CDEP as urban enterprise: the case of Yarnteen Aboriginal and Torres Strait Islanders Corporation, Newcastle

D.E. Smith

No. 114/1996

ISSN 1036-1774
ISBN 0 7315 1788 1
SERIES NOTE

The Centre for Aboriginal Economic Policy Research (CAEPR) was established in March 1990 under an agreement between the Australian National University (ANU) and the Aboriginal and Torres Strait Islander Commission (ATSIC). CAEPR operates as an independent research unit within the University's Faculty of Arts and is funded by ATSIC, the Commonwealth Department of Social Security and the ANU. CAEPR's principal objectives are to undertake research to:

- investigate the stimulation of Aboriginal and Torres Strait Islander economic development and issues relating to Aboriginal and Torres Strait Islander employment and unemployment;
- identify and analyse the factors affecting Aboriginal and Torres Strait Islander participation in the labour force; and
- assist in the development of government strategies aimed at raising the level of Aboriginal and Torres Strait Islander participation in the labour market.

The Director of the Centre is responsible to the Vice-Chancellor of the ANU and receives assistance in formulating the Centre's research agenda from an Advisory Committee consisting of five senior academics nominated by the Vice-Chancellor and four representatives nominated by ATSIC, the Department of Employment, Education and Training and the Department of Social Security.

CAEPR DISCUSSION PAPERS are intended as a forum for the dissemination of refereed papers on research that falls within the CAEPR ambit. These papers are produced for discussion and comment within the research community and Aboriginal affairs policy arena. Many are subsequently published in academic journals. Copies of discussion papers can be purchased from:
Centre for Aboriginal Economic Policy Research, Faculty of Arts, Australian National University, Canberra ACT 0200.
Ph (06) 279 8211 Fax (06) 249 2789.
Abstracts of all CAEPR Discussion Papers can be found at the following World Wide Web address:
http://coombs.anu.edu.au/WWWVLPages/AborigPages/CAEPR/caepr-home.html

As with all CAEPR publications, the views expressed in this DISCUSSION PAPER are those of the author(s) and do not reflect an official CAEPR position.

Professor Jon Altman
Director, CAEPR
Australian National University
ABSTRACT

This paper is the most recent in a series of case studies investigating the socioeconomic and policy features characteristic of urban Community Development Employment Projects (CDEP) schemes. Yarnteem Aboriginal and Torres Strait Islanders Corporation is located in Newcastle and has developed a successful enterprise in tandem with the CDEP scheme's more usual employment objectives. The paper describes the innovative employment projects established under Yarnteem's CDEP scheme and the development of its bulk warehousing enterprise. Two main questions are investigated: firstly, what are the identifiable factors involved in Yarnteem's success and, secondly, are there any obstacles impeding that continued success? The factors underwriting success are compared with those described in other urban case studies in order to delineate those critical to local economic outcomes. Finally, the implications for future urban CDEP policy directions and enterprise development are canvassed.

Acknowledgments

Research for this paper was conducted over four days at Yarnteem Corporation in May 1996. During that time and since, Yarnteem staff have been of enormous assistance. In particular, I thank Leah Armstrong, Managing Director of Yarnteem, for her valuable insights into CDEP policy and enterprise development and for marshalling her staff to discuss their respective duties and views with me. I would also like to thank Jim Young (Commercial Manager), for making considerable time available to discuss the organisation's enterprise development and related economic issues; Doug Gordon (CDEP Manager), for his valuable time in touring me around the CDEP work projects and discussing the scheme's administration and outcomes; Kath Allen (Training Coordinator), for her knowledge and insights into CDEP training; and all other staff who assisted me. Yarnteem's professionalism has continued to be apparent in senior management's constructive feedback to drafts of this paper. The paper was also delivered as a CAEPR seminar at which Mr Bill Miller (Director, Office of Evaluation and Audit, ATSIC) contributed valuable comments as the discussant. My thanks to Francette Stefeck (ATSIC); to Jon Altman, Bill Arthur, Bill Jonas, Will Sanders, John Taylor and Neil Westbury for comments; to Kyrstyna Szokalski for production assistance and Linda Roach for editing.

Diane Smith is a Research Fellow at the Centre for Aboriginal Economic Policy Research, Faculty of Arts, The Australian National University.
Introduction

At June 1996, there were a total of 28,041 participants from 276 Indigenous communities in the Community Development Employment Projects (CDEP) scheme, with a budget of $321.8 million (Aboriginal and Torres Strait Islander Commission (ATSIC) 1996). Urban communities continue to be attracted to the scheme; of the total participants in March 1996, 28 per cent were located in rural and urban areas and 14 per cent of total participants resided in New South Wales and Victoria, compared to 24 per cent in the Northern Territory. The CDEP scheme also continues to attract policy and program evaluation concerning its income and employment outcomes; the nature of the employment being created; the importance of the cultural context within which the scheme operates; the relative position of urban schemes; and future policy options. It is timely to consider the specific economic outcomes and funding issues emerging in urban CDEP schemes within the current policy and budgetary context.

One such scheme that has attracted considerable attention as 'one of the real success stories' for ATSIC (pers. comm.) is the Yarnteen Aboriginal and Torres Strait Islanders Corporation. The Corporation is located in the industrial city of Newcastle which, with a total population of 293,000, is the second largest city in New South Wales. Yarnteen was first established under the umbrella of Newcastle's Awabakal Co-operative Society to have a primary focus on employment and training and it received State government funding for that purpose. It quickly became apparent that with a growing clientele Yarnteen could operate independently, leading to its incorporation in June 1991. Some 18 months later, in January 1993, the Corporation expanded to undertake a CDEP scheme, commencing with 20 participants.

Yarnteen's success is especially apparent in two related areas: firstly, in the private-sector placements and contract employment generated under its CDEP scheme and, secondly, in the success of an enterprise venture. This paper describes the key features and outcomes of these major areas of its operation and then considers two issues: firstly, what factors can be identified as having contributed to Yarnteen's success and, secondly, are there any obstacles impeding that continued success? These critical factors are then compared with those described in other case studies of urban CDEP schemes (Smith 1994, 1995a, 1995b), in order to suggest a preliminary model for successful local outcomes. Finally, the implications of the Yarnteen case study for CDEP policy and program directions are canvassed.

