The CDEP scheme: administrative and policy issues

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ABSTRACT

The Community Development Employment Projects (CDEP) scheme is a program whereby Aboriginal community councils receive grants roughly equivalent to the social security entitlements of community members which are used as wages for the creation of jobs. It has been operating since 1977, during which time it has expanded to include 169 participating communities and involve 18,266 Aboriginal people. Expenditure on CDEP for 1990/91 totalled about $194 million, representing 36 per cent of the Aboriginal affairs portfolio expenditure.

This paper focuses on the nature of some unresolved administrative and policy issues relating to the CDEP scheme. Many of these issues stem from the development of the CDEP scheme as both a welfare and a workforce program with the differing policy directions, funding needs and administrative requirements that this entails. The appropriate balance between income support or welfare and employment development or workforce objectives in the scheme may appear unachievable, but the intractable and structural nature of Aboriginal unemployment in many situations makes the scheme worthy of close attention by policy makers.

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The Community Development Employment Projects (CDEP) scheme, administered since March 1990 by the new Aboriginal and Torres Strait Islander Commission (ATSIC) and formerly by the Commonwealth Department of Aboriginal Affairs (DAA), is a program whereby incorporated bodies in Aboriginal communities receive grants roughly equivalent to what was until July 1991 the unemployment benefit entitlement of community members, rather than having individuals receiving these benefits directly. Grants are used by participating community councils as wages for the creation of jobs in community development activities which, through the offer of work, are supposed to provide individuals with income roughly equivalent to that to which they would otherwise be entitled from the Department of Social Security (DSS).

The CDEP scheme was introduced on a pilot basis for remote Aboriginal communities by the Fraser Coalition Government in 1977. Aborigines in these communities were at that time only just coming to be regarded as eligible for unemployment benefits (UB) (Sanders 1985). There was, among those involved in Aboriginal affairs policy at that time, considerable concern that large scale payment of UB in these communities would be both unproductive and cause considerable social problems (DAA 1976; Coombs 1977). Something along the lines of the CDEP scheme seemed the obvious alternative.

Twelve communities participated in the CDEP scheme initially and several more sought participation. However, the scheme experienced severe budgetary and administrative problems during its early years and expanded only once, from 12 to 18 communities and from 800 to 1,300 participants, during the late 1970s. It then remained frozen at these levels of commitment during the early 1980s, while the payment of UB to Aborigines in other remote communities gradually spread (Sanders 1985). Then, in 1983, the budgetary and administrative problems of the CDEP scheme appeared finally to be resolved. The scheme began expanding and, in the process, started taking over from the DSS payment of UB. By 1985/86, the CDEP scheme involved 38 remote Aboriginal communities and 4,000 participants. (For a more detailed account of these years see Sanders 1988.)

In 1986 and 1987, the CDEP scheme became a central part of the Hawke Government's new Aboriginal Employment Development Policy (AEDP). Targets anticipating 1,600 new CDEP participants per annum over the next five years were set, as more remote Aboriginal communities joined the scheme. The scheme was also to have its 'flexibility' increased by, among other measures, extending coverage to a wider range of
Aboriginal community types and 'other situations where Aboriginal people have no alternative employment prospects' (Australian Government 1987a: 6). This seemed to leave open the possibility that the CDEP scheme would be introduced to Aboriginal communities in more settled areas of southern and eastern Australia, as indeed it was over the next three years.

Table 1. CDEP expenditure and participants, 1976/77 to 1990/91.

<table>
<thead>
<tr>
<th>Year</th>
<th>Communities participating</th>
<th>Participants (workers)</th>
<th>CDEP expenditure ($ million)</th>
<th>CDEP as % of Aboriginal affairs portfolio expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976/77</td>
<td>1</td>
<td>100</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>1977/78</td>
<td>10</td>
<td>500</td>
<td>2.0</td>
<td>1.6</td>
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<tr>
<td>1978/79</td>
<td>12</td>
<td>800</td>
<td>2.9</td>
<td>2.1</td>
</tr>
<tr>
<td>1979/80</td>
<td>17</td>
<td>700</td>
<td>3.8</td>
<td>2.7</td>
</tr>
<tr>
<td>1980/81</td>
<td>18</td>
<td>1,300</td>
<td>6.9</td>
<td>4.3</td>
</tr>
<tr>
<td>1981/82</td>
<td>18</td>
<td>1,300</td>
<td>7.0</td>
<td>4.1</td>
</tr>
<tr>
<td>1982/83</td>
<td>18</td>
<td>1,300</td>
<td>7.4</td>
<td>3.7</td>
</tr>
<tr>
<td>1983/84</td>
<td>32</td>
<td>1,700</td>
<td>14.2</td>
<td>5.8</td>
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<tr>
<td>1984/85</td>
<td>33</td>
<td>2,900</td>
<td>23.5</td>
<td>8.3</td>
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<tr>
<td>1985/86</td>
<td>38</td>
<td>4,000</td>
<td>27.2</td>
<td>9.2</td>
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<tr>
<td>1986/87</td>
<td>63</td>
<td>6,000</td>
<td>39.5</td>
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<td>92</td>
<td>7,600</td>
<td>65.5</td>
<td>17.4</td>
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<tr>
<td>1988/89</td>
<td>129</td>
<td>10,800</td>
<td>98.8</td>
<td>22.0</td>
</tr>
<tr>
<td>1989/90</td>
<td>166</td>
<td>13,800</td>
<td>133.2</td>
<td>25.0</td>
</tr>
<tr>
<td>1990/91</td>
<td>169</td>
<td>18,266</td>
<td>194.1</td>
<td>35.8</td>
</tr>
</tbody>
</table>

Sources: Sanders (1988); CDEP Working Party (1990); Morony (1991); Economic Initiatives Branch, ATSIC.

Growth of the CDEP scheme to mid 1990 outstripped even the ambitious targets set for it in the AEDP. The scheme increased to 169 communities and 18,000 participants, of which 32 new communities involving approximately 1,658 new participants were in the more settled southeastern States of New South Wales and Victoria, both in country towns and in large urban areas. The CDEP scheme went from accounting for 9.2 per cent of the expenditure of the Aboriginal affairs portfolio in 1985/86 to 25 per cent in 1989/90 (see Table 1). In the 1990/91 financial year, expenditure on the CDEP scheme totalled $194 million, which accounts for 36 per cent of ATSIC's expenditure. The expansion of the scheme since 1987/88 has, however, now slowed considerably.
From late 1989 and early 1990, the CDEP scheme and its recent rapid expansion came under renewed scrutiny. In its 1989 report on the DAA's financial statement, the Australian National Audit Office expressed concern that the Department could not verify that CDEP payments were, in every instance, being made to recipients who were entitled to them (DAA 1989: 241). As a result, the Audit Office undertook a more detailed study of the CDEP scheme during late 1989 and most of 1990 (Auditor-General 1990). At much the same time, the DAA, with the backing of the Hawke Government, initiated its own review of the CDEP scheme's 'funding and administration' (CDEP Working Party 1990). This review drew together representatives of several Commonwealth government departments and two outside consultants.\(^3\) Their report was completed in February 1990, some months ahead of the Audit Office report, and called for a 'breathing space' in further expansion of the CDEP scheme to allow numerous unresolved 'policy and administrative issues' to be addressed (CDEP Working Party 1990: vi). The Hawke Government was quick to endorse this idea during its 1990/91 budget deliberations and indicated that no new communities beyond the existing 166 were to be admitted to the CDEP scheme.\(^4\) The Audit Office report, published in November 1990, also identified a number of 'key areas for attention' (Auditor-General 1990: vii). While the moratorium on the CDEP scheme's expansion to new communities has been lifted in the 1991/1992 budget context, it seems likely that the expansion of the scheme in the immediate future will be more measured.\(^5\)

The purpose of this paper is to elaborate on the nature of the unresolved administrative and policy problems which brought expansion of the CDEP scheme so abruptly to a halt in mid-1990. In so doing we are mindful of the fact that from July 1991 UB ceased to exist and was replaced, under the Hawke Government's new Active Employment Strategy, by Job Search Allowance and Newstart. We are also mindful of the fact that the Hawke Government has committed itself to a major independent review of the first five years of the AEDP in 1993 (Australian Government 1987b: 16). Both these events will present opportunities for addressing the unresolved administrative and policy issues relating to the CDEP scheme and for charting the scheme's future. It is, therefore, an appropriate time to spell out the nature of those unresolved issues in order to inform debate.

