

**Submission
No 8**

**INQUIRY INTO ECONOMIC DEVELOPMENT IN
ABORIGINAL COMMUNITIES**

Name: Dr Kirrily Jordan

Date received: 10/10/2015

09 October 2015

The Director
Standing Committee on State Development
Parliament House
Macquarie St
Sydney NSW 2000

Submission to the Inquiry into Economic Development in Aboriginal Communities

Dear Director,

The attached comments are a brief response to the Inquiry into Economic Development in Aboriginal Communities.

I make this submission in my capacity as Research Fellow at the Australian National University's Centre for Aboriginal Economic Policy Research, where I have worked since 2008.

By way of background, CAEPR is a research centre that has been at ANU since 1990. Its role is to contribute to better outcomes for Indigenous Australians by engaging in constructive academic and public policy debates based on evidence-based research. It should be noted though that CAEPR does not adhere to any corporate view and this submission focuses on my own research.

My principal research focus is Aboriginal employment and, since 2010, the implications of the closure of the Community Development Employment Program (CDEP) for Aboriginal people, communities and organisations. I have been particularly concerned with two case studies: remote central Australia and the far south coast of New South Wales.

In this submission I focus on the far south coast of New South Wales. While it is only one case study I believe there may be lessons for other regions in the State that the Committee could consider more broadly. I emphasise that the submission reflects my own views and in no way do I represent or speak for the people or communities of the region.

Sincerely



Dr Kirrily Jordan
Research Fellow

Submission to the Standing Committee on State Development Inquiry into Economic Development in Aboriginal Communities

Kirrily Jordan

In this submission I suggest there are ongoing implications resulting from the closure of CDEP on the far south coast of New South Wales that continue to hamper economic development for Aboriginal people and communities in the region. While it may seem unusual to discuss Economic Development in Aboriginal Communities in 2015 with reference to a program that ceased across most of NSW in 2007, I do this for three major reasons.

1. There is evidence that, at least on the far south coast of NSW, CDEP was an effective facilitator of economic development in complex and challenging circumstances.
2. Since CDEP closed there has been nothing equivalent to adequately replace its function in supporting economic development for Aboriginal people and communities in the region.
3. Identifying what worked well in CDEP can assist in designing strategies for better supporting economic development into the future.

These three issues are taken up in turn.

CDEP helped facilitate economic development

Although CDEP was originally envisaged as a program for remote areas, it was expanded into regional and urban locations from 1987. It involved the provision of block grants from the Commonwealth government to local Indigenous community councils or incorporated organisations. These funds were used to employ participants on a wide range of local community development, service provision and social and economic enterprise projects. The block grants were based on the notional and approximate amount that participants would have been paid in unemployment benefits, factored up to meet administrative costs and for the provision of capital items and equipment to support projects.

As in remote areas, the non-remote CDEPs had a variety of aims including income support, enterprise development, employment creation, cultural production, institutional and financial support for self-management and investment in community infrastructure and equipment.

Major reviews in the early 1990s were largely favourable towards CDEP, including its operation in rural and urban areas. The 1991 Royal Commission into Aboriginal Deaths in Custody (RCIADIC) suggested that “despite its shortcomings and considerable room for improvement, [CDEP] is one of

the most successful programs presently operated by the government” (RCIADIC 1991: 437). It documented examples of ‘successful’ CDEP schemes supporting enterprise development, the construction of community infrastructure and a lessening of problems like alcohol abuse, violence and criminal behaviour. The Commission’s recommendations for CDEP included that the government consider further expanding it “(or some similar program) to rural towns with large Aboriginal population and limited mainstream employment opportunities for Aboriginal people” (RCIADIC 1991: 439). Following the Royal Commission the Australian Government substantially increased the number of CDEP participant places.

In 1992 a parliamentary review into the specific needs of urban dwelling Indigenous Australians (‘Mainly Urban’) found CDEP “proving of great value in rural towns” where there was intractable and structural Aboriginal unemployment (HORSCATSIA 1992: 114). In these and other non-remote areas there was evidence that it engaged participants in a wide range of productive activities as well as providing “valuable social effects” including improved self-esteem within Aboriginal communities, increased school attendance among children, improved relations with non-Aboriginal people in country towns and a lessening of social problems associated with unemployment (HORSCATSIA 1992: 116). Like the Royal Commission it recommended increasing the coverage of CDEP, here suggesting a substantial expansion particularly into urban areas (HORSCATSIA 1992: 120).

CDEP was introduced to the NSW far south coast in 1989 when the Wallaga Lake Koori Village opted in to the scheme. Setting up CDEP also meant establishing an administering organisation—this became Wallaga Lake CDEP Inc, an incorporated organisation with an Aboriginal board and originally with Aboriginal management. By 1995 new schemes in Bega and Eden were amalgamated with Wallaga Lake, with a work shed and work crew in all three areas. The combined total of up to around 120 people was initially administered centrally from Wallaga Lake (and later from Bega). Those working for CDEP were employed in a range of work projects, many of which incorporated formal training and some of which brought a commercial return.

Notably, the scheme was used to support several enterprises including the Umbarra Cultural Centre (just outside Wallaga Lake community) which sold locally produced arts and crafts, maintained a small museum for visitors and ran boat tours on Wallaga Lake and 4WD tours on Guluga mountain. CDEP was also used to establish a number of additional small enterprises, including commercial cardboard recycling, lawn mowing and a firewood scheme that serviced both Aboriginal and non-Indigenous residents of the south coast. Self-generated funds raised through these enterprises allowed industrious workers to earn additional ‘top-up’ pay over and above their standard CDEP wages, as well as facilitating investment in other economic development projects. In seeking economic development opportunities and supporting a range of community services,

Wallaga Lake CDEP Inc invested in substantial capital and equipment. This included tractors, trucks, a boat, chainsaws and logsplitters, as well as land that was intended for development to bring a commercial return.

Even though they remained underwritten by CDEP, enterprises like those run by Wallaga Lake CDEP Inc should not be seen as commercial failures. Rather, they were effective state-supported microbusinesses that generated employment and additional income for communities as well as a range of essential socio-cultural objectives. They helped to develop skills (including formal qualifications), encouraged regular work routines, instilled pride and self-esteem, helped to address complex social problems and improved relationships including with the broader non-Indigenous community. While CDEP was not without its problems, all these things helped develop the foundations for future economic development success in the long term. In addition, CDEP participants provided a source of subsidised labour for other organisations in the region including Local Aboriginal Land Councils; this meant the scheme was a cost-effective way of increasing the capacity of LALCs to support their own economic development plans.

Existing programs and institutions have not adequately replaced CDEPs economic development function

In October 2006 Kevin Andrews—then the Howard Government’s Minister for Employment and Workplace Relations—announced that CDEP was “performing strongly” in one of its functions—the transitioning of participants into non-CDEP jobs. This was true, he said, including in urban areas, and while he was “delighted with this result” he looked forward “to even better results in the future” (Andrews 2006a).

Less than one month later, however, the government determined that CDEP was not doing enough to transition participants into mainstream employment. On 6 November Andrews announced the government’s intention to close CDEP in urban areas and major regional centres. Replacing CDEP with the Structured Training and Employment Projects (STEP) brokerage service would “increase the focus on placement directly into jobs taking advantage of the strong employment opportunities provided in these areas” (Andrews 2006b).

The STEP employment related services were fundamentally different to CDEP. They provided funding and assistance to employers to take on Indigenous staff. Assistance could include, for example, pre-employment training services, the development of Indigenous recruitment strategies, and post-placement mentoring services for Indigenous employees. They focused on individual employment outcomes rather than the much broader focus of CDEP on the economic, social, cultural and institutional development of communities.

In July 2007 around 60 urban and regional CDEPs were closed. These were all deemed to be in areas with strong labour markets, corresponding to unemployment rates of below 7 per cent. The closures directly affected around 6,000 people nationally who had been participating in these non-remote schemes. Former CDEP participants were required to sign up to mainstream job services providers for assistance in finding individual employment with mainstream employers, and were now entitled only to welfare payments rather than CDEP wages.

Unfortunately, a proposed government review of the impacts of closing CDEPs in urban areas in 2007 was terminated very shortly after it commenced, and no results have been publicly released (SCRGSP 2009: 4.71). Some evidence of the effects of closing non-remote CDEPs—garnered from questions put to a federal Senate committee—suggested that by March 2009, 40 per cent of former participants were receiving unemployment benefits. It was not known how many had moved into alternative employment or how many had exited the labour force. In the absence of more evidence at the national level, the remainder of this submission focuses on local evidence from the closure of CDEP on the NSW far south coast.