Aboriginal employment in Newcastle

In the 1991 Census, Newcastle's indigenous population totalled close to 2,900 in a total population of 293,000. Of that Indigenous total,
approximately 62 per cent were aged under 24 years, compared with 36 per cent of the non-Indigenous population in Newcastle. Researchers have referred to the historical impact of Aboriginal movement to Newcastle, especially from rural NSW (Arthur 1994; Ball 1985; Jonas 1991), with Arthur estimating that it created a 700 per cent increase in the city's Indigenous population between 1971 and 1991. Yarnten staff point out that this migration of families and individuals continues to have an effect on the operation of the CDEP scheme, causing a steady flow through the scheme.3

A survey in 1982 of 60 Aboriginal households reported a low level of workforce participation amongst Newcastle Aborigines, with only 31 per cent having waged employment and a large number remaining unemployed after 10 years residence in the town (Ball 1985). A subsequent survey of 23 Aboriginal households in 1983 found that employment, higher incomes, and better housing and education were all high priorities amongst Aboriginal migrants to Newcastle, with jobs topping the list (Hall and Jonas 1985). Researchers report local people preferring (better) jobs to dole handouts and calling for more permanent job-creation, coordinated by Aboriginal organisations. There appears to have been a slight increase in employment by 1991, with the Aboriginal employment rate at 39 per cent but unemployment at 32 per cent (two and a half times the non-Aboriginal rate in the town) and 42 per cent of the population not participating in the labour force at all (Arthur 1994: 17).

In these economic circumstances, Yarnten had a responsive clientele for its employment and training services. From 1989 until it commenced the CDEP scheme, Yarnten had already dealt with almost 300 clients. Of 112 placed in employment or training, 44 per cent were found positions in the Awabakal network of community organisations and another 38 per cent were placed in private firms (Arthur 1994: 19, 23).

The Yarnten Corporation program structure

Yarnten's organisational structure includes a Governing Committee or Board of ten Indigenous people who occupy senior positions in local community organisations and government agencies; a Managing Director, General Manager and Commercial Manager; as well as Managers for key areas of employment, training and enterprise (See Figure 1). The employment and training services are delivered out of two offices: one in Newcastle's industrial suburb of Cardiff, from where Yarnten administers its CDEP scheme and a Training Unit; another office located in Garden Suburb houses its commercial arm and its Managing Director and provides training and some CDEP work venues. Yarnten's major enterprise is located at Kooragang Island, adjacent to the Newcastle docks.
Yarnteen has organised its programs into two main streams, which it calls 'Social Enterprises' and 'Commercial Enterprises' (See Figure 1.). Within the social enterprise area are the CDEP scheme, a Training Unit, an employment program called New Careers for Aboriginal People (NCAP) and various cultural activities. The aim of the social enterprise area is to 'enhance employment and training opportunities, community development and cultural awareness by providing a culturally appropriate, community-based employment and training service' (Yarnteen 1995a, 1995b).

Figure 1. Yarnteen Corporation organisational structure.

Under the commercial enterprise area are Yarnteen's business venture - Port Hunter Commodities – and its property improvements activities. The commercial enterprise area aims to 'establish a sound economic base for future employment, training and self-sufficiency for the corporation, maintaining cultural identity whilst endeavouring to move into the commercial area' (Yarnteen 1995a, 1995b).

While the social and commercial enterprise areas are posed as distinct in focus and objectives, they are inextricably linked. For example, Yarnteen refers to both as areas of enterprise; that is, there is an emphasis on economic outcomes in both. An important link between the two areas is provided by the role of CDEP participants. Yarnteen's main commercial venture employs a CDEP labour force and offers valuable on-the-job
training and additional wages to those participants, while its social enterprises (which include the CDEP scheme) have employment pathways that can lead participants into the commercial venture at Kooragang or to work in the mainstream labour market. The particularly innovative employment and economic activities developed in these two 'enterprise' program areas are described below.

**Yarnteen's social enterprise programs**

*New Careers for Aboriginal People (NCAP)*  
The NCAP program has been coordinated by Yarnteen since 1992. It employs three full-time Aboriginal staff funded through the New South Wales Department of Training and Education Co-ordination and offers a free job search and placement service. Staff use a case-management approach with individuals who register and are given assistance with job application, resume writing, interview techniques and career advice.

*The Yarnteen Training Unit*  
A separate Training Unit is coordinated by a full-time Aboriginal staff member. The Unit conducts job-oriented training for Aboriginal people in the Newcastle region in general, as well as for Yarnteen's CDEP participants and NCAP clients in particular.

Yarnteen is registered as a training provider with the Department of Employment, Education, Training and Youth Affairs (DEETYA) and has successfully tendered for, and conducted, DEETYA labour market and training courses. It also runs training courses in conjunction with the local Commonwealth Employment Service and the NSW Board of Vocational Education and Training.

The Unit carries out a training needs assessment for all CDEP participants and staff and, in 1995, coordinated a number of varied courses including in small business and computer skills; motor vehicle and heavy machinery licences; art and craft; rural bagging and grading; and carpentry. It has recently completed an extensive training needs survey based on interviews with over 300 Aboriginal people in Newcastle. Survey results are being used to refine future courses to match anticipated demand and reported preferences (Allen 1996). Moneys received through the Unit conducting consultancies and training workshops with other Aboriginal organisations and for government agencies have been a significant factor in Yarnteen's ability to quickly repay a substantial Commonwealth Bank loan used to independently purchase a 70-hectare block in one of the city's suburbs.

*The CDEP scheme*  
In its CDEP scheme, Yarnteen has focused on initiatives to create career pathways leading beyond part-time employment. The scheme currently has 201 participants, three-quarters of whom are male, and
operates on an annual budget of $2.2 million. It has a fairly youthful participant profile (45 per cent are aged 24 years and under), though this proportion is not as marked as within the wider Newcastle Aboriginal population. The scheme is coordinated by a full-time Aboriginal manager who has substantial personal employment experience in the mainstream labour market (in banking and local business) and who holds tertiary trade qualifications.

A standard set of CDEP work conditions have been developed, with roster and attendance systems, but a more complex set of pay rates than is usual in many CDEP schemes has been established. Except for income maintenance participants (primarily the spouses of working participants who number around 40), all other participants must work two days per week. Importantly, Yarnteen continues to provide wages if participants do no work but levies a wage penalty upon those who do not and an incentive payment for those who do work the full two days. These pay rates attempt to create incentives for participants by recognising qualifications, work commitment and age and by providing participants the opportunity to obtain additional hours and income once they have demonstrated a reliable work routine.

Yarnteen is one of the few CDEP organisations to pay a superannuation contribution to participants earning a minimum $450 per month. That is, it is restricted to participants prepared and ready to undertake additional employment on contract projects, in private industry placements or at Kooragang, thereby earning additional wages. Approximately $20 per month per participant is deposited as a CDEP group superannuation scheme contribution with National Mutual Pty Ltd for about 35-40 participants and 10-11 administrative staff. It is typical of the incentive structure that management has attempted to build into CDEP employment and enterprise operations. Yarnteen's capacity to pay a superannuation contribution largely stems from its successful income-generating employment projects.

**CDEP work projects**

Work projects have been developed for participants which provide part-time and increasing full-time employment in lawn maintenance and landscape gardening, caretaking and cultural awareness training at Yarnteen's Wollombi property, in carpentry, arts and crafts, clerical and administration work with Yarnteen and other Aboriginal community organisations; with the Prisoner Post-Release Program, in grading and bagging rural commodities; as heavy machinery operators at Kooragang; and in private sector placements.

Two employment programs which Yarnteen has developed under the auspices of the CDEP scheme are particularly successful; these are its private industry placements and contract work with government.
Private industry placements
There are currently around 25 participants working and receiving on-the-job training in a range of small businesses in Newcastle. These placements have been organised on the basis that participants are given a minimum of three days work but generally are working four to five days per week. The wages for an equivalent of two CDEP work days are provided by Yarnteen to a total of $150, with the private sector employer covering wages for the additional agreed days. All CDEP and employer wages are paid at award rates. The employer also pays an amount to Yarnteen to cover a superannuation contribution for the participant and an administrative cost component for Yarnteen’s coordination of the placement and administration of wages.

In many ways, these placements resemble the former Federal Labor government’s national wage and training subsidy scheme, with Yarnteen using the CDEP wage component as an incentive to mainstream industry to take on participants who are effectively long-term unemployed and to provide them with additional paid employment and job-relevant training. Under this arrangement Yarnteen operates as an employment broker between the participant and private sector employers and as a mentor to the participant. As a result of this case management approach to participants in private industry placements, Yarnteen has been able to negotiate their graduated transition from total reliance on CDEP work projects to the mainstream labour market. The placements are an unusual success by most CDEP standards and by general AEDP outcomes, where there continues to be little improvement in Indigenous labour force employment in the private sector (ATSIC 1996: 4). An important outcome of this Yarnteen initiative is that some participants are able to extend their work hours into a mainstream job and earn additional, non-CDEP wages.

Government contracts
The second employment area in which Yarnteen CDEP has been particularly successful is tendering for public work contracts, of which it presently has two. One is with the NSW Department of Housing; the other is a two-year contract with the Hunter Water Board. These two contracts provide enough work to engage three teams, totalling 25 participants working three to five days per week year-round. Again, participants are able to undertake additional hours of work to earn non-CDEP wages as in the private industry placements.

A critical factor in Yarnteen’s tendering has been the on-cost component of the CDEP scheme. These funds have enabled Yarnteen to purchase and cover depreciation of the range of equipment and vehicles needed to maintain work efficiency and standards. As a result of its successful delivery of contracted services, Yarnteen is presently tendering to the Department of Housing for a larger contract that would open up employment opportunities for approximately 30 more participants.
The commercial enterprise programs

Arguably, Yarnteen has entered a unique stage in the life cycle of a CDEP scheme; namely, having to balance a commercial venture in tandem with the scheme's more usual employment creation roles. As noted above, there are strong links between the development of the Yarnteen enterprise at Kooragang Island and the operation of its CDEP scheme but that relationship appears to be changing as the enterprise becomes commercially established. There have been a number of factors critical to Yarnteen's success in enterprise development and certain obstacles to overcome.

In 1992, when Yarnteen was joining the CDEP scheme, it strategically identified grain bagging and bulk warehousing as a potential enterprise from which CDEP and other employment opportunities could be generated. The success of that enterprise has exceeded all expectations and it is now established as an important industry within the Newcastle economy (Yarnteen 1995a; 1996).

Following a feasibility study, Yarnteen received ATSIC grant funding of $3 million in December 1993 to purchase seven acres on Kooragang Island in Newcastle's docklands and to design and construct a 4,500 square metre warehouse and a weighbridge facility on the site, establishing Port Hunter Commodities - a bulk storage, bagging and grading business for grain and meal products. As a funding condition, ATSIC obtained Yarnteen's agreement to enter into a Purpose Agreement which incorporated the lodging of a caveat with the Registrar-General forbidding the registration of any dealing in respect of the property without ATSIC's consent.

Immediately upon completion of the facility in October 1994, Yarnteen secured a tenant – Hunter Grain Pty Ltd – who wished to lease the entire warehouse for bulk grain storage. Before completion of the warehouse, Yarnteen had written to ATSIC advising of their intention of entering into a lease agreement with Hunter Grain and were advised that they required the permission of the ATSIC Board of Commissioners. This was granted in March 1995. However, it was not until some 12 months later that ATSIC's associated administrative procedures enabled Yarnteen to enter into a commercially-based lease with Hunter Grain from which it now receives annual rental.

