to 10 in 2006 (Sinclair Knight Merz, 2005; Paper Tracker, 2008).

In 2007 DEWR announced that it would regionalise the delivery of CDEP on the APY Lands so that one provider would be responsible for all communities. The provider would be decided through competitive tender; and organisations based off the Lands would be able to compete for the contract. In June 2007 a 12 month contract was awarded to Bungala Aboriginal Corporation (Bungala), an Aboriginal organisation based around 800 kilometres south-east of the APY Lands in Port Augusta. This reflects a broader trend towards competitive tenders for publicly-funded service delivery, as well as a parallel shift away from community control of local CDEP administration in the Northern Territory.

Bungala has a long history of delivering CDEP; in terms of participant numbers it is by far the biggest CDEP provider in South Australia and, in terms of area, it is one of the biggest in Australia. Between 1994 and
2007 it ran a large CDEP program in Port Augusta; it has also delivered CDEP to Port Pirie, Whyalla, Coober Pedy, Oodnadatta and the Flinders Ranges. It is a relatively large organisation, employing almost 50 staff, including 24 based permanently on the APY Lands. As of March 2011, it administered around 410 CDEP participants on the APY Lands, with these numbers concentrated in the larger communities.

Bungala strategy in the APY Lands has focused on the transition of CDEP participants into non-CDEP jobs wherever possible. Bungala describes this as based in its ‘philosophical belief’ that the CDEP program should:

- facilitate employment and training opportunities that articulate to economic independence for Aboriginal people. This can be achieved when CDEP is used as a vehicle to expose participants to the replication of a real employment situation (Bungala, 2010).

The presence of permanent staff on the APY Lands is central to Bungala’s efforts to enforce a ‘no work no pay’ policy and supports the organisation’s strong focus on participant engagement. Bungala reports that, while there was initially resistance from some participants to their attempts to enforce ‘no work no pay’, over time its effect was to increase engagement from 54 per cent in July 2008 to 76 per cent of ‘grandfathered’ participants (those still in receipt of CDEP wages) in March 2011. This means that in March 2011 just over three quarters of ‘grandfathered’ CDEP participants were regularly turning up to work or training. At the same time, average hours worked for ‘grandfathered’ participants were just over 10 hours per week: that this is less than the required minimum of 14 hours likely reflects both the particular challenges of enforcing engagement in remote areas and the contingencies for approved or explained leave. According to Bungala, in applying the ‘no work no pay’ principle its staff first seek to make contact with any participants who have failed to attend work. Participants are given an opportunity to explain their absence before any pay is deducted, and no deductions are made if legitimate reasons can be offered.

Bungala has also sought to create an ‘internal labour market’ in its CDEP operations on the APY Lands. Some participants who have demonstrated reliability and productivity at work are rewarded with the opportunity of working additional hours for ‘top up’ pay. In March 2011 around 17 per
cent of eligible participants worked extra hours for ‘top up’, up to a maximum of 28 hours. ‘New’ CDEP participants in receipt of income support and those on homelands are excluded from this calculation because neither can claim ‘top up’, in the former case because of program rules and in the latter case because they are expected to work without supervision and additional hours cannot be verified.

CDEP activities facilitated by Bungala on the APY Lands have included fencing; office work; planting and maintenance of fruit orchards and vegetable gardens; a number of major landscaping projects; grounds keeping; building construction, maintenance and repairs; cooking programs; small enterprise development like cattle and camel mustering; and the fit-out of a parents and children’s centre that is now delivering family services. All of these projects aim to develop basic work skills and a work culture by enforcing ‘no work no pay’ and offering industrious workers additional hours so they can earn ‘top up’ pay. Participants also acquire basic skill-based competencies and, where appropriate, work with qualified tradespeople and utilise existing vocational qualifications.

As well as community development projects, Bungala delivers work readiness services, including the facilitation of accredited training (such as certificates in land management, engineering, metalliferous mining and business administration) and pre-vocational training (such as financial management, driver license training, machine operation and English language literacy).

Between July 2009 and March 2011 CDEP participants on the APY Lands have commenced 235 accredited vocational education and training (VET) courses and completed 117. From July 2008 to March 2011 Bungala has placed 217 CDEP participants into non-CDEP jobs and 38 into subsidised work experience placements. Organisations employing former CDEP participants have included local community arts centres, schools, community stores, private building contractors, government agencies and one mining company. Interpreting these figures requires some care, because the period since 2009 has been an unusual one in which governments have provided specific funding to create additional non-CDEP jobs for Anangu on the APY Lands. In 2009–10 this included funding for 61 of the 88 positions filled (69 per cent). In 2010–11 it included funding for 28 of the 95 positions (29 per cent).
The difficulty in transitioning CDEP participants on the APY Lands into mainstream jobs should not be underestimated. English literacy and numeracy levels are very low, opportunities for non-CDEP work are limited, and most CDEP participants enter the program with little or no experience of the formal workplace. Many individuals have physical and/or mental health problems, including some who face such significant personal barriers to employment that they may never be able to accommodate full-time or regular work. In addition, as in other parts of remote Australia, Indigenous patterns of relatedness and social obligation mean that the ongoing negotiation and maintenance of social and cultural relationships is often prioritised over employment commitments (see for example Vickery and Greive, 2007). A commonly cited example is attendance at funerals or other important ceremonies which may continue over several weeks and preclude participation in paid work during these periods.

**Emerging Evidence of the Impacts of Changes to Remote Area CDEP**

The evidence presented here about the changes to CDEP on the APY Lands since 2009 is drawn from preliminary analysis of administrative data from Bungala and interviews with 15 Anangu in October 2010. It forms the first stage of a three-year research project that will continue to December 2013. Preliminary fieldwork allowed examination of how some Anangu perceived the changes to CDEP. The number of Anangu consulted is small and the views expressed cannot be assumed to be representative of those held by Anangu as a whole. Nonetheless, the sample includes some senior and highly respected Anangu selected purposefully because of their position, as well as individuals selected randomly and from various communities to ensure opportunity for broader input. With this in mind the research revealed perhaps a surprising uniformity of response. Administrative data are used to examine whether concerns raised by Anangu appear to be playing out in practice.

It is first important to note that Anangu participants in this study did not see CDEP as a panacea. Among some Anangu there is an expressed desire for non-CDEP jobs that can raise incomes above either CDEP wages or unemployment payments and help to overcome the absolute
poverty often experienced. Some said that neither CDEP wages nor unemployment payments are enough to meet their basic material needs. A number of Anangu also pointed to ways in which CDEP could be improved, especially by offering additional services.

However, most Anangu in the study also pointed to benefits of CDEP, including the pride generated by participation in the scheme, the opportunity to undertake productive and valued activities and the facilitation of training and experience that could lead to non-CDEP work. Several pointed to ways in which CDEP supports community functioning as well as culture and individual aspirations. Most expressed a desire that Anangu of working age should be actively engaged in productive activities; some saw participation in CDEP as a positive outcome in itself, particularly in an environment where non-CDEP jobs are limited; others identified it as a potential stepping stone to further employment and an opportunity for positive role modelling to children. While some expressed an aspiration to stay and work on country, others talked about CDEP helping younger Anangu who might want to try and find work elsewhere. Typical of these perspectives are the following two quotes from respondents in Amata and Yunyariny respectively:

“We’re happy with CDEP now, we do work that supports culture. Anything that needs doing, needs to be built [we do with CDEP] … It gives people a start.”

“CDEP’s a good thing for young people to get jobs—they do training, get certificates, might find a salaried [non-CDEP] job somewhere.”