On 1 July 2006 administration of the far south coast CDEP was transferred by the Commonwealth Department of Employment and Workplace Relations (DEWR) from Wallaga Lake CDEP Inc to Campbell Page, a not-for-profit company delivering the Australian Government's Job Network and other employment services.

Although it had been generating a significant amount of its own income, Wallaga Lake CDEP Inc was informed by DEWR that it would not be able to trade beyond 30 June 2006, and that it would be wound up as a corporation. A liquidator was appointed to sell off the corporation's assets and finalise its liabilities. This was well before DEWR had announced the intended closure of non-remote CDEPs and took CDEP supervisors and participants on the far south coast by surprise. After nearly 20 years of operation they were given only 15 days notice that they would be wound up. Campbell Page continued running CDEP until late 2007, when it became one of the 60 or so programs in non-remote locations that were closed.

The closure of the Wallaga Lake CDEP was experienced by many local people as sudden and unexpected. When Wallaga Lake CDEP Inc closed it had around 80 participants. Around 50 were transferred to Campbell Page in July 2006, and by late 2007 when the Campbell Page scheme closed there were still around 50 remaining participants whose employment was terminated. This constituted a large proportion of the paid Koori workers on the far south coast at that time.

Most of the enterprises established by Wallaga Lake CDEP were closed. The few exceptions included the Umbarra Cultural Centre which managed to stay open with a skeleton staff of three

people for around 18 months without CDEP wages until available non-CDEP funds were exhausted. The cardboard recycling enterprise at Eden remained running, again with reduced staff. It continued operating until around 2012 but was never able to employ more than three people in the absence of CDEP wages.

In Bega, Eden and Wallaga Lake unemployment increased significantly, and labour force participation rates declined (see Jordan forthcoming). While recent data are not yet available, discussions with local residents suggest that most people who had been employed in CDEP on the far south coast have not since found stable employment.

At the same time, not only did most of the CDEP enterprises close, but most of the CDEP equipment—including trucks and machinery—was no longer available for community purposes. Although many assets had been purchased in part with funds self-generated through CDEP enterprises, DEWR deemed that these were CDEP assets and should therefore be transferred to Campbell Page to continue running CDEP. There are different recollections about which assets were transferred to Campbell Page, but general agreement that the only large assets retained by Aboriginal organisations were the boat used for tours at Umbarra Cultural Centre and the truck used for the recycling enterprise at Eden.

Some CDEP participants recall that DEWR requested all other items be returned—including lawn mowers, whipper snippers, chainsaws, metal working equipment and even the diesel pump in the dam at Wallaga Lake that had helped irrigate the market garden. Many remain deeply disappointed that vehicles, equipment and land they helped purchase through their own labour in CDEP enterprises were effectively lost to the community. It is a common concern that without new funding for equipment, many of the productive activities undertaken through CDEP cannot be done even though there are willing workers.

Other common concerns include the broader effects on individual and community wellbeing. It is widely agreed that closing CDEP had a profound effect on morale—while people saw CDEP as a job and were usually keen to participate, they were enormously disheartened by the decision to close CDEP with no consultation and little explanation. Faced first with the forced removal of the program from community control, and then the loss of employment, closure of enterprises, and pressure to return assets that were seen as belonging to the community, people felt both angry and disempowered.

Many people perceive that relationships have also deteriorated, both within Koori communities and between Aboriginal people and others on the far south coast. By focusing on the community, rather than just individual employment outcomes, CDEP had provided a forum for different families and

communities to work together, as well as physical spaces for people to meet and talk in CDEP offices and sheds. Enterprises like lawn mowing and firewood delivery also provided opportunities for Aboriginal and non-Aboriginal people to interact in positive ways, going some way to challenge negative stereotypes on both sides.

It is a common perception that in the absence of CDEP a range of social problems on the far south coast have increased, including lateral violence and substance abuse among Aboriginal people. All of these issues are critical to address not only as central to individual and community wellbeing but also as essential foundations for sustainable economic development.

By 'replacing' CDEP with STEP and mainstream Job Network and referral services the focus has shifted principally to individual employment outcomes; this approach has not adequately replaced any of CDEPs functions and there is an ongoing absence of appropriate support for broader community, enterprise and economic development goals.

Designing strategies for the future

I document these research findings from the far south coast of NSW because I believe that relevant insights for the design of future economic development strategies may be derived. In particular, I note here some of the effective elements of CDEP that the committee may wish to consider as design principles.

1. Community control and consultation

One of the founding principles of CDEP was that it was to be managed by local Aboriginal incorporated organisations, with oversight from the Commonwealth funding body. It was offered on an 'opt in' basis and local communities took ownership of the program including what would constitute employment and appropriate community and enterprise development in line with local priorities, aspirations, and opportunities. On the far south coast, as in other regions, CDEP organisations creatively pursued local opportunities often in partnership with other employers or service providers, developing local knowledge and networks to support a combination of economic, social and community development goals. For example, the firewood enterprise meant negotiating a contract with Forests NSW to harvest firewood from State Forests and on-sell it to retailers. It required CDEP participants to be formally trained in first aid and licenced by registered training providers to use chainsaws for tree falling. As well as generating significant commercial returns that could be reinvested as wages or capital investment it facilitated the free delivery of firewood to elderly Aboriginal residents of the region.

Research in North America has shown that approaches premised on community control are most effective in facilitating Indigenous development. They allow communities to build institutional capacity, define shared priorities, and develop projects that have strong local support; in these ways they embed projects in environments of agreed and established practices where they can develop and maximise chances for success over the long term (see Hunt 2011). On the far south coast of NSW this contributed not only to creating employment and enterprise opportunity but also to less tangible outcomes like morale, pride and enthusiasm among Aboriginal workers that were equally critical in pursuing economic development goals.

Unfortunately, the unilateral decision to close CDEP without adequate consultation has been detrimental to morale, but local people continue to seek opportunities for economic development and have a range of ideas for development projects that could be facilitated with appropriate consultation and adequate institutional and financial support. Economic development driven by Aboriginal people will require external investment. However, it is important that this is designed to “help them achieve their goals, not to impose some goals derived externally upon them” (Hunt 2011: 5).

2. Institutional and financial support for job and enterprise creation

Institutional and financial support for job and enterprise creation is especially important where there are structural barriers to employment such as labour market shortages (as evident on the NSW far south coast); in these regions there is a strong case for government investment in job creation strategies through small social and commercial enterprises. Even if some small enterprises need ongoing subsidisation this will assist in building skills, morale and capacity and is preferable to higher rates of unemployment and long-term reliance on welfare payments as some regions have seen since the closure of CDEP.

Investment in job and enterprise creation based on community priorities would also assist in addressing ongoing concerns with employer discrimination. Some people in Koori communities on the NSW far south coast, for example, point to continued discrimination from local employers as a significant problem in that region. This perception is strongly supported by some local (non-Indigenous) job service providers who have found evidence of local employers discriminating against Aboriginal clients.

Research reported by the Australian Government’s Department of Employment also suggests that a relatively high proportion of vacancies on the south coast are filled via informal methods: that is, they are filled through informal networks or direct approaches from job seekers rather than public advertising to solicit applications (Neville 2014). Interestingly, this is one of the concerns about

recruitment methods in regional areas that the Hawke Government cited when deciding to extend CDEP into those locations in 1987. It is still the case that disadvantaged job seekers are less likely to have the appropriate networks to be aware of these vacancies, and less likely to make successful direct approaches to employers where there is real or perceived discrimination. For these reasons it is not sufficient to focus simply on employment for individuals in the mainstream labour market; economic development should also include specialised programs and funding for employment and enterprise creation driven by Aboriginal people.

This will necessarily include financial support for capital and equipment. This has, by and large, been lacking since the closure of CDEP. At Wallaga Lake, for example, a men's group has recently been established to voluntarily fulfil some of the community service functions of the old CDEP. With no regular source of funding, they successfully secured finances from the visiting drug and alcohol service to resurrect the badly dilapidated CDEP shed. Before work commences, though, they need to find funding for basic work gear like gloves and boots. Other ideas for small commercial enterprises have stalled because there are inadequate resources for capital equipment or developing a detailed business plan.