Its subsequent success in running the warehouse was such that Hunter Grain hired Yarnteen, on a two-yearly renewable agreement, to assume full on-site management of Hunter Grains bulk grain commodity. This has resulted in further substantial income to the organisation. In addition, it has taken advantage of the opportunity to develop secondary enterprise opportunities at Kooragang, including a fertiliser bagging service and bag
cleaning under contract; grain fumigation and decontamination services; and handling bulk retail sales for Hunter Grain and other companies. Over 1995-96 – Port Hunter Commodities’ first full financial year of operation – Yarnteene projects a gross cash flow from the enterprise of around half a million dollars. Currently, Yarnteene is turning away additional requests for these services owing to lack of storage space.

Once the warehouse was completed, Yarnteene organised two twelve-week training programs for CDEP participants, covering the specific job-skills needed in the enterprise. The enterprise now employs four full-time CDEP staff plus a manager and is assisted at peak times by another 3-4 casual CDEP labourers. All full-time participants have grading and bagging certificates and several have gained licences to operate the heavy machinery used in the warehouse.

Yarnteene is now envisaging the next stage in its enterprise development. Since completing the warehouse, a major international company has purchased property at Kooragang behind Yarnteene and is relocating a vegetable oil processing plant from Melbourne. Yarnteene has commenced discussions with Hunter Grain and the company to enter into a joint venture for the storage, management and distribution of the company's soya meal and oil products. This would involve the investment of an estimated $2.4 million. Hunter Grain has undertaken to fund $1 million for the construction of a second warehouse on Yarnteene's site. The lease rental on that warehouse would be paid by the new company and collected by Hunter Grain to service its capital investment. At the end of an agreed 10-15 year period, all these assets will be handed over to Yarnteene at no cost and at that stage it would also collect the rental component. In the meantime, Yarnteene will secure a fee for managing operations at the second warehouse. As part of the planned development they are also seeking to construct and obtain rental for a third warehouse. It is estimated that full-time CDEP employment will increase to nine, plus the manager and up to six casuals – double this if two shifts are worked.

As part of this expansion, Yarnteene has identified the possibility of incubating several small Aboriginal businesses that initially would be established as satellites around the major enterprise. They would commence within the framework of the CDEP scheme, using CDEP labour and mentoring offered by Yarnteene's management. However, it is intended that these satellites would eventually separate from the scheme and stand alone as independent Aboriginal businesses, paying all employee wages.

Obstacles to CDEP enterprise development

Yarnteene argues that with Port Hunter Commodities it has succeeded in establishing a commercially successful enterprise and, with it, a good
measure of economic self-sufficiency. It runs the largest Aboriginal-owned warehouse in Australia with considerable commercial success, has been able to purchase additional land and offices under its own loan initiatives and coordinates a well-run CDEP scheme where an increasing number of participants are able to gain additional waged incomes. In fact, Yarnteen would seem to exemplify the very approach advocated in ATSIC's (1996) recently released discussion paper, *Pathways to Sustained Economic Development*.

However, negotiations regarding the next stage of its enterprise highlight some of the obstacles that Yarnteen has faced in developing such initiatives. One obstacle appears to be ATSIC's inability to respond within reasonable business-like time frames to Yarnteen's commercial proposals.9 For stage two of its enterprise, Yarnteen has pursued a range of funding sources, including through the mainstream money market, and applied to the Commonwealth Bank for a loan of $1.4 million. The Bank, following its own comprehensive financial assessment, gave quick approval of the loan, subject to provision of the Kooragang property as security. Yarnteen anticipates being able to repay this loan over seven years, at a monthly rate of $26,314, from income generated by its existing rental and management services.

Yarnteen has again requested ATSIC Board approval to enter into future lease arrangements over additional areas of its land, to provide loan security over the land to the Commonwealth Bank and to amend the Purpose Agreement to allow it to conduct and enter into registered dealings over the property. Yarnteen's objective is to have the title deeds to Kooragang released to it and so have full management control and responsibility over its own enterprise. ATSIC's response has been to call for another consultancy to examine the long-term financial viability of the enterprise and the development plans. The indications are that ATSIC lacks the necessary commercial knowledge and expertise to respond to CDEP enterprise initiatives and relies on time-consuming, often incomplete, internal or external consultancy advice resulting in lengthy decision-making processes.

These criticisms are not new. A 1991 review by the Office of Evaluation and Audit (OEA) of the Business Funding Scheme (BFS) found that ATSIC had not been able to attract staff with the necessary commercial expertise to administer the program, with consequent deficiencies in responding to client enquiries; delays in project assessment and review of new proposals; and deficiencies in after-care – to the extent that the program had 'the potential to adversely affect clients' financial, social and legal standing' (OEA 1991: 2). As a result of that internal review, the BFS was substantially restructured.
However, some of the identified problems associated with lack of commercial expertise among generalist administrative staff and lengthy response times have not been entirely overcome. Furthermore, increasing external pressures on ATSIC for financial and program accountability appear to have resulted in an extremely cautious approach to implementing regulatory and administrative procedures, to the detriment of commercial opportunities. This administrative caution has the potential to cause concomitant financial losses for organisations and inadvertently increase financial risk to them. What can be said in Yarnteen's case is that ATSIC's approach has restricted its plans for further commercial development in circumstances where the organisation has established a solid record of responsible financial administration and business performance.

CDEP enterprise issues for ATSIC

A number of broader questions are raised by this enterprise case study. Firstly, can ATSIC, as a program administrator, adequately deal with the enterprise stage of a CDEP scheme; that is, with businesses seeking to operate in a competitive and rapidly changing market place? Secondly, to what extent is ATSIC's policy emphasis on funding equity between communities, across populations and between States essentially incompatible with the competition-oriented model that directs mainstream business? Thirdly, how commercially successful and financially well-managed does an ATSIC-funded enterprise have to be before it is allowed administrative independence? And how is that threshold to be rigorously established?