Most pertinently to the focus of this article, without exception the Anangu participants in this study said that the scheduled shift from CDEP wages and ‘top up’ onto income support would be detrimental because it would encourage a return to ‘sit down money’ and undermine the incentive to turn up to CDEP work. None of the Anangu consulted saw this as an appropriate way to facilitate movement into mainstream jobs and some were concerned that, even if income support recipients had compulsory activity requirements under Centrelink rules, they would not fulfil them. Several Anangu were deeply concerned that returning able-bodied people to unemployment payments would exacerbate social problems on the APY Lands. Participants variously described this change as likely to lead to an increased incidence of passive welfare, substance
abuse, violence and community dysfunction, including serious concerns that it would lead to an increased incidence of suicide or alcohol or drug related deaths. These two responses from Anangu in Umuwa and Amata are typical of those from the respondent group:

“With Bungala we know them. They have a plan for our future. Centrelink they have no plan for Anangu, people just get on Centrelink and go down the shop and buy tucker and sit down for fortnight. But I think about the future of our people.”

“If you can get Centrelink working right in towns first [where there are jobs], then come back to us … People are living and dying on Centrelink in town.”

These concerns have clearly been shaped by Anangu experiences with unemployment payments in the past, as well as the perception that these payments are not providing a path to paid employment even in bigger towns where there are more jobs available. Administrative data give some indication about whether these concerns are warranted in relation to the recent changes to CDEP.

Because employment outcomes take some years of investment to flow through, thorough evaluation of the effects of the 2009 policy changes is likely to require ongoing review for several years. Nonetheless, there have been some immediately positive changes, such as additional funding from State and Commonwealth Governments for the conversion of some CDEP positions in government service delivery into fully-funded non-CDEP jobs. However, there are also some preliminary indications that present cause for concern.

The most obvious is the pattern of participant engagement. This refers to the proportion of CDEP participants regularly attending work or training. It should be clear from earlier discussion that Bungala’s strategy for moving CDEP participants into non-CDEP jobs is centred on participant engagement and modelling of a mainstream work environment through incentive structures with ‘top up’ pay. Bungala reports that participant engagement has become increasingly difficult since July 2009. As of 17 March 2011 just over 76 per cent of ‘grandfathered’ participants (those receiving CDEP wages) and only 24 per cent of new participants (those receiving income support payments) were regularly turning up for work or training. The relative lack of engagement of new participants is also demonstrated by average work hours. In March 2011 the average work
hours for ‘grandfathered’ participants was 10 hours per week. New CDEP participants were only attending scheduled work or training for less than five hours. There appear to be several factors contributing to the relatively low engagement of new participants.

Firstly, while Bungala continues to enforce the ‘no work no pay’ rule for ‘grandfathered’ participants, it has no capacity to do so for the new CDEP participants on income support. While they are formally required to fulfil their mutual obligation requirements (usually participation in CDEP) in return for these payments, evidence to date suggests it is uncommon on the APY Lands for this to be enforced. There are a number of reasons why this is the case, including a legislative requirement that before Centrelink applies any penalty for a ‘participation failure’ the relevant decision maker within Centrelink must first ‘establish whether the job seeker had a reasonable excuse for failing to meet their requirements’ (Commonwealth of Australia, 2009b). Most investigations regarding the non-compliance of Indigenous income support recipients in remote communities are referred to a Centrelink ‘Participation Solutions Team’ which includes specialist staff such as social workers. DEEWR (2011a) advises that where an individual’s explanation for non-compliance:

\begin{quote}
suggests that cultural reasons may impact on the determination, consultation with Indigenous specialist staff may occur to inform the assessment of whether a job seeker has a reasonable excuse.
\end{quote}

Centrelink clients may also be assigned a ‘Vulnerability Indicator’ for reasons such as significant caring responsibilities, significant limits to English literacy or language skills, mental illness or drug and alcohol dependence. This is taken into account by the Participation Solutions Team when deciding if a penalty should be applied. Consequences for non-attendance can include ‘no show, no pay’ penalties (intended to operate something like existing ‘no work no pay’ arrangements) or eight week non-payment penalties for repeated non-compliance. However, if Centrelink deems that imposing an eight week non-payment penalty on an income support recipient would place that person in ‘severe financial hardship’ then Centrelink must reinstate their payment. Severe financial hardship is here defined to include individuals who have less than $2,500 in liquid assets or parents or couples with less than $5,000 (Commonwealth of Australia, 2009b). Under these guidelines, many remote Indigenous income support recipients could be deemed
vulnerable and/or in severe financial hardship. In addition, the arrangements for instituting even the smaller ‘no show, no pay’ penalties can be slow and cumbersome, requiring reference from a CDEP organisation and a Job Services Australia provider before Centrelink can begin an investigation. The result of these processes is that, in practice, new CDEP participants on the APY Lands may not experience any financial penalty for failing to attend work or training. Where financial penalties are imposed, they are often incurred some considerable time after the original participation breach.

Given the very low average incomes and multiple disadvantages of many Anangu on the APY Lands, concerns about vulnerability and financial hardship are very real. Investigations into the reasons for non-compliance are of course also warranted. Nonetheless, a relative lack of financial penalty for non-participation in mutual obligation activities generates a perverse incentive for new CDEP participants to either not turn up to CDEP or exit the scheme in favour of registering for unemployment payments or other forms of income support for which they may be eligible. In this context it is certainly possible that a further shift away from CDEP wages would accentuate the ill-effects of passive welfare that are of clear concern to Anangu participants in this research.

The second factor contributing to the relatively low engagement of new CDEP participants is that, while Bungala has attempted to develop the equivalent of an internal labour market by offering additional work and pay to reliable workers, new participants are ineligible for ‘top up’ paid from CDEP wages. In March 2011 around 17 per cent of eligible ‘grandfathered’ participants on the APY Lands were working additional hours for ‘top up’ pay. This option is not available to new participants. The inability to pay ‘top up’ wages to new participants as a reward for work effort removes a key incentive to turn up to work and to work industriously once there. In short, a combination of this change and the lack of enforcement of mutual obligation for new participants seems to have weakened both the ‘carrot’ and the ‘stick’ that had formerly encouraged active engagement among a majority of CDEP participants on the APY Lands.

If CDEP wages are removed entirely then the ability to earn ‘top up’ from CDEP wages funds will also be foreclosed for ‘grandfathered’ participants. Under this scenario not only would the incentive effect of ‘top up’ wages be removed, but the incomes of some Anangu would be
reduced. Those who have been earning ‘top up’ wages to date would obviously incur this loss but so too would those whose partners earn relatively high incomes, meaning they would not meet the eligibility criteria for the full unemployment payment. The number of people in this latter category may be small, but for many Aboriginal people in remote Australia any loss of income would be keenly felt.

Conclusions

The ongoing changes to CDEP raise a number of important questions, both for the future of the scheme and the design of Indigenous policy more generally. Most broadly, they highlight the Commonwealth Government’s focus on trying to increase Indigenous engagement in the mainstream labour market (and other institutions such as formal schooling) through the instruments of mutual obligation requirements and welfare conditionality. In very general terms, this can perhaps be seen in two stages: first, the progressive recasting of CDEP from direct job creation and a liberal definition of work towards the more recent emphasis on transitioning participants into unsubsidised jobs; and second, the removal of CDEP wages to bring CDEP participants fully into the realm of the social security system with central administrative control.

These processes suggest that, at a minimum, the government is seeking to inculcate work discipline and create ‘job-ready’ subjects’. This fits well with the Australian Labor Party’s rhetoric that participation in paid work is a personal responsibility of all capable citizens (see for example Swan, 2011). Ultimately, the government’s hopes are for moving people off welfare and publicly-funded employment programs into mainstream jobs. However, while there is an expressed desire for paid work among many remote-living Aboriginal people, as noted earlier there is also an increasingly well-documented tension between the demands of paid employment and some important features of many Aboriginal peoples’ socio-cultural realities. In particular, the prioritisation of social and cultural obligations over employment commitments may reflect deeply ingrained cultural forms that, at least in some contexts, are central to Aboriginal identities and world views (see Austin-Broos, 2006; Gibson, 2010; Jordan, 2011; McRae-Williams and Gerritsen, 2010).
From this perspective, the successive changes to CDEP can be seen as an attempt to forcibly impose Western social and economic norms on peoples who often have very different priorities. It is useful here to reflect on the long inculcation of the value of paid work in Western societies, with the idea that paid employment is a ‘rational’ use of our a time rather than a product of particular historical circumstances (Edgell, 2006). While the Anangu participants in this study did profess a desire for active participation in CDEP in return for wages and, in some instances, an aspiration for non-CDEP work, increasing Anangu engagement with paid employment—and the particular disciplines and temporal demands that this entails—is a process fraught with tensions that are not easily addressed. Certainly, these tensions are much more complex than a focus on altering incentive structures for the receipt of government payments allows.

This leads to the second concern raised by this article, which relates to the effectiveness of the Commonwealth Government’s increasing reliance on welfare conditionality to seek to induce behavioural change. Even if one believes that maximising Indigenous participation in Western work institutions is an appropriate policy goal, the question becomes what kind of institution is best place to facilitate it. As noted earlier, the move away from CDEP wages removes responsibility for enforcing penalties for non-participation from individual CDEP organisations and centralises this responsibility in bureaucratic processes through Centrelink. This is philosophically consistent with other policies such as compulsory income management in the Northern Territory and the Improving School Enrolment and Attendance through Welfare Reform Measure (SEAM) that enables the suspension of welfare payments for parents who do not ensure their children attend school. It is also broadly in line with international trends towards new forms of welfare conditionality and attempts to more strictly enforce participation requirements among welfare recipients.

There are complex ethical and ideological concerns here that are properly the subject of debate. Not least of these is whether manipulating eligibility rules for welfare payments to try to force increased engagement with mainstream economic institutions is appropriate. However, the analysis presented in this article also suggests we should query the capacity of the state to administer and enforce such approaches, particularly in remote areas where it has little sustained oversight in practice. At least in the context of enforcing CDEP
participants’ engagement with that program, centralised administration through Centrelink appears much less efficient and effective than placing direct responsibility with organisations that have a greater presence on the ground.

One possible response to suggestions that Centrelink has not been widely enforcing breaches in remote areas is to seek to ensure that penalties for participation failures are more strictly upheld. This seems to be the approach presently favoured by the Commonwealth Government, with data for the Northern Territory showing a recent increase in the number of welfare breaches for income support recipients in prescribed Aboriginal communities (FaHCSIA, 2011b:45). The government has also introduced revised compliance measures under the Social Security Legislation Amendment (Job Seeker Compliance) Act which seek to tighten the enforcement of mutual obligation for job seekers in receipt of income support payments (DEEWR, 2011b:2).

However, even if penalties for non-compliance are more strictly enforced, there is no evidence that the mutual obligation requirements of new CDEP participants will be better able to facilitate mainstream employment outcomes than the same activities formerly undertaken for CDEP wages. This is particularly so given that the complex barriers to Indigenous employment in remote regions remain relatively unchanged. The emerging evidence from the APY Lands suggests that the current emphasis on moving away from CDEP wages may be counter-productive. With the policy settings now apparently seeing Anangu CDEP participants disengaging from productive work in favour of passive welfare, there should be some alarm bells ringing that perhaps policy-makers have got it wrong. Notably, similar concerns about an increase in ‘sit down money’ as a result of these policy changes are also being raised elsewhere (see for example Karvelas, 2012). In this context the compatibility of the new CDEP arrangements with the government’s stated aim of ‘closing the employment gap’ will need to be further interrogated over time. At best, the evidence to date suggests significant cause for concern.

Kirrily Jordan is a Research Fellow at the Centre for Applied Aboriginal Economic Research, Australian National University

kirrily.jordan@anu.edu.au
References


