

The Parliament of the Commonwealth of Australia

Review of Auditor-General's Report No. 12, 1990-91,
Aboriginal and Torres Strait Islander Commission
Community Development Employment Projects

House of Representatives
Standing Committee on Aboriginal Affairs
May 1991

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CONTENTS

	Page
Extract from the Votes and Proceedings	iv
Membership of the Committee	iv
Recommendations	v
Acronyms	vi
Chapter 1 Introduction	1
History of CDEP	2
Chapter 2 Review of Audit Report	4
Co-ordination and Monitoring of AEDP	4
Community Development Plans	5
Planning and Assessment of CDEP Activities	7
CDEP vs Unemployment Benefit	8
Family Allowance Supplement	10
CDEP Funding Arrangements	11
Rates of Pay for CDEP Participants	12
Administration by Communities	13
Administrative Procedures	16
Chapter 3 Concluding Remarks	18
Appendix 1 - Public Hearing Held and Witnesses Heard	19
Appendix 2 - Auditor General's Report No. 12 1990-91	21

Extract from the VOTES AND PROCEEDINGS

No. 34 dated Tuesday, 4 December 1990.

Auditor General's Report - Publication of Papers and Reference to Committee:

Mr Speaker presented the following paper:

Audit Act - Auditor-General-Audit Report No. 12 1990-91 - Aboriginal and Torres Strait Islander Commission: Community Development Employment Projects.

Mr Beazley (Leader of the House), by leave, moved that:

...audit report No. 12 of 1990-91 - Aboriginal and Torres Strait Islander Commission: Community Development Employment Projects be referred to the Standing Committee on Aboriginal Affairs...

Question - put and passed.

MEMBERSHIP OF THE COMMITTEE

Chairman	Mr D J C Kerr MP
Deputy Chairman	Dr M R L Wooldridge MP
Members	Mr J D Anderson MP Mr G D Gibson MP Mr M H Lavarch MP Mr P E Nugent MP Mr J L Riggall MP Mr R W Sawford MP Mr L J Scott MP Hon W E Snowdon MP
Secretary to the Committee	Mr A J Kelly
Secretary to the Inquiry	Ms M A Bowman
Inquiry Staff	Mr P Ratas

RECOMMENDATIONS

The committee recommends that:

- . planning, review and evaluation activity for the 1992-93 review of AEDP should be commenced as soon as possible so that it is co-ordinated with current review procedures and is part of a publicly visible and accessible process.
- . the 1992-93 review of AEDP should constitute a major assessment of all aspects of the CDEP, within the AEDP framework, covering policy issues, efficiency and effectiveness, administrative competence and co-ordination between key agencies.
- . community development plans remain a priority for the CDEP scheme and that the effectiveness of the planning process, including community development plans, work plans and regional plans be monitored and kept under review.
- . the implementation of both the User Guide and the work program requirement be kept under review, to monitor the extent of their effectiveness in ensuring that the aims of CDEP are being met.
- . the original and stated intention of CDEP, to pay participants the equivalent of foregone unemployment benefit entitlements in exchange for agreed work be maintained as the norm. Equally, the principle that the agreed work must be performed if payment is to be received should also apply. The monitoring role by ATSIC to ensure that this equilibrium occurs should be maintained.
- . ATSIC and DSS maintain a close watch on relationships between CDEP and the payment of unemployment benefit and more closely coordinate their policy responses. The AEDP Task Force may provide a vehicle for dealing with unresolved issues.
- . efforts continue to improve the take up of FAS by eligible CDEP participants and that both ATSIC and DSS continue to monitor these take up rates.

- . improved procedures continue to be implemented by ATSIC and DSS to ensure the correct allocation of funds to CDEP communities.
- . an adequate monitoring of the success of these enhanced arrangements be maintained and that the results be fed into the 1992-93 CDEP review process.
- . the research project into the impact of applying appropriate industrial awards to CDEP communities proceed as quickly as possible. It will be important to reach a timely conclusion to this exercise which, again, should present some outcomes for the 1992-93 review.
- . a high priority be given to the training and support needs of CDEP administrators, through the combined efforts of ATSIC and DEET.
- . as foreshadowed by DEET, an evaluation of the effectiveness of current training programs in support of administrative competencies for CDEP participants be a significant element of the review of AEDP in 1992-93.
- . senior management of ATSIC and DEET take a significant role in the effective oversighting of improved financial management and accountability for CDEP.
- . support and development to increase the effective administration of CDEP be a key priority for review in 1992-93.

ACRONYMS

AEDP	Aboriginal Employment Development Policy
ATSIC	Aboriginal and Torres Strait Islander Commission
CDEP	Community Development Employment Projects
DEET	Department of Employment, Education and Training
DSS	Department of Social Security
FAS	Family Allowance Supplement

CHAPTER 1 INTRODUCTION

1.1 The Report of the Auditor-General No. 12, 1990-91, Aboriginal and Torres Strait Islander Commission - Community Development Employment Projects, was referred to the Committee by the House of Representatives on 4 December 1990.

1.2 In considering the matter referred to it, the committee sought and received responses from three agencies:

- . Aboriginal and Torres Strait Islander Commission (ATSIC)
- . Department of Social Security (DSS)
- . Department of Employment, Education and Training (DEET).

1.3 A public hearing was held on the inquiry on 14 March 1991 at which the above organisations and the Australian National Audit Office (ANAO) gave evidence. The list of witnesses who appeared at the public hearing is at Appendix 1. Written responses from the respective organisations are included in the transcripts of evidence.

1.4 In reviewing the Audit Report the committee did not attempt a full review of the Community Development Employment Projects (CDEP). Rather, the committee limited itself to the issues raised in the Auditor General's Report which focuses on future planning and implementation in key result areas to ensure an efficient and effective scheme. Central to the future operation of the scheme will be a publicly conducted review process leading up to a full review of the Aboriginal Employment Development Policy (AEDP) in 1992-93.

1.5 The CDEP scheme has now been in operation, in its various forms, since 1977 and a formal, public review of the program has not taken place since the Miller Report (Report of the Committee of Review of Aboriginal Employment and Training Program) in 1985. The committee is of the view that it is timely to examine the matters raised in the Audit Report in the context of the forthcoming formal review process.

1.6 The committee finds that CDEP is proving to be a sound and effective scheme that has much to offer. However, given the rapid rate of expansion of the scheme and the administrative issues of scale and complexity that have arisen as a consequence of this, there is considerable scope for improved efficiency. This process of expansion within the newly evolving agency of ATSIC is also impacting on statutory and program relationships with DSS and DEET.

HISTORY OF CDEP

1.7 The CDEP scheme was first introduced in 1977 in some remote Aboriginal communities where there was little or no prospect of employment or economic development. Since its inception the CDEP has undergone a number of phases in its development.

1.8 It originated as a limited income support system for Aboriginals in remote areas where mainstream employment was not available. Communities agreed to pool their unemployment benefit and work on community projects to earn the wage equivalent of unemployment benefit.

1.9 CDEP was initially restricted to remote communities with little or no labour market and projects tended to be directed towards the maintenance of community services and infrastructure.

1.10 The second phase of the scheme encompassed both expansion of the funding for the scheme and an increased emphasis on economic development through the concept of work or job creation. The committee has been advised that attractive features of CDEP which contributed to this growth were its acceptance by Aboriginal people, the fact that it was self-managed, and the cultural appropriateness of the work to be undertaken, relating as it does to traditional and community activities.

1.11 In 1985, the CDEP became a significant component of the overall Aboriginal Employment Development Policy and now has the status of a major employment program within the ATSIC portfolio.

1.12 The budget for 1990-91 is in excess of \$180 million which accounts for much of the expenditure growth under the government's AEDP. There are 188 CDEPs operating in Australia, with some 18,000 people participating in the scheme. Most projects are located in the remote parts of Western Australia, Northern Territory, South Australia and Queensland, however

"... in recent years the scheme has extended into the semi-remote, rural and urban areas of Queensland, South Australia, New South Wales and Victoria."⁽¹⁾

1.13 The scheme has also obtained guaranteed funding from the Department of Finance to all eligible communities to the foreshadowed levels outlined above.

⁽¹⁾ Community Development Employment Projects - *Review of Funding and Administration, February 1990 - CDEP Working Party Report to the Review Steering Committee*, P 11.

1.14 ATSIIC now emphasises that CDEP

"is an **employment program** in which Aboriginal Communities forego Unemployment Benefit entitlements in exchange for participation in a program which promotes the enhancement of work skills, training and community development"

and

"From the many definitions of CDEP, and its operation in practice four broad orientations of the program can be identified: Community Development, Employment, Economic Development and Social Support. All or some of these may appear in a particular CDEP and the orientation of any one CDEP may change over time".⁽²⁾

⁽²⁾ CDEP Working Party Report, P 6, P 14.

CHAPTER 2 REVIEW OF THE AUDIT REPORT

2.1 The Audit Report comments on a number of specific areas for improved effectiveness and efficiency for the CDEP scheme within the overall context of the Aboriginal Employment Development Policy.

2.2 Following from the submissions and public hearings, the committee makes recommendations in relation to the key result areas noted by Audit. It concludes with some additional overview comments on the process for achieving demonstrable results and outcomes for CDEP.

CO-ORDINATING AND MONITORING OF AEDP

2.3 The Audit Report notes the comprehensive review of AEDP to be undertaken in 1992-93. ATSIC advises that this review supersedes previously proposed annual review processes and that discussions have commenced with the Department of Finance in preparation for what will constitute a major review of AEDP.

2.4 The committee considers that this review process is central and provides a context and focus for assessing the viability and effectiveness of CDEP. To date, there has been little available public documentation on the success of CDEP against stated performance indicators. It is noted that the significant growth and development of CDEP has made such performance expectations difficult to quantify. Equally, ATSIC is at a formative stage and while there is much optimism and enthusiasm in relation to CDEP, it is difficult to obtain effectiveness measures and definitive results from ATSIC in relation to the CDEP program.

2.5 The committee believes that the corporate planning process within ATSIC should make a more effective contribution than it has to date to the accountability of CDEP. The ATSIC corporate plan should be a publicly available document, produced annually and clearly linking the planning process for CDEP to key result areas for the scheme.

2.6 The committee notes the role of the AEDP Task Force, as an overview group to ensure co-ordination between the key funding agencies and to monitor the implementation of AEDP programs, including the CDEP. It further notes that the Minister for Aboriginal Affairs is now the Chairman of the AEDP Task Force and that the Department of Social Security has been formally reintroduced to the AEDP Task Force.

2.7 The committee believes that the above activities should be linked structurally to ongoing evaluation and review processes, which incorporate the activities of the ATSI Office of Evaluation and Audit and should involve consultation, through the Regional Councils, with relevant communities and organisations.

2.8 As noted by ATSI itself, the committee agrees that it is important not to duplicate review processes by the various activities outlined above. It will no doubt be the responsibility of the review committee which is to undertake the 1992-93 review to dovetail these planning and review mechanisms so that they feed into that major review.

2.9 The committee therefore recommends that:

- **planning, review and evaluation activity for the 1992-93 review of AEDP should be commenced as soon as possible so that it is co-ordinated with current review procedures and is part of a publicly visible and accessible process.**

- **the 1992-93 review of AEDP should constitute a major assessment of all aspects of the CDEP, within the AEDP framework, covering policy issues, efficiency and effectiveness, administrative competence and co-ordination between key agencies.**

COMMUNITY DEVELOPMENT PLANS

2.10 ANAO noted that "the Commission should increase its emphasis on encouraging CDEP communities to prepare Community Development Plans and annual work programs for CDEP activities".⁽³⁾

2.11 ATSI advised the committee that it acknowledges the importance of community development plans and advises that work has commenced between the Commission and the Department of Employment, Education and Training, developing a program that will trial the community development planning process in six communities. ATSI makes the point that it is necessary to ensure effective linking of community development plans, work plans and regional plans.

2.12 Further, a template for regional planning is to be prepared by a consultancy that is to be finalised shortly.

⁽³⁾ Audit Report No. 12 1990 - 91 Aboriginal and Torres Strait Islander Commission - Community Development Employment Projects.

2.13 The committee notes these initiatives but is concerned that not enough emphasis and priority is being placed on community development plans.

2.14 In its 1990 report "Our Future, Our Selves", the committee stated:

"The Committee strongly supports the development of community plans as a means of co-ordinated action on the part of government agencies. In its report *A Chance for the Future* the Committee recommended that the government agencies assist Aboriginal people to develop community plans and to include education and training needs within them. Community development has rarely been discussed with Aboriginal people in an overall context which draws together economic, infrastructure, social and cultural needs. The Committee has been struck time and time again by this fact."

and

"The development of community plans may be time consuming and requires a level of awareness and expertise not always available in Aboriginal communities. Non-Aboriginal staff may also be unfamiliar with principles of community development. Consequently, there is a need to develop training packages for both Aboriginal people and non-Aboriginal community based staff or departmental personnel, which are based on accepted principles of community development."⁽⁴⁾

2.15 The committee notes that liaison is currently taking place between ATSIC and DEET to clarify their respective roles, particularly in relation to training support for the skills to develop effective community plans.

2.16 The committee reinforces its support for the development of effective community plans.

⁽⁴⁾ *Our Future, Our Selves* - Aboriginal and Torres Strait Islander Community Control Management and Resources - House of Representatives Standing Committee on Aboriginal Affairs - August 1990, P 82 para 6.56 & P 84 para 6.62.

2.17 It is recommended that:

community development plans remain a priority for the CDEP scheme and that the effectiveness of the planning process, including community development plans, work plans and regional plans be monitored and kept under review.

PLANNING AND ASSESSMENT OF CDEP ACTIVITIES

2.18 ANAO notes some lack of clarity in the assessment process and criteria against which CDEP funding is allocated. This, in turn, points to the need for clarification of the objectives of CDEP.

2.19 ANAO recommended "activities funded by CDEP need to be better targeted and criteria for assessment and priority setting need to be adopted".⁽⁵⁾

2.20 In its response ATSIIC points to the revised guidelines and procedures being put in place to ensure correct assessment processes. The recently completed CDEP User Guide is aimed at assisting communities and ATSIIC staff to develop a better understanding of how the CDEP scheme can be utilised as an employment program.

2.21 As part of these revised funding arrangements a CDEP work program is to become a pre-requisite for funding and must be provided with the application for ATSIIC grant funds.

2.22 The committee notes the work done to date to improve these assessment processes and re-emphasises the Audit Report's concern to link projects to the objectives of CDEP. The enhanced guidelines provide the means of achieving correctly targeted projects; they are not an end in themselves. The success of these guidelines will need to be measured against the improvement in types and success of CDEP projects.

2.23 While the nature of programs undertaken under CDEP are necessarily broad, including community development, employment, economic development and social support, it is important that each work program is linked to the stated objectives of the CDEP and, as a consequence, provides a means of assessing the degree of success achieved by each project in quantifiable terms.

⁽⁵⁾ Audit Report No. 12, P VII.

2.24 This will enable the CDEP to move away from a reliance on "good news" stories and enable successful CDEP models to be established for use by other potential applicants.

2.25 The committee recommends that:

the implementation of both the User Guide and the work program requirement be kept under review, to monitor the extent of their effectiveness in ensuring that the aims of CDEP are being met.

CDEP VS UNEMPLOYMENT BENEFIT

2.26 An area of some discussion in the course of this inquiry has been the relationship between CDEP and unemployment benefit and ANAO highlights this as an area where ATSIC staff, DSS and community members need to clarify their understanding of entitlements to CDEP vis-a-vis unemployment benefit.

2.27 A principle concern is whether "there was scope for individuals, by virtue of CDEP, to receive less than otherwise would have been available as UB".⁽⁶⁾

2.28 ATSIC advises that

"Under CDEP guidelines, participants must be given the opportunity to receive income at a level at least the equivalent to their otherwise UB entitlement.

While ATSIC encourages the payment of wages at award rates, it is within a community's discretion to fix actual hours worked, and to implement a principle of "no work, no pay". Where individuals elect not to take up the offer of work, their level of income may well be affected much the same as if they were in general employment or receiving UB.

It is the case that ATSIC and DSS staff have not clearly understood or consistently interpreted the availability of partial UB for CDEP participants. ATSIC is liaising with DSS regarding the implementation of arrangements to address this matter."⁽⁷⁾

⁽⁶⁾ Audit Report No. 12, P 13.

⁽⁷⁾ Transcript of Evidence, P 69.

2.29 The Department of Social Security states that CDEP is an ATSIC program, funded by ATSIC and that payments to individuals participating in CDEP are the responsibility of individual communities. The DSS responsibility is related to the appropriate payment of unemployment benefit.

2.30 The committee recognises the difficulties that can arise where people participating in CDEP may receive less than the equivalent of unemployment benefit. The committee reinforces the need for ATSIC field staff to monitor this situation and to assist in the resolution of conflicts where they occur.

2.31 The committee recommends that:

the original and stated intention of CDEP, to pay participants the equivalent of foregone unemployment benefit entitlements in exchange for agreed work be maintained as the norm. Equally, the principle that the agreed work must be performed if payment is to be received should also apply. The monitoring role by ATSIC to ensure that this equilibrium occurs should be maintained.

2.32 Another issue that has arisen is whether individuals can opt out of CDEP when they are members of a participating community and what implications this has for what the Department of Social Security calls the "convention" that unemployment benefit and participation in CDEP are seen as mutually exclusive.

2.33 This "convention" may become more of an issue as the scheme expands further beyond remote communities and has implications for the application of the work test by DSS.

2.34 The Department of Social Security advises that some of the justifications for existing arrangements which were valid at the inception of CDEP in late 1977 are now being called into question and tested at appeal tribunals.

2.35 The committee notes the capacity for these anomalies to occur and supports the Audit recommendation that liaison and negotiations take place to minimise the difficulties arising.

2.36 While an emerging area of concern, these problems do not appear to be of a nature to undermine the basic philosophical and policy underpinning of CDEP, at least on the basis of arguments and examples produced to date.

2.37 The committee emphasises that the flexibility of CDEP and its adaptability to a wide range of circumstances is one of its strengths. Consequently, while there is a need to tidy up some linkages provisions between DSS and ATSIC, the scheme should be given the necessary scope to continue.

2.38 The committee recommends that:

ATSIC and DSS maintain a close watch on relativities between CDEP and the payment of unemployment benefit and more closely coordinate their policy responses. The AEDP Task Force may provide a vehicle for dealing with unresolved issues.

FAMILY ALLOWANCE SUPPLEMENT

2.39 The Audit Report found that "more assistance is needed for the significant proportion of people entitled to Family Allowance Supplement (FAS) who had not taken up that entitlement"⁽⁸⁾ amongst CDEP participants.

2.40 Both ATSIC and DSS report significant improvement in both the take up rate for FAS and the processes for keeping this under review.

2.41 DSS has undertaken to ensure that all Aboriginal and Torres Strait Islander families, particularly those participating in CDEP, are adequately informed about the Family Allowance Supplement and are encouraged to claim their entitlements.

2.42 The provision of new participant schedules as from 1 March 1991, increased awareness by DSS staff concerning eligibility of families participating in CDEP, routine activities of staff, such as the Remote Visiting Teams and monitoring by survey have all contributed to the successful take up of FAS to approximately 70% of eligible CDEP participants.

2.43 The committee recommends that:

efforts continue to improve the take up of FAS by eligible CDEP participants and that both ATSIC and DSