



**SECURING SUSTAINABLE LIVELIHOODS**  
through appropriate technology

Submission  
to the  
Northern Territory Government  
on the

## Review of the Community Development Employment Program

Centre for Appropriate Technology  
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The Centre for Appropriate Technology (CAT) is making this submission in response to your invitation for comment on the Northern Territory Government's CDEP Discussion Paper that aims to provide input into the Australian Government's review of CDEP.

CAT is a non-profit Indigenous organisation with specialist expertise in technology for remote Indigenous communities. CAT was established in Alice Springs in 1980, and in addition to its Central Australian head office and operations it has northern regional offices in Derby, Kununurra, Darwin and Cairns. CAT's vision is of happy and safe communities of Indigenous people and its purpose is to secure sustainable livelihoods through appropriate technology. It provides information and practical assistance with housing, water supply, energy, waste, telecommunications, transport and other infrastructure issues. CAT supports communities through community development, planning, training processes and project management. CAT has worked with CDEP organisations and participants for many years providing services in technical skills training, infrastructure project design and advice and the development of livelihoods and employment opportunities.

We propose that if there is to be a new 'better focussed' investment in CDEP, then this investment needs to address a current set of policy and program implementation failures. These failures include problematic school to work transition, the questionable effectiveness of current VET and Job Network systems in remote areas where people are often multiply disadvantaged as well as policy confusion and uncertainty about community sustainability and remote and regional labour markets.

Despite some changes to CDEP introduced by the former government, CDEP largely remains a parking station for Aboriginal people from remote communities. CDEP has also subsidised local government responsibilities and other government services through wage 'top up' processes. In many communities across the Northern Territory CDEP is utilised to run *all* localised service delivery arrangements and is the only pathway through which local people can engage in community service delivery. Many Indigenous young people see no future for themselves other than CDEP.

Reforms to CDEP are essential. There is a need for substantial and strategic investment in an effective and evidenced based program tasked to build the human and social capital development capacities of people and their communities. A reformed CDEP will need to strike an effective balance between transitioning people into employment and supporting them both pre and post such a transition, revitalising local economies through a mix of enterprise, mainstream employment, education and community services, and building sustainable communities.

This submission identifies four key areas that need to be considered in the review of CDEP. We believe the following are inadequately addressed in the NTG CDEP Discussion paper:

1. The complexity of the relationship between labour markets and human and social capital.
2. The relationship between education, training, capacity building and personal support programs and CDEP.
3. The institutional and governance arrangements required for an effective CDEP program.
4. Potential job transition and community development models for a reformed CDEP that have proven effective with highly disadvantaged unemployed people.

## **1. The complexity of the relationship between labour markets and human and social capital.**

### **Key Points**

**Any reforms must be built on a robust understanding of what has or hasn't worked in the CDEP scheme to date and why. This will be essential to avoid repeating the same mistakes.**

**The link between Aboriginal unemployment and labour markets is complex and not merely a factor of proximity or better matching supply with demand.**

**Existing labour market programs are ineffective in transitioning multiply disadvantaged people into sustainable employment.**

**Building sustainable settlements across remote areas of the Northern Territory as well as assisting those who can move into employment to do so represents the duality of the goals for a reformed CDEP.**

The Discussion paper argues that “one of the key reasons for high unemployment is the lack of economic activity and established labour markets in remote areas”. Whilst thin labour markets in very remote areas in particular may indeed be a factor in Indigenous unemployment rates, this does not explain high unemployment figures in areas with substantial labour markets, and significant skills shortages, such as Alice Springs. The Productivity Commission in a recent analysis of Indigenous labour market disadvantage (2007) found that there were no statistically significant differences across the four remoteness areas (very remote, remote, outer regional, regional) in the proportions of Indigenous people not in the labour force or unemployed. In other words there is not a straightforward relationship between labour market demand and Indigenous employment. Indeed high labour market demand, such as that being experienced by the mining industry in very remote areas of the NT, is not resulting in a reduction in unemployment rates in adjacent geographic locales. The relationship between established labour markets and labour market demand and supply as articulated in the paper is rather simplistic and masks the importance of the range of other factors that need to be addressed in supporting the transition to employment. These include:

- Significant and ongoing educational disadvantage
- Job readiness and work experience
- Physical and mental health issues
- Extremely high levels of activity impairing chronic disability
- Housing overcrowding and high levels of homelessness
- Limited or lack of transport options
- Lack of child care facilities and options
- High ratios of dependents, young and old
- High rates of individuals with criminal histories effecting work access
- Limited availability of unskilled or semi skilled employment options

A reformed CDEP whilst negotiating the interface of labour market demand and supply, would need to be keenly tuned to addressing the complex and multifaceted disadvantage experienced by Indigenous Territorians in transitioning to meaningful employment and livelihoods. There needs to be a focus on economics, social inclusion and human capital development across areas where there are established, potential and limited economies.

The labour force participation rate of Indigenous people in the Northern Territory is less than 40%, increasing to nearly 60% if CDEP is counted as unemployment. Indigenous labour force

participation has been decreasing in recent years, with a 14% decline in the Northern Territory between 2005 and 2006 (ABS 2006). This is occurring at the same time as skills shortages in the Northern Territory, particularly in the trades areas and some professional categories, are becoming acute. CDEP has been the most important employment growth industry for Indigenous people over the past twenty years. 64% of Indigenous job seekers in the NT are Long Term Unemployed. That is they have been out of the labour force for more than 12 months, usually experience multiple disadvantage and require investments of intensive and tailored assistance including effective education services. However 'work first' styled assistance as enshrined in the range of services provided through Job Network and STEP, Customised and Intensive Assistance programs has shown to be quite ineffective in addressing the range and complexity of disadvantage experienced by long term and multiple disadvantaged job seekers and moving them into work. (Brotherhood of St Laurence, 2008). Furthermore administrative data from DEWR (2007) suggests that of the 38,000 Indigenous people referred to intensive assistance nationally, 50% actually commence the program and of those that do progress through, only 4 % actually gain employment. Those who are able to make the transition to mainstream employment have largely done so, those who are deemed to need intensive assistance are not currently being well served by the suite of mainstream assistance programs currently available.

A reformed CDEP would thus need to function substantially differently to current labour market programs if greater success in transitioning people through to employment is to be achieved. It would also need to respond to the interplay of culture and Indigenous decision making and create an environment within which Indigenous people can make better choices for themselves. To think of poverty and unemployment in economic terms alone is clearly inadequate. We need to understand and leverage motivation and mechanisms that can create communities of Indigenous people with more productive outcomes, both individually and collectively. CDEP need to be styled to provide incentives to address the multiple issues experienced by Indigenous as well as targeting investments towards local labour market opportunities (both extant and emerging) where available and which align with local aspirations. The complexity of the employment disadvantage experienced by Indigenous people requires a sharpened focus on the structure and purpose of a reformed CDEP at the same time as investments in both reducing disadvantage and building a sustainable network of settlements across the outback are rolled out.

The Discussion paper identifies three types of labour market economies – established economies, emerging or potential economies and limited economies. An assessment of the state of the labour market in particular areas would determine the role of the CDEP and the types of activities it would undertake. This assumes that one needs only to tweak the supply of labour (through work placement or basic skills development) to meet the demand. Where there is no labour market demands (in the mainstream economy at least) the tweaks are largely articulated as community service activities and rebuilding social norms. The high labour market demand being experienced in the Territory and across Australia is largely for skilled and or professional labour. Unskilled and semi skilled vacancies have been declining for many years and the low educational achievement of most Indigenous Territorians goes some way towards explaining the recalcitrant unemployment figures despite labour market demand.

Basing the range of activities to be undertaken by a reformed CDEP on rather blunt labour market assessments is unlikely to be effective. A more nuanced understanding of local and adjacent economies, the level and skill requirements of existing and likely employment opportunities needs to be undertaken. This should be complemented by a comprehensive skills audit, comprehensive career pathway planning and identification of the range of barriers and issues that need to be addressed. This would then give the baseline information to develop effective training and support assistance to meet labour market demand and community development outcomes. Gender sensitive work and

training opportunities will need to be nurtured to ensure that a focus on labour market demand remains inclusive.

## **2. The relationship between education, training, capacity building and personal support programs and CDEP**

### **Key Points**

**Without significant policy and program changes to the training system that will enable providers to respond effectively to the skills and personal development needs of CDEP participants the problems experienced to date will simply be repeated.**

**Significant and additional investments to address the poor prior educational achievements of Indigenous adults in remote communities are urgently needed. The current higher order policy focus on early education intervention, whilst important, neglects the needs of those whom the system has failed – those of working age.**

**New models building the skill, knowledge and ability of working age Aboriginal adults to pursue livelihood and employment opportunities, on their communities or elsewhere, are essential. The Centre for Appropriate Technology, in partnership with Batchelor Institute are implementing a new approach through the Desert Peoples Centre. The one-stop-shop case management approach being developed will offer effective strategies for personal and vocational development and employment transitions.**

The Discussion paper highlights the need for effective training and for a suite of measures to address the barriers of social exclusion – personal, cultural and geographic. However it presents no analysis of the inherent constraints and ineffectiveness of the current education, training delivery or welfare to work assistance programs in remote areas. Without policy and implementation changes to ensure the provision of services that would support the range of CDEP activity streams identified it is very likely that the new CDEP would struggle to deliver any of the outcomes envisaged.

The education system, at primary secondary and tertiary levels, is not delivering the outcomes needed for Indigenous people to enter and remain in the labour force even at the level of unskilled or semi skilled work. Despite some improvements, the progress of Indigenous Territorians through primary and secondary schooling is poor. The number of Indigenous students achieving Year 7 reading and numeracy benchmarks declined in 2007. Ninety-two Indigenous students completed the Northern Territory Certificate of Education (Year 12) in 2006 (NTDEET 2007). The lead time needed to address access to schooling, including establishing secondary school infrastructure in remote areas, improved retention and outcomes will be long. Whilst participation in Vocational Education and Training is high, (although still below 2002 levels) most participation is at pre-vocational Certificate levels or in subject only or mixed field courses – that is, those not leading to a qualification. There is some evidence that the high participation rates reflect the churning of the same student cohort through successive programs. Training delivery for residents of remote communities usually requires movement away from a community to participate in one or two week blocks of training a semester, the occasional fly/drive in fly/drive out tutor or short program and a critical shortage of training that can support on the job learning across a diversity of skill needs and levels and work types.

One of the key failings of the current CDEP has been the lack of consistent and quality skills development – formal, informal and work based training – to support transition from CDEP into the jobs that do exist on communities, the ones emerging, and the ones that occasionally emerge through contract work. Unfortunately the highly regulated and numbers driven training system is increasingly

risk adverse to remote delivery. Small numbers of trainees, high transaction costs for delivery, limited trainer accommodation or learning facilities, sporadic attendance and high staff turnover affect training delivery. Substantial investment in aligning CDEP activities and strategic and outcomes focused intensive training over significant periods of time will be required.

The Desert Peoples Centre is an initiative of the Centre for Appropriate Technology and Batchelor Institute for Indigenous Tertiary Education. It has been developed from the vision of Aboriginal leaders and educators to address the failure of current education and training systems to develop the skills and capacities of Aboriginal people. Its vision is to establish a systematic and coordinated approach to education in order to foster a framework for future cultural, social and economic development. The DPC aims to be a catalyst for change: to broker education, personal support and vocational opportunities for individuals through a case management approach that links aspirations and talent with the education and investments needed to provide pathways into meaningful work and livelihood opportunities. The Desert Peoples Centre approach can offer insights into the range of educational and other investments needed to support and effective reform of CDEP.

### **3. The institutional and governance arrangements required for an effective CDEP program.**

#### **Key Points:**

**Establish two Regional Employment and Community Development Authorities (Desert and Tropics) tasked to develop human and social capital and employment opportunities across their remit.**

**Reshape the existing formula model for funding CDEP in order to improve the wage/on-costs/training parities between CDEP and other employment service programs as well as extending reformed CDEP services to areas that have historically not had CDEP.**

**Continue the conversion of 'CDEP' jobs into 'real jobs' including the conversion of jobs that constitute local government responsibilities under the new Shire arrangements.**

The Discussion paper pays limited attention to the institutional and governance arrangements of a reformed CDEP apart from promoting a community controlled agency model. Whether these are multiple agencies operating on existing CDEP communities or one Territory body is unclear. We believe that consideration of the governance arrangements in terms of addressing issues such as leveraging skilled staff, mechanisms for accessing a range of specialised support services as well as the infrastructure to support the CDEP activities mooted is critically important.

Currently CDEP operates through a myriad of small organisations across approximately 45% of remote communities in the Northern Territory (Guenther et al 2005). Varying numbers of CDEP places are available across these locales and there are a myriad of governance arrangements. Many more males than females participate in CDEP, although more females than males would appear to be transitioning from CDEP and into 'real work' (child care, health work, education workers) as part of the Northern Territory Emergency Response. Many CDEPs are operated from Community Government Councils or Resource Agencies which are set to disappear as the New Shire and new Community Housing Management arrangements in the Northern Territory are implemented from July.

The decline of institutional capacity and skilled staff on communities with the loss of Community Councils will have significant impact on the local coordination of work, training and community service activities.

An effective governance structure for a reformed CDEP given the New Shire and community housing arrangements is pressing. It is arguable that the existing localised governance arrangements mitigate against education and employment opportunities that exist or emerge across regions. The New Shire arrangements, with the exception of the Barkly Shire, separate major townships from other regions. Structuring CDEP under the Shires would present similar and additional constraints, including the temptation to utilise CDEP funds and labour to supplement local government responsibilities. It would also mitigate against CDEP developing effective and creative responses to population mobility across Shire boundaries.

The review should consider establishing two Regional Employment and Community Development Authorities (Desert and Tropics) tasked to establish partnerships with the new Shires, Municipalities, local Boards, employers, job network services and training providers and others in order to broker services across their remit (across Shires and Municipalities) that address the human capital and social inclusion objectives of a reformed CDEP program. They would also provide the strategic focus and leveraging ability to target investment into programs and models that work effectively rather than merely distributing funds on a formula basis regardless of outcomes.

The move away from a localised service delivery model would also facilitate a move away from the formula approach to funding the wages and on-costs components of CDEP. CDEP is currently funded cheaply compared to other labour market programs such as work for the dole. A revised and strategic governance structure could support a review of funding models that could be tied to CDEP objectives and outcomes rather than merely capped numbers of participants. The existing CDEP scheme is distributed very unevenly across communities. Any reforms to CDEP must also address need in areas not traditionally serviced by the existing scheme.

The conversion of existing CDEP ‘top up’ jobs to ‘real jobs’ should continue. A audit of CDEP jobs fulfilling work tasks that come under the responsibility of the New Shires should be undertaken and these progressively transitioned to ‘real jobs’ recognising that some may need to be transitioned to a regional remit rather than operating on a community by community basis.

#### **4. Potential job transition and community development models for a reformed CDEP that have proven effective with highly disadvantaged unemployed people**

##### **Key Points:**

**Evidence based programs that have proven effective with people with multiple disadvantages and multiple barriers to gaining or sustaining work should be adopted as key elements of a reformed CDEP. These include Interim Labour Market models and social and community enterprise.**

**Linking personal support programs to the suite of community development, governance and community care programs underway on communities provides leverage for integrating human and social capital development and building sustainable communities.**

It is difficult to identify the evidence base utilised in developing the economically tiered and hierarchical incentive model of the CDEP reform presented in the Discussion paper, although certainly there are echoes of the Cape York welfare reform model and the previous federal governments emphasis on mutual obligation and mobility out of remote communities. Here we present an overview of and references to some models that have been tried and tested with highly disadvantaged job seekers both in Australia and overseas.

Significant research and evaluation into a range of programs to assist long term unemployment people who experience multiple disadvantages – such as mental illness and other health problems, drug and alcohol issues and homelessness have been undertaken both internationally and in the Australian context. ( see for example, Brotherhood of St Laurence, 2008, Mestan, and Scutella, 2007, Department for Work and Pensions UK, 2007, Dingley, 2007). These provide an evidence base that can help shape the structure and focus of a reformed CDEP that has a clear focus on transitioning to sustainable work outcomes, community development (often termed neighbourhood renewal programs in highly disadvantaged rural communities) and human and social capital development. Given the breadth of disadvantage experienced by Indigenous people even in areas of high labour market demand, a suite of programs, that may align with the virtuous hierarchy identified in the discussion paper would need to be rolled out concurrently. CAT is currently involved in discussions with the Brotherhood of St Lawrence in Melbourne about implementing some adaptations of their successful models for working with multiply disadvantaged job seekers in central Australia.

### *Interim Labour Market Programs*

Interim Labour Market (ILM) programs are ‘a diverse range of local initiatives that typically provide temporary waged employment in a genuine work environment with continuous support to assist the transition to work’ (Finn and Simmonds 2003).

ILM programs target the most disadvantaged jobless groups, offering employment in a workplace for 9 to 18 months, with close supervision, guidance and support, and enabling participants to earn a wage rather than government income support. The job is supported by a combination of accredited training and development of workplace skills. Job search assistance is provided towards the end of the employment contract and continued support and mentoring is offered after its completion.

ILMs are place based, have clear social as well as economic objectives and often feature strong involvement by local government and non-government organisations. Many also spin off small community based social enterprises. In the UK ILMs are referred to as Intermediate Labour Markets and have been implemented as part of the New Deal for Communities welfare to work policy. In the USA, ILMs are referred to as Transitional Jobs or Community Jobs Programs. In Australia a number of ILMs have been implemented by organisations such as the Brotherhood of St Laurence targeting residents in highly disadvantaged housing estate areas, homeless youth and recently arrived refugees. Places in an ILM project are filled on a competitive (interviews for selection) and voluntary basis, operating more like the ‘real world’ of work than compliance based programs such as Work for the Dole.

ILMs consistently produce improved outcomes for targeted participants. Based on evaluations undertaken in a number of countries and compared with mainstream (or no) programs:

- The retention of participants in ILMs is double that of mainstream programs.
- The employment rate of participants at the completion of ILMs (job outcome rate) is two to three times better.
- The durability of employment of ILM participants is at least 30 per cent higher at three months, up to 100 per cent higher at six months, and is sustained at 12 months.
- The longer term earnings of an ILM participant are higher.

Integrating an ILM styled program into a reformed CDEP scheme would enable real world and real life experiences of the rules and responsibilities of work. They would help ground skills development in real and applied settings, provide key supports to address child care, transport, health and housing issues, provide a hub for small social and community enterprises as well as undertaking small commercial contracts in key areas such as infrastructure maintenance and repairs, community cafes etc. Seed monies for enterprise start up is critical as are skilled case managers, and committed

training provision leading to relevant qualifications over the full period employed in the ILM program. Employment in an ILM is through a fixed contract and transitioning to other employment post the ILM program is a key focus. The ILM model also offers potential for work development programs targeted to meet the needs of specific employers such as mining companies, the construction industry, land management programs, art centres, tourist operations and other government services.

#### *Integrated intensive assistance models*

Job assistance services such as the Personal Support Program (PSP) provide targeted assistance to address multiple personal and other barriers for long term unemployed people – that is prevocational and personal development assistance – prior to work oriented assistance. Given the educational, language, health and other barriers experienced by Indigenous people in remote communities and on the fringes of larger Territory towns, it would seem critically important to leverage such personal and life skills development opportunities in tandem with CDEP activities. Given the institutional support requirements for any programs on remote communities it would make sense to scale up a range of personal support activities such as those offered through youth diversionary programs, domestic violence programs, family income support programs, stronger families and babies programs etc and integrate these with some form of pre-vocational and employment development.

One to one mentoring or shadowing in community based jobs is a strategy identified in the discussion paper and one which is being pursued effectively in a number of communities. Integrating such intensive approaches with scaled up personal support program has the potential to leverage real employment opportunities in communities.

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