In order to define a more effective and efficient role in facilitating Indigenous enterprises, ATSIC may need to more substantially outsource the commercial assessments it relies upon when making funding decisions about such enterprises. Recent developments in ATSIC's Western Australian (WA) State Office could provide a useful model. There, ATSIC has negotiated a comprehensive outsourcing arrangement to use the Western Australian Department of Commerce and Trade (DCT) as the primary delivery agent for its Business Development Program, including the BFS and the Community Economic Initiatives Scheme. Under this arrangement, Business Enterprise Centres (BEC) throughout the State (which are funded by DCT) will act as local field agents to assist Aboriginal clients to make grant and loan applications to ATSIC, to prepare business and management plans and to provide post-funding support and commercial advice. While BEC operations vary across regions, early assessments of their performance in WA suggests significant levels of enterprise creation in some locations. In 1994, the 36 BEC in that State claim to have been involved in about 700 business starts, 200 business expansions and 1,300 new jobs – a claim that has received some research confirmation (Moon and Sochacki 1996: 22).
Importantly, the current ATSIC arrangement in WA establishes tight time frames of eight weeks for the combined DCT and ATSIC completion of procedures from application and assessment through to approval and release of grant funds. If these time frames can be met, they may go some considerable way to overcoming current administrative delays within ATSIC and providing a more commercial edge to its facilitation of Indigenous enterprise initiatives.

Factors for CDEP enterprise and employment success

Yarnteens CDEP scheme and its associated enterprise venture are both extremely successful. Given the current media and government preoccupation with failure in Aboriginal affairs, it is instructive to investigate what might be the key factors underwriting this particular success story.

Management
One of the most apparent is the high level of managerial competence and professionalism, evident at a number of levels in the Corporation. Many of Yarnteens Governing Committee are long-term members occupying senior positions in other local community organisations and government departments. They now constitute a stable group providing consistent advice and support in a manner that seems to have avoided the factionalism that causes management difficulties in Indigenous organisations.

Senior managers are long-term employees of the organisation and extremely competent. In particular, the General Manager has over ten years experience in the Aboriginal Affairs arena. Yarnteens Aboriginal CDEP manager provides professional administrative and supervision to the scheme and has been able to strategically use his personal networks in Newcastle's wider business community to secure private-sector placements. Part-time computer expertise has been engaged to develop accessible information systems and teach staff computer skills. The Training and NCAP Units are managed by Aboriginal staff with substantial experience in employment and training matters. Yarnteens senior management and Governing Committee have access to financial and business advice from a full-time Commercial Development Manager and a full-time Accountant. The Managing Director and General Manager also have a sophisticated understanding of the policy context of both the CDEP scheme and ATSIC's AEDP objectives.

The Managing Director, supported by this team, is responsible for driving a perspective that recognises the role of the market place, and of incentives and competitiveness, and actively promotes the organisation's access to opportunities in the local and regional economy. Importantly, she
has a reputation within the organisation for measured decision-making and maintaining stringent financial controls. Regular management planning meetings are held with section heads and participants. Management has also been active in diversifying the organisation's funding base by securing grant and loan funding from sources other than ATSIC.

In-house training
The in-house coordination of training provided by the Training Unit has been a critical factor in Yarnteens's successful development of CDEP work projects and its enterprise venture. In its establishment phase, Yarnteens had the advantage of a full-time Community Training Officer funded through the ATSIC Regional Council. This enabled early planning and training to be carried out in administration and business management.

Yarnteens emphasises that most of its participants come from the ranks of the long-term unemployed and that some have never had previous employment. The reality for this CDEP scheme and its related enterprise development is that the majority of participants need intensive, graduated training focusing on basic work skills and routines. This is commonly the case for all CDEP schemes. To assist in this, the Training Coordinator assesses the skills and training needs of participants and runs regular CDEP Work Induction Courses for prospective participants. For participants it means they have consistent training backup, monitoring and mentoring.

The National Aboriginal and Torres Strait Islander Survey conducted in 1994 reports that training continues to underwrite Indigenous success in the mainstream labour market (ABS 1996; Taylor and Hunter 1996: 15). The Yarnteens case study indicates that training oriented to specific occupational skills, preferably delivered on-the-job and coordinated by an Indigenous employment organisation, is more conducive to outcomes. The importance of Yarnteens's in-house training capacity to its employment and enterprise success reinforces earlier research findings from Port Lincoln, where the CDEP organisation similarly linked its development of viable projects to ongoing participant training and, in particular, to key senior personnel undertaking long-term training in management and business (Smith 1994: 15-16). As with Yarnteens, the administrative effectiveness of the Port Lincoln CDEP organisation was directly related to the calibre of its trained management and to its success in securing ongoing funds for training. This situation is in stark contrast with other CDEP schemes, which often seem to be scrabbling for scarce funds to conduct one-off training courses, with little continuity of outcomes for participants (Smith 1995a, 1995b).

These urban CDEP case studies indicate that in-house coordination of training is critical to the development of managerial expertise and supply-
side job skills amongst participants. Accordingly, the cost of training should be factored into CDEP funding as a recurrent allocation to each organisation. Minimally, a full-time training officer position should be funded for each CDEP scheme to enable the coordination of job-oriented training and to secure other sources of training funds. Currently, there appears to be little coordination between relevant government agencies of the substantial training needs of CDEP participants. Arguably, CDEP organisations are best suited to undertake this coordination in-house, especially those entering into enterprise development and larger-scale work projects.

**Yarnteen's approach to employment**

Another factor in Yarnteen's success has been its previous experience in labour market services. Prior to commencing the CDEP, it already had over four years experience in Aboriginal employment service delivery and had established a client base within the community onto which the scheme could be grafted. Flexibility between its different employment program areas has since been encouraged, so that participants are able to maximise work opportunities.

The organisation has been particularly adept at creating and consolidating an employment niche for itself within the wider Newcastle economy. A number of factors have been involved in this. Firstly, as a result of its employment and training expertise, Yarnteen has been able to offer a high level of individual case management, not only when participants are employed on CDEP work projects but, importantly, also when working in private sector and community placements. This type of case management recognises the reality of slow transitions from the scheme to full-time employment and of the uncertain attachment of participants to the mainstream labour market. These characteristics create a concertina pattern to participants' employment where they exit from, and then re-enter, the scheme and then perhaps exit again.

This pattern has a cultural basis as well as resulting from the disabilities of low levels of job skills and long-term unemployment. In 1994, the Port Lincoln CDEP organisation pointed out the attraction and consequences for its participants of what it called the CDEP 'comfort zone': that is, participants preferred working with other Aboriginal people and within Aboriginal organisations rather than exiting to individually undertake mainstream employment opportunities. Like Yarnteen, the Port Lincoln scheme was well-administered, with a number of successful employment projects created. The case study of that scheme nevertheless concluded that participant exits would be slow and undoubtedly via the local Aboriginal community organisation services sector in the town (Smith 1994: 23-4). An important difference in outcomes between Yarnteen and Port Lincoln is that Yarnteen has been able to negotiate an incremental progression of
participants out of the scheme into mainstream private sector jobs. This has been achieved by the organisation extending CDEP case management to those participants in placements; in effect extending the cultural support of the Aboriginal domain into the mainstream. This type of case management has been a key factor in a high retention rate of participants in placements and contract work, and in local businesses' continuing endorsement.

Realistically, this case management may need to continue for an extended period of time if progressive participant exits are to be sustained. However, as the Redfern study suggests, in-house CDEP case management requires staff resources and specialist expertise (Smith 1995a). Such case-management duties may need to be formalised by recurrent funding if such outcomes are to be secured over time.

Another factor apparent in the successful establishment of commercially sustainable employment and enterprise projects has been Yarnteen's active networking within Newcastle's business community. This is in contrast to other urban schemes where the Aboriginal community and its organisation has been shown not to be strongly attached to the mainstream labour market; indeed, have felt themselves to be a marginalised labour enclave (Smith 1995a, 1995b). Yarnteen's approach to the local and regional economy has been outward looking, pro-active and strategic; they have deliberately fostered relationships with business and local government and made considerable efforts to secure traineeships and to tender for contracts.

**Yarnteen's approach to enterprise**

Yarnteen's initial enterprise opportunity has been carefully nurtured by management taking a steady approach to expansion on the basis of clear market signals. Realistic business outcomes have been pursued and reinforced by ongoing planning and evaluation. Again, the organisation's active links into the local economy have secured it useful commercial feedback and an increasing number of customers.

Emphasis has been placed on using the enterprise operation to expand CDEP employment opportunities, but based on a more conventional business approach of developing the necessary supply-side enhancement of the CDEP labour force, and persisting with quality control of its work product to industry and contract standards. Management has been successful in finding an enterprise niche, linking the CDEP scheme into it, and generating a commercial culture within the organisation. This commercial culture has in turn had an impact on the operation of CDEP projects; there is a strong focus on work commitment and the creation of income-generating, competitive projects. 

Yarnteen argues that the on-cost component of CDEP funds, pegged to actual participant numbers, has been critical to its ability to establish and
maintain projects that are viable, produce meaningful work and begin to generate additional income for some participants. At the same time, the organisation has been prepared to test its business and management capacities by standing independently of ATSIC to secure further substantial funds from the mainstream money market for larger-scale enterprise and property development.

**Blending culture and commerce**

Yarnteen seems to have achieved a relatively harmonious blending of cultural and commercial objectives. The importance of its culturally-oriented projects and social role within the Aboriginal community continues to be emphasised. Indeed, the organisation represents a good example of Thurow's (1993) 'communitarian capitalism': Yarnteen sees its activities as collective, as involving the community, feeding into community organisations and alleviating local unemployment levels. It recognises a direct connection between the fortunes of Port Hunter Commodities and its CDEP projects, and community and individual well-being. Importantly, an organisational orientation has been fostered by senior management, in which commercial and community objectives are not seen as somehow antithetical to each other and where business skills and success are valued.

ATSIC's recent economic development discussion paper suggests that one strategy for encouraging business initiatives would be to provide incentives to Indigenous businesses which re-invest earnings into their community; that is, which pursue 'communitarian capitalism' (ATSIC 1996: 13). Yarnteen's CDEP and enterprise activities appear to exemplify just such a 'reinvestment' approach. Arguably, CDEP labour has underwritten the early establishment of Yarnteen's enterprise. However, the current scale and success of the enterprise suggests it is now more likely that the enterprise supports increasing full-time CDEP and non-CDEP employment, enables additional non-CDEP wages to be earned by participants and provides valuable on-the-job training and skills. The envisioned stage of small business incubation, if successful, could make a substantial contribution to Indigenous economic wellbeing in the town.

Yarnteen's enterprise development suggests another dimension in the life cycle of a CDEP organisation; one with potentially positive outcomes, but which may require ATSIC program and policy adjustments. In particular, some CDEP participants are incrementally exiting the scheme to full-time employment and wages within the Yarnteen enterprise, which is itself progressively exiting from CDEP-dependence into full private-sector status. With such economic and social reinvestments occurring from the enterprise, an ATSIC incentive might usefully take the form of fast-tracking access to funding for businesses incubated around the main enterprise and providing secured funds to Yarnteen to continue its key role
in providing business training and mentoring. Another possible incentive for an enterprise-oriented CDEP scheme which is operating efficiently would be for ATSIC to provide funding on a three-year block allocation linked to an equivalent three-year enterprise development plan.

Conclusion

This case study raises again the broader issue of whether urban CDEP schemes require a different policy and program approach from those in remote locations. The three case studies of Redfern, Port Lincoln and now Yarnteen (Smith 1994, 1995a, 1995b) confirm the socioeconomic diversity apparent within urban Indigenous communities and their CDEP organisations. The diversity is such that levels of socioeconomic disadvantage in some urban populations are more like those in remote communities. Redfern, for example, is an economically disadvantaged enclave in the middle of a wider metropolitan population yet with little beneficial attachment to the mainstream labour market. Other communities such as Port Lincoln and Yarnteen are negotiating greater access into their local and regional economies. Yarnteen in particular has begun to develop promising commercial ventures in tandem with establishing sustainable employment projects.