One option might include reviving something like the Community Employment and Enterprise Development scheme that provided capital grants to establish small community enterprises (which tend to be overlooked by Indigenous Business Australia), as well as the Enterprise Support Units that provided management support and technical advice.¹ For community development activities and social enterprises not likely to generate significant income, a grants scheme might also offer support, such as for capital equipment and recurrent non-wage costs. With this approach, mainstream employment service providers could contribute a portion of their existing funding (allocated to assist job seekers find work) to link these projects to formal training. An appropriate response would necessitate much further consultation with local Aboriginal people, who are best placed to identify local needs. But if governments are serious about improving outcomes for Aboriginal people on the far south coast of NSW, this may go some way to redressing what remains an ongoing policy failure.

It should be noted that CDEP funding was effective in providing institutional and financial support in that the funding model was based on recurrent grants rather than the piecemeal and often short-term funding for specific projects that LALCs often rely on now. This grant allocation model assisted with forward planning. As noted, the closure of CDEP has also left some LALCs administratively stretched as they can no longer rely on subsidised CDEP labour and cannot afford unsubsidised administrative support.

¹ These were elements of the Aboriginal Employment Development Policy (AEDP).

3. Acknowledging local realities

Economic development strategies for Aboriginal communities should reflect local realities rather than ideas transposed from elsewhere. Reflecting the original organisation of CDEP as supporting self-management, CDEP on the far south coast of NSW was managed in a way that reflected local preferences for flexibility and working with peers. Participants were rostered on for two days per week but could split those hours over four days, swap to a different two days or add an extra two days for additional 'top-up' pay. Work crews were allocated to each of the various CDEP activities, with participants rotating through the different jobs over time to multi-skill. Where one work crew needed assistance for a particularly large job, another could travel from a satellite location to provide support. This flexibility minimised boredom, exposed participants to a range of skills and work tasks, allowed accommodation of cultural and caring needs, and encouraged regular attendance by focussing on team work among peers. It is increasingly recognised that employment may be more sustainable where Aboriginal people are able to work together, rather than within predominately non-Aboriginal workplaces, and where flexibility is built in to accommodate particular employment challenges. Any economic development strategy should seek community input to ensure any such local needs are met.

In addition, economic development strategies in any context must acknowledge the range and complexity of social, educational, health and other issues among the target population. These may be understood by local Aboriginal organisations but, as noted elsewhere, "may well be underestimated by external funding bodies" (Smith 1995: 15). Where this occurs, funders may place unrealistic expectations and demands on program providers which actually detract from their ability to meet community needs. Arguably this is what occurred with CDEP; unfortunately, the program was closed with insufficient acknowledgement from policy-makers that the broader challenges to employment participation would remain, and very little attention to how the economic and community development functions of CDEP would be replaced. While this review is therefore very welcome, I recommend the committee seek out the expertise of local communities and organisations to design and implement effective and enabling strategies for economic development. As already stated they are often best placed to understand local needs.

References:

Andrews, K. 2006a. *Twice As Many CDEP Participants Get Jobs*, Media Release, 20 October.

Andrews, K. 2006b. *Indigenous Employment Discussion Paper Released*, Media Release, 6 November.

Jordan, K. (forthcoming) 'Just a jobs program? CDEP 'employment' and 'community development' on the NSW far south coast', in K. Jordan (ed.) *Better than welfare? Livelihoods, development and work for Indigenous Australians*.

- House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs (HORSCATSIA) 1992. *Mainly urban: Report of the inquiry into the needs of urban dwelling Aboriginal and Torres Strait Islander people*. Australian Government Publishing Service, Canberra.
- Hunt, J. 2011. 'Learning from Success: A Response to the Draft Indigenous Economic Development Strategy', *CAEPR Topical Issue No. 4/2011*, CAEPR, ANU, Canberra.
- Neville, I. 2014: 'Labour Market Overview of the Far South Coast (Shoalhaven, Eurobodalla and Bega Valley Shire)', Australian Government, Department of Employment.
- Royal Commission into Aboriginal Deaths in Custody (RCIADIC) 1991. *Royal Commission into Aboriginal Deaths in Custody: National report volume 4*, Australian Government Publishing Service, Canberra.
- Steering Committee for the Review of Government Service Provision (SCRGSP) 2009. *Overcoming Indigenous Disadvantage: Key Indicators 2009*. Productivity Commission, Canberra.
- Smith, D.E. 1995. 'Redfern works: The policy and community challenges of an urban CDEP scheme', *CAEPR Discussion Paper No. 99*, CAEPR, ANU, Canberra.