**Both welfare and workforce program**

The root cause of many of the unresolved administrative and policy issues which surround the CDEP scheme is that it attempts to be both a welfare
and a workforce program. It attempts to provide participants with income support roughly equivalent to their entitlements from the social security system, while at the same time promoting employment and community development objectives. These different objectives push the scheme towards different funding and administrative arrangements and in different policy directions. They involve the scheme in a number of dilemmas which, although they have been managed and contained over the years of the scheme's existence, seem never entirely to go away.

**Funding and administrative arrangements**

The budgetary and administrative problems which plagued the CDEP scheme during the late 1970s and early 1980s related primarily to the fact that, unlike UB and other social security programs, the CDEP scheme did not have an open-ended annual budget allocation. This made it difficult for the DAA to operate the scheme as anything like an equivalent to UB and exposed the Department to considerable pressure and criticism from participating community councils who frequently claimed that their budget allocations were not sufficient to provide a UB alternative. From 1983, these problems appeared to be resolved when the DAA was granted an open-ended budgetary status for the CDEP scheme. The quid pro quo for this, however, was that participants in the scheme would, henceforth, have to be individually identified on a schedule regularly submitted to the DAA by participating communities. The notional UB entitlement of individuals would then be calculated to determine the amount of a community's grant. This had not occurred in previous years when participants in a community’s CDEP had not been individually identified and grant levels had been determined merely by estimating numbers of participants and multiplying by an average notional UB entitlement.

From 1983, the DAA attempted to implement an administrative system for the CDEP scheme which regularly identified individual participants and precisely calculated their notional UB entitlement. The task, however, proved beyond the DAA's administrative resources and capabilities, particularly once the scheme started to expand rapidly in the wake of the AEDP. The organisational structure of the DAA was essentially geared to making discretionary grants to incorporated community associations or to State government agencies on an annual, or at most quarterly, basis. It had neither the ability nor the resources to handle the large amount of frequent information collection and data processing involved in an individualised, entitlement-type program. As a result the 1990 CDEP Working Party suggested, in their review, that the scheme change to a simpler form of funding and administration in which participants would
still be individually identified, but only on a quarterly basis, and that the level of grant be calculated on the basis of an average UB entitlement, rather than an exact reckoning of individual entitlement (CDEP Working Party 1990: 20-6). The review also suggested that the DSS take over the operation and management of these simplified arrangements for the CDEP scheme's participant review schedules, and perhaps even the processes of payment (CDEP Working Party 1990: 29-32). This indicates just how difficult the DAA's had found the management of an individualised schedule system in the years since 1983.

The idea of transferring administrative responsibility for the CDEP scheme's participant review schedules to the DSS foundered, in the wake of the 1990 review, primarily because of ATSIC's view that it was inappropriate for the DSS to take such a role with respect of an ATSIC program. ATSIC, which inherited the scheme from the DAA, continues to administer the participant schedules itself and has recently reverted to average notional unemployment benefit entitlement as the basis of grant calculation. It has also cut back to a quarterly frequency for schedule submission. These newly introduced administrative arrangements may, in time, prove to be an adequate way of balancing the need to be able to identify individual participants in the scheme, so that some fairly precise link with a notional social security entitlement is maintained, and ATSIC's lack of capacity and resources to administer a precise social security-type program. The new arrangements may, however, also expose the CDEP scheme to other criticisms, such as those relating to marginal eligibility differences with social security entitlements.

Marginal eligibility differences

Marginal eligibility differences arise because of the inexact equivalence between the CDEP scheme and UB, or those payments under Job Search Allowance and Newstart that have now taken over from it. Logically, these differences fall into two categories: those where CDEP participants are seen as having a marginal eligibility advantage or a disadvantage in comparison with social security recipients. In the past, there have been examples of both such types of marginal eligibility differences becoming issues for the administration of the CDEP scheme.

One example of eligibility advantage for CDEP participants, which was at the centre of the 1990 review, was the possibility of a double payment of both Additional Unemployment Benefit (AB) and Family Allowance Supplement (FAS) to CDEP participants. Whereas AB was available to unemployment beneficiaries for the support of dependent children, FAS
was available, at a similar rate, to low income workers. Normally the two are mutually exclusive. However, CDEP grants of recent years have included in their calculations equivalents of participants' notional AB entitlements, while at the same time many CDEP participants have been applying for, and receiving, FAS as low income workers. The CDEP Working Party estimated that on a state-by-state basis between 46 per cent (Victoria) and 96 per cent (Queensland) of 'eligible' CDEP participants were receiving FAS (CDEP Working Party 1990: 33-6) thereby creating a notional double payment. Funding for the CDEP scheme in the wake of the 1990 review was not reduced in the light of this double dipping. Nevertheless, ATSIC was put on notice that henceforth CDEP participants would be expected to apply for FAS directly, and that future expansions of the level of CDEP funding would not include an allowance for additional UB entitlement.

The 1990 CDEP Working Party also noted that on the side of eligibility disadvantage, CDEP grants of recent years had not included any amounts for the rental assistance normally available to unemployment beneficiaries who rent accommodation other than from public housing authorities (CDEP Working Party 1990: 42). No estimates of this effective underpayment were made by the 1990 working party, though they would clearly at least have partially offset the FAS double payment. Both these examples of marginal eligibility problems will, however, become somewhat less obvious now that the calculation of CDEP grants has gone across to an average, rather than precise, social security equivalent.

Another marginal eligibility problem which disadvantages, rather than advantages, CDEP participants is that, as very low income workers, these participants would, under the normal social security income test, frequently be eligible for part-payment of benefit in addition to their wage. Cass (1988: 251) was the first to point out this marginal eligibility difference, and since then it has become more widely recognised. Previously it had been assumed that because CDEP participants had already notionally received a UB payment, in the form of their CDEP wage, they were unable to apply for partial UB. However, now that this particular marginal eligibility difference has become more widely appreciated, there is a possibility that CDEP participants will apply to DSS for their partial benefit entitlements and that the DSS will feel obliged to pay under the provision of its legislation (Auditor-General 1990: 14). What this would mean for the notional offset of CDEP grants against social security entitlements is entirely unclear.

One other example falling on the side of marginal eligibility advantage for CDEP participants, has been that those involved in the scheme who
earn casual income above and beyond their CDEP wage have not, in the past, faced income testing for additional earnings and gradual withdrawal of payment, as they would were they in fact receiving a social security payment. This anomaly has been acknowledged by ATSIC which now places a limit on additional earnings for CDEP participants and requires the completion of covering certification with participant schedules. However, whether ATSIC will be able to administer such an income test is an issue which takes us back to the question of administrative resources and capabilities discussed in the previous section. Solving marginal eligibility differences in an attempt to restore some broad equivalence between CDEP and social security entitlements may simply once again push ATSIC back into problems with this other range of issues.

**Gender considerations**

Although many of the marginal eligibility problems raised in the previous section may seem of little substantial concern, there are eligibility problems which raise questions of a more substantial policy nature. The most long-standing of these has been the apparent ineligibility of unemployed spouses of employed community members to participate in the CDEP scheme, including, on some interpretations, the spouses of CDEP workers. The reason for this is that such people do not fall within the category of those who would normally be eligible for UB, or its replacement, if the community did not have a CDEP.

The problem applies in principle to spouses of either sex. It has generally been cast, however, as a problem of women being unable to participate in the CDEP scheme because of working husbands (CDEP Working Party 1990: 47-50). Certainly the initial 1977 guidelines for the CDEP scheme fell into the trap of using 'his', rather than 'their' or 'her' job for UB entitlements and in the early stages of the scheme there was an overwhelming tendency to see it in male terms. Since then, some latitude has been developed in allowing communities to involve women, as well as men, in working for their portion of entitlements, and even involving supporting parents beneficiaries in the scheme. However, the underlying problem still remains for spouses of those employed outside the CDEP scheme. They are still ineligible for inclusion in the CDEP scheme because of their ineligibility for a social security payment.
What constitutes work?

The issue of women's participation relates closely to another persistent problem for the CDEP scheme over the years of its operation; what constitutes work? In many of the remote Aboriginal townships where it was first applied the male-oriented CDEP scheme tended to have a strong public works/town maintenance orientation. Almost from the beginning there was a challenge to this orientation which focused not only on broadening women's participation in the scheme, but also on broadening the guidelines of what constituted socially useful and acceptable work under the scheme (Coombs et al. 1983: 263-4).

The trend was clearly to push for a wider definition of acceptable work, including traditional economic and cultural activities like arts and crafts manufacture and subsistence. This was particularly the case when the scheme was applied to smaller outstation communities where hunting and gathering activities make a significant contribution to the economic, as well as the social and cultural well-being of residents (Altman 1985; Altman and Taylor 1989). It was also the case when the scheme was applied to island and coastal communities, where fishing was an important activity both for community food supplies and for cash income supplementation (Arthur 1991). In these contexts, it can legitimately be argued that the CDEP scheme, if implemented as a public works-style program, can actually lead to a diversion of work effort away from the activities which are most socially and economically useful for Aboriginal people in these communities. The introduction of the CDEP scheme has been observed, in some instances, to lead to a decline in such activities (Altman 1985; Stanley 1985; Altman and Taylor 1989; Arthur 1990).

The recognition of this problem led the Miller Committee, which reviewed Aboriginal employment and training programs in 1984/85 and thereby provided the basis for the Hawke Government’s AEDP, to recommend specifically that in relation to homeland/outstation communities in remote areas, CDEP 'should be viewed as an on-going form of cash support in recognition of traditionally based employment and productive activities' (Miller 1985: 188, 352). This recommendation manifested itself in the Hawke Government’s commitment in the AEDP Statement to implementing the CDEP scheme in such a way as:

- to enable Aboriginal communities and groups to engage in artefact production, the cultural teaching of the young and other traditional economic and cultural activities, and receive income based on unemployment benefit entitlements for the work they perform (Australian Government 1987a: 8).
Whether the CDEP scheme is now being allowed to operate along these lines at the community level is a matter which needs empirical investigation. The entrenched male-dominated public works orientation of the CDEP scheme in many communities may not have been as easily changed as the issuing of such directives. The debate about what constitutes work is, in fact, far from being resolved entirely in favour of those who would prefer a very broad definition. Indeed, in response to suggestions put to the Australian National Audit Office during the course of their 1990 investigation that in some communities the CDEP scheme had virtually no work component, recommendations were made that payment of grants under the scheme should be made dependent on the preparation and implementation of a 'community plan'. Although such a plan would not necessarily require a restricted definition of work, it may create pressures to move in such a direction.

**Supplementary or substitution funding?**

The use of the CDEP scheme to support 'mainstream' municipal-type services such as town and infrastructure maintenance has, as noted above, been evident from the earliest days of its operation in remote Aboriginal townships. Though long recognised, this has not always been seen as a problem. Indeed, this use of CDEP funds was clearly endorsed by the original guidelines for the scheme which envisaged that projects to be undertaken would include 'economic ventures, town management activities, social advancement and environment improvement' (Commonwealth Parliamentary Debates, House of Representatives, 26 May 1977: 1922). A decade later the Hawke Government was equally willing to endorse an 'increase in the range of activities' which could be undertaken under the CDEP scheme to include 'a wider range of municipal services provision projects' (Australian Government 1987a: 7).

The use of CDEP funds to support municipal-type services has, at one level, clearly not been seen as an issue. However, there have also been quite substantial criticisms made over the years that this has enabled both the Aboriginal affairs portfolio and mainstream functional government agencies to reduce their level of funding to remote Aboriginal communities for municipal-type services in favour of CDEP. There is certainly some evidence that this has been the case. 'Community infrastructure' programs within the Aboriginal affairs portfolio fell from around 25 per cent of the DAA’s budget in the early 1970s to around 10 per cent in the early 1980s and presently stand at around 15 per cent. In the review of Aboriginal communities in the Pitjantjatjara lands of South Australia it was estimated that on average 44 per cent of actual CDEP
wages were used to support mainstream functions (Bonner 1988: 138). In some communities this percentage was as high as 81 per cent.

The Aboriginal affairs portfolio has always defended itself against charges that it is using the CDEP scheme as substitution, rather than supplementation, funding. In the early years the DAA argued that past levels of funding for infrastructure and town maintenance had also reflected employment creation goals, and could therefore legitimately be reduced once the CDEP alternative existed in a community. In more recent years the DAA has also defended itself by arguing that responsibility for the funding of municipal-type services in Aboriginal communities ultimately rests not with it, but, as for other Australian communities, with mainstream State, Territory and local government infrastructure organisations (DAA 1989: 137). It is they, so the argument runs, not the Aboriginal affairs portfolio who are not meeting their funding responsibilities.

The underlying problem here, as identified and discussed by the Miller Committee (1985: 339-43), is that Aboriginal community councils in remote townships have, over recent years, increasingly undertaken the provision of a range of municipal infrastructure-type services, but without having had access to mainstream funding for these services. The strategic problem for the DAA has been how to withdraw from this area of funding, thereby encouraging the mainstream State and local government funding systems to take over, without leaving those Aboriginal community councils with no funding support at all. The CDEP scheme has provided part of the answer to that strategic problem for the DAA and has in the process had to weather substantial criticism for being a substitution funding source. It should be noted though that this is a problem that is not limited to the CDEP scheme and can arguably be developed in relation to much of the Commonwealth's Aboriginal affairs portfolio expenditure. It has been argued elsewhere that all DAA (now ATSIC) programs have elements of substitution funding that allow other levels of government, and other federal government agencies, to renege on their legitimate funding responsibilities (Altman and Dillon 1986; Altman 1990).

**Under-award wages: a secondary labour market?**

A corollary to the observation that the CDEP scheme has been used to support mainstream local government-type services, is that it has been used effectively to relegate Aborigines, in what would otherwise be regular primary labour market employment, to under-award and
secondary labour market conditions (see Heppell and Wigley 1977: 87; Coombs et al. 1983: 261-2). The DAA's early response to such criticisms was to amend the guidelines for CDEP so as to insist that participants were paid part-time pro-rata award rates for work that is similar to that undertaken under an established industrial award. Communities have, however, generally not complied with this direction. To quote the recent Audit Office report '... wage rates under CDEP generally did not reflect relevant award rates despite CDEP Guidelines requiring that they should' (Auditor-General 1990: vii).

To quote one recent union commentary, '... most CDEP schemes underpay their workers. The Unions are unhappy about letting a CDEP truck driver or gardener get paid less than, say, a local council truck driver or gardener' (Smith 1990: 4). This union perspective did, however, continue by noting that there were 'significant benefits to communities' from the CDEP scheme and that unions were reluctant to 'interfere with those benefits'. It also noted that Aboriginal organisations tend more generally to pay their workers below what the unions consider to be 'fair and reasonable wages and conditions' (ibid: 4).

The conclusion to be drawn from these observations about under-award employment conditions would seem to be that the CDEP scheme represents a more extreme form of a general phenomenon in many Aboriginal communities. The vast majority of Aboriginal employees in these communities work for under-award conditions, with the conditions of CDEP workers being just the least generous. Only a few Aborigines in these communities, if any in some, attain employment under primary labour market conditions. This discrepancy is often quite dramatically highlighted by the fact that conditions for non-Aboriginal employees in these communities can sometimes include fringe benefits such as access to vehicles, access to subsidised housing and generous holiday entitlements which may include airfares to southern capital cities, as well as the more usual primary labour market benefits, such as access to superannuation schemes.

Capital and on-cost provision

Another problem for the CDEP scheme over the years has been access to capital and on-cost provisions related to the employment projects being undertaken. Recognition of this problem led at the outset of the scheme to provision for additional grants to participating community councils for the purchase of materials and equipment associated with work projects. The original level of such grants was 10 per cent of the wages/UB
component. However, under pressure from participating organisations who were realising the need to meet other worker on-costs, such as workers compensation insurance, this was raised to 20 per cent in 1983. The AEDP in 1987 introduced a CDEP Support program which, although not tied directly to a proportion of the scheme's wages component, added about the same amount as on-costs again. Annual expenditures on the CDEP Support program were anticipated to grow from $10 million in 1987/88 to $12 million in 1991/92 (Australian Government 1987a: 9).

Information in Table 2 indicates that since its first full year of operation in 1988/89, the CDEP Support program has accounted for between 11 and 13 per cent of total expenditure on the CDEP scheme. Similarly, the wages component (notional UB equivalent) proportion of the scheme's cost has declined to between 73 and 74 per cent of its total cost.

### Table 2. CDEP scheme expenditure ($ million) 1988/89 to 1990/91.

<table>
<thead>
<tr>
<th>Year</th>
<th>Wages</th>
<th>On-costs</th>
<th>Support</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988/89</td>
<td>$73.101 (74%)</td>
<td>$14.583 (15%)</td>
<td>$11.148 (11%)</td>
<td>$98.832</td>
</tr>
<tr>
<td>1989/90</td>
<td>$97.517 (73%)</td>
<td>$19.176 (14%)</td>
<td>$16.554 (12%)</td>
<td>$133.248</td>
</tr>
<tr>
<td>1990/91</td>
<td>$144.060 (74%)</td>
<td>$24.642 (13%)</td>
<td>$25.388 (13%)</td>
<td>$194.091</td>
</tr>
</tbody>
</table>

Source: Economic Initiatives Branch, ATSIC.

The level of additional payments for capital and on-costs available under the CDEP scheme, over and above the wages/UB component, is now quite substantial and a considerable incentive for inclusion in the scheme. Indeed Morony (1991) foresees that the relative disadvantage of Aboriginal communities not on CDEP, but instead just receiving the replacements for UB under the new Active Employment Strategy, may become problematic in the future.

**Income maximisation and long-term dissatisfaction**

There is no doubt that the CDEP scheme has, over the years, been enthusiastically embraced by Aboriginal communities and their councils. One common scenario, however, is that, after an optimistic period when the CDEP scheme is first introduced, a degree of community frustration sets in, because part-time poorly paid employment based on the scheme's
UB-equivalent wages pool is all that is available, year-in and year-out. For example, the recent review of the Aboriginal arts and crafts industry reports that batik producers at Ernabella expressed concern that they could never graduate beyond low hourly wages ranging from $6.60 to $8.50 (Altman 1989: 175). Similarly, a recent survey at a number of remote communities by Smith et al. (1990: 44) reports that a high proportion of Aboriginal participants in the CDEP scheme complain that they 'can only look forward to a life of small money'.

Allowing CDEP incomes to be supplemented at an individual level by art and craft sales or fishing sales or, at a group level, by using the CDEP workforce to undertake work contracts, has some potential for addressing this problem of longer term dissatisfaction with restricted income and employment opportunities. However, as testing for additional income of CDEP participants has been introduced by ATSIC to restore some notional equivalence with social security entitlements, the ability and incentives to do this have been considerably lessened.

Support for enterprises

The CDEP scheme does in many instances operate as a support scheme for Aboriginal commercial enterprises. It does this primarily through providing enterprises with an effective wage subsidy, though in some instances its allowances for materials and equipment may also provide working and other capital.

As an enterprise-oriented program, the CDEP scheme differs from other ATSIC and DEET programs in a number of important ways. The funds available for equipment and capital under CDEP are fairly slight and unrelated to any assessment of an enterprise's needs or potential commercial viability. The effective wage subsidy to an enterprise from CDEP is on-going and provides no incentive to reduce program dependence over time, as is common in other enterprise support programs. In short the CDEP scheme gives all the wrong signals for enterprise development; it provides an incentive structure which may promote, rather than reduce, long-term dependence.

It should be noted in this context that there are a range of other enterprise development programs within the AEDP which do include such considerations in the provision of capital and wage support. For example, the Enterprise Employment Assistance (EEA) program administered by DEET provides wage subsidies (at a notional UB equivalent rate) to enterprises for 12 months in most instances, but on a potentially longer
term basis for remote community-based enterprises. The EEA program has many similarities to the CDEP scheme. It may be preferable to modify the EEA program, specifically designed for enterprises, rather than utilise the CDEP scheme to meet yet another objective.

Community self-management and individual rights

The introduction of the CDEP scheme into an Aboriginal community facilitates the concentration of community authority over work and income matters in the community council. Money which would have flowed direct to individuals as social security entitlements, flows instead via the community council. This increases the council's ability to control, or at least in some way direct, the activities of community members, as was clearly the intention of the scheme from the outset. This community self-management aspect of the CDEP scheme has always been regarded as one of its great strengths, rather than in any way an issue. Indeed, given the centrality of the idea of 'self-management' to recent Federal Government policy towards Aboriginal people, it may seem that on this count the CDEP scheme is beyond criticism or reproach. However, the reality behind the rhetoric of community self-management is often quite complex, and the CDEP scheme does in fact raise questions about weighing community self-management against the rights of individual Aborigines.

In the 1960s and early 1970s most social security payments for which Aborigines in remote areas were judged eligible were not paid directly to the individuals concerned, but to third parties (usually missions, settlement superintendents or pastoralists) on their behalf (Sanders 1986). Pressure to change to more direct individual payments was considerable and the pattern of third party payments was, like the DSS's practice of regarding Aborigines in remote areas as ineligible for UB, only just breaking down at the time of the introduction of the CDEP scheme. Understandably then, there was considerable concern at that time that the CDEP scheme may deny individual rights to social security entitlements. This concern tended to decline once the CDEP scheme achieved its open-ended budgeting arrangement in 1983. However, the issue has raised itself anew in the last year or so as communities in the more settled areas of the Australian continent have also become involved in the CDEP scheme. The general solution here has been to insist that individual participation in a CDEP in these areas, as well as community participation, is voluntary and that individual eligibility for social security payments can exist in these areas alongside participation by some in the community in CDEP.
Community self-management and accountability

Another concern in recent years has been the public accountability of Aboriginal community councils, or effective lack thereof, for the expenditure of CDEP funds. Accountability for the expenditure of public funds by community organisations has been of general concern within the Aboriginal affairs portfolio in recent years and continues to be so today. In the case of the CDEP scheme, however, ATSIC's ability to require compliance from community councils has been particularly weak because of the rapid expansion of the scheme and because of the strategic problem that councils have been able to argue that they should not need to be held accountable for the expenditure of what is, after all, an equivalent of the social security entitlements of their community members. The contrary argument is, of course, that this is an additional reason for thorough public accountability for funds, as it needs to be publicly demonstrated that individuals are in fact being given a chance to earn the equivalent of their notional social security entitlement.

Concluding comment: prospects for resolution?

There is an increasing recognition in Aboriginal affairs that in many parts of Australia where Aboriginal people reside there are very few employment opportunities in mainstream labour markets (see Australian Government 1987b). Given the intractable and structural nature of Aboriginal unemployment, the attractiveness of the CDEP scheme is understandable. From the Federal Government perspective, the fact that participants in the scheme would otherwise be eligible for social security payments make it especially attractive: while the scheme is not cost neutral for government, its opportunity cost is relatively low.

As the above catalogue makes clear, however, the CDEP scheme abounds with unresolved administrative and policy issues. Our suggestion, at the outset, was that many of these problems spring ultimately from the scheme's rather ambiguous position of being simultaneously both a welfare and a workforce program. Prospects for the simultaneous resolution of all these administrative and policy problems are, in our judgement, very slim. Despite ATSIC's considerable present efforts, and its great faith in the scheme, it is unlikely that the CDEP scheme will ever be rid of many of these problematic ambiguities. Resolving one issue is likely to exacerbate another and so throw the relative balance of income support/welfare and employment development/workforce objectives in the scheme back into question. This is not to say that these efforts are not worthwhile, nor that the scheme itself is not important; it is simply to be
realistic about the internal contradictions of the scheme and suggest that some more fundamental effort needs to be invested in clarifying which of these competing objectives is to take priority in the scheme.

Notes

1. This article has had a long gestation; it was originally completed in April 1991 prior to the abolition of the unemployment benefits regime and its replacement from 1 July 1991 by Job Search Allowance (JSA) and Newstart. The terminology in this discussion paper is contemporary and reference to unemployment benefits is in the past tense. For many Aboriginal communities, in remote areas where there is an absence of formal employment opportunities, these administrative changes have made little difference to the nature of income support provision (see Altman 1991).

2. It is important to note that there are some discrepancies in figures on participants depending on the source used. These discrepancies are partly due to various definitions of 'communities' and partly because some data refer to fiscal year of commencement while others refer to calendar year.

3. One of us (Altman) participated as a member of the Steering Committee for this review.

4. In 1989/90, at the time of the freeze, there were 166 approved CDEP communities, but a combination of some 'carryovers' and 'splintering' resulted in 169 communities participating in the scheme in 1990/91.

5. In the 1991/92 budget context, the Federal Government has provided additional resources to ATSIC to expand the CDEP scheme by 4,600 participants over the next three years, with 1,500 positions being for existing CDEP communities. In 1991/92, CDEP employment for 1,300 additional Aboriginal people will be provided (800 new positions, 500 to existing CDEPs) at an estimated additional cost of $2.9 million. The 1991/92 budget allocation for the CDEP scheme is $195 million (‘Government moves to boost Aboriginal self-reliance’, Media release, Office of the Minister for Aboriginal Affairs, 20 August 1991).

References


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