It is difficult to envisage an urban-specific set of policies that would capture this diversity. On the other hand, a set of policies directed at enterprise-oriented CDEP organisations – whether they be urban, rural or remote – might be far more effective, enabling the particular commercial and program needs of such organisations to be targeted and facilitating their attempts to achieve better economic outcomes.

The Yarnteen case study highlights a number of elements that would need to be considered in such a refinement of CDEP policy. Firstly, it suggests that ATSIC may need to reevaluate the appropriateness of its administrative guidelines and levels of support for enterprise-focused CDEP schemes. The WA model of comprehensively outsourcing commercial assessments to a single Statewide provider with commercial expertise, local field agents and tight time frames, could be explored on a national basis. It might also be timely to revisit the OEA's 1991 review findings to assess the extent to which the problems identified in ATSIC's administration of the BFS program not only remain unresolved but also continue to impact more widely upon CDEP schemes undertaking enterprise development.

Urban CDEP case studies, especially that of Yarnteen, confirm the important overlap between Indigenous commerce and culture. Bureaucratic pressure continues to be exerted to establish a stricter program separation
between the income-maintenance or socially-oriented aspects of the CDEP scheme and the income-generating economic aspects. Such a separation fails to acknowledge that participants are generally long-term unemployed and that their exits into full-time mainstream employment occur (when they do occur) as an unsteady transition requiring a substantial investment of rehabilitative training on an individual basis. Even then, exits are only successfully negotiated by extending a form of CDEP case management into the mainstream.

At a certain stage, some participants appear to be engaged in a 'new' syncretic employment status, comprised of part CDEP employment and part private sector or contract employment in the mainstream. To separate the scheme into distinct welfare and labour market components may undermine the valued cultural strengths that appear to underwrite these negotiated exits and syncretic transitions from the scheme. It could also potentially undermine the community reinvestments that enterprises such as Yarnteen are making. However, the refinement of ATSIC program and funding support to those organisations attempting to establish CDEP-based enterprises could provide important incentives towards economic viability and sustained exits.

At the current stage of national development of the CDEP scheme, Yarnteen suggests that, rather than expand the scheme further, ATSIC should assess the real costs involved in running it with adequate funding for administrative, commercial and training staff. It should then proceed to fund existing CDEPs that are operating efficiently to a level where they can create meaningful employment and viable enterprises. That is, ATSIC should fund success.

Finally, the matter remains of extrapolating from Yarnteen's success. A number of special factors are evident, including the previous experience in employment and training existing within the organisation before it undertook the CDEP scheme and enterprise development; senior managements' competence, professionalism and leadership; the stability of its Governing Committee; the diversification of its funding sources; its administrative efficiency and straightforward information management systems; having full-time financial, commercial and training expertise in-house; the provision of continuing case management to CDEP participants; the active maintenance of links into the local business community; and the corporate emphasis on planning and evaluation.

Yet it is not so much these separate factors that have made for Yarnteen's success as their combined effect. In particular, other case studies have shown that the combined lack of management expertise and training funds has a debilitating impact on CDEP schemes. Additionally, an inward-turning economic orientation within the organisation can mean that small-
scale opportunities in the wider labour market and business community are missed. Finally, Yarnteen's success clearly highlights two critical issues. Firstly, culture can play an important role, through Aboriginal case management, in providing critical mentoring and monitoring to participants attempting to exit the scheme to the mainstream labour market. Secondly, once CDEP enterprises are established, their economic objectives must also be firmly located within the wider commercial culture; for competitiveness, product quality and standards of work efficiency will apply to Aboriginal enterprises as much as they apply to any other.

Notes

1. The CDEP scheme has been the subject of a number of reviews, the most current being undertaken by the Human Rights and Equal Opportunity Commission to assess whether the legislative framework and policies associated with the scheme are contrary to the human rights of participants. There has been substantial research into the program and policy aspects of the scheme mentioned here, by Altman and Daly (1992); Altman and Hunter (1996); Altman and Smith (1993); Deloitte Touche Tohmatsu (1993); Smith (1994, 1995a, 1995b); Sanders (1988), (1993); Taylor (1993) and Verucci (1995).

2. The Awabakal Aboriginal Co-operative Society was incorporated in 1976 and focused on a wide range of housing, health, welfare, economic and community issues affecting the Newcastle Aboriginal population. It appears to have evolved out the unmet needs of the growing number of Aboriginal people migrating to Newcastle in the 1960s and 70s from rural New South Wales communities (Arthur 1994; Ball 1985; Jonas 1991). A 1983 survey of 116 Indigenous households in Newcastle reported that 75 per cent of residents were from outside the area (Hall and Jonas 1985). By 1991 Awabakal Co-operative employed a staff of around 50 people administering a budget of approximately $1.5 million (Arthur 1994: 8).

3. While the total number of participants in Yarnteen's CDEP scheme now remains fairly stable, the entrance and exit of participants over a quarterly administrative period can create a flow of participants through the scheme. This flow of participant exits and new participants can be anywhere from 20 people in recent periods, to 40 during its early establishment phase. While the total now remains fairly constant, the flow through creates its own administrative workload, and has an impact on work routines and project viability with attendant management issues.

4. During 1995, 101 Aboriginal people undertook and 73 completed Yarnteen training courses. Of those, 10 undertook additional training and 29 found employment within the CDEP and the mainstream. The average course length was 10 weeks and Yarnteen estimates that it carried out close to 2,500 hours of paid teaching hours. The Training Unit survey (Allen 1996) identified important parameters for training, including a particularly high interest in trades-oriented training, followed by computer studies, small business and personal motivation. There was a strong preference (62 per cent) for the shortest course duration (3 months) operating at a maximum of three days per week; a high percentage (58 per cent) preferred courses designed specifically for Indigenous peoples; and lack of information and transport difficulties were seen as the primary barriers to training. Sixty-six per cent preferred training to be conducted at community venues rather than at institutions such as the TAFE (26 per cent).
5. The gross weekly adult wage rate (single) is $159.35, the married rate is $145.00. A junior training wage is paid at $120.00, otherwise youths between 18 and 21 years are paid $80.90 and those under 18 years are paid $67.25. Participants who work a full two days earn the flat rate plus $20.00; those working one day per week earn the flat rate and those working no days earn the flat rate minus $20.00. Qualified tradesmen are paid at a rate not less than the award.

6. Yarnteen owns 100 acres at Wollombi purchased through an ATSIC grant. The property is located on the main tourist route to the Hunter Valley vineyards, is close to Aboriginal sites and is used as a base for cultural camps and excursions. There is a full-time employee working on site paid CDEP wages.

7. To date Yarnteen has placed participants as trainees and apprentices with the Engineering Department of the John Hunter Hospital; with local businesses in mechanics, transportation, concreting, plastering, carpentry and construction, rural fencing and youth accommodation. It has a similar arrangement for around eight participants employed full-time and casually at its Kooragang Island enterprise.

8. In these private sector placements, CDEP wages are paid to participants at the relevant award hourly rate. As a result, participants may work fewer hours for their $150.00 than if they were working on a CDEP roster, but Yarnteen's incentive in these placements is to place participants in mainstream work conditions and pay accordingly.

9. Yarnteen is ready to acknowledge the support it has received from ATSIC, both from CDEP and other program funding, and the assistance from specific officers. It has also raised a number of other obstacles to effective administration of the CDEP scheme and establishment of viable enterprises and work projects; in particular, it has identified the loss of various benefits attached to DSS payments which CDEP participants invariably lose upon joining the scheme; the ongoing workload entailed by counselling and case-management of participants; the low level of supply-side skills amongst many in the CDEP workforce; the need for continuing job-relevant training to underwrite enterprise establishment; and the constant demand for enterprise planning and evaluation by management. It has also identified a potential source of difficulty arising from ATSIC's ongoing decentralisation of CDEP on-cost funding to Regional Councils, suggesting that it will create erratic funding levels to CDEP organisations in a critical area of their funding.

10. A similar issue is raised by Arthur (1996) in respect to the kinds of criteria used by the Commercial Development Corporation for its financial involvement in commercial proposals by Indigenous communities and groups.

11. CAEPR seminar comments by Bill Arthur have been especially productive of these ideas concerning the interplay and impact of the 'cultures' associated with mainstream employment and business with those of Aboriginal work 'culture' (see also Arthur (1996); Coombs et al. (1989); Smith (1994, 1995b)).

References

Aboriginal and Torres Strait Islander Commission (ATSIC) 1996. Community Development Employment Projects Information Sheet, June 1996, CDEP Policy Section, ATSIC, Canberra.


Arthur, W.S. 1994. 'The same but different: Indigenous socioeconomic variation', unpublished report to the Australian Institute of Aboriginal and Torres Strait Islander Studies, Canberra.


Yarnteen Aboriginal and Torres Strait Islander Corporation (Yarnteen) 1995a. Yarnteen Aboriginal and Torres Strait Islander Corporation Development Plan, unpublished report by L. Armstrong, T. Wake and G. Pearce, Yarnteen Corporation, Newcastle.

Yarnteen Aboriginal and Torres Strait Islander Corporation (Yarnteen) 1995b. Yarnteen Aboriginal and Torres Strait Islander Corporation Profile, unpublished report, Yarnteen Corporation, Newcastle.

Yarnteen Aboriginal and Torres Strait Islander Corporation (Yarnteen) 1996. Yarnteen Warehousing Enterprise Development Proposal, unpublished report, Yarnteen Aboriginal and Torres Strait Islander Corporation, Newcastle.
CENTRE FOR ABORIGINAL ECONOMIC POLICY RESEARCH (CAEPR)

MONOGRAPHS


For information on earlier CAEPR Discussion Papers please contact Publication Sales, Centre for Aboriginal Economic Policy Research, Faculty of Arts, Australian National University, Canberra ACT 0200. Ph (06) 279 8211 Fax (06) 249 2789. Abstracts of all CAEPR Publications can be found at the following WWW address: http://coombs.anu.edu.au/WWWVLPages/AborigPages/CAEPR/caepr-home.html.
CENTRE FOR ABORIGINAL ECONOMIC POLICY RESEARCH
(CAEPR)

RECENT DISCUSSION PAPERS

80/1995  Looking beyond the borderline: development performance and prospects of Saibai Island, Torres Strait, R. Davis.

81/1995  Performance indicators for Aboriginal Health Services, I. Anderson and M. Brady.


84/1995  Local governments and Indigenous Australians: developments and dilemmas in contrasting circumstances, W. Sanders.


86/1995  Negotiations between mining companies and Aboriginal communities: process and structure, C. O'Faircheallaigh.

87/1995  Aboriginal employment, native title and regionalism, J. Finlayson.


92/1995  Twenty years of policy recommendations for indigenous education: overview and research implications, R.G. Schwab.


94/1995  Equity for Aboriginal families in the 1990s: the challenges for social policy, J. Finlayson.


98/1995 Coping with locational advantage: the economic development potential of tourism at Seisia community, Cape York Peninsula, J.C. Altman.


100/1995 The calculus of reciprocity: principles and implications of Aboriginal sharing, R.G. Schwab.


105/1996 Reforming financial aspects of the Native Title Act 1993: an economics perspective, J.C. Altman.


111/1996 Having it 'both ways': the continuing complexities of community-controlled Indigenous education, R.G. Schwab.

112/1996 The geographic distribution of unemployment-related benefits and CDEP scheme employment, J.C. Altman and B. Hunter.

113/1996 The Aboriginal and Torres Strait Islander Commercial Development Corporation: a new approach to enterprise?, W.S. Arthur.


For information on earlier CAEPR Discussion Papers please contact Publication Sales, Centre for Aboriginal Economic Policy Research, Faculty of Arts, Australian National University, Canberra ACT 0200. Ph (06) 279 8211 Fax (06) 249 2789. Abstracts of all CAEPR Publications can be found at the following WWW address: http://coombs.anu.edu.au/WWWVLPages/AborigPages/CAEPR/caepr-home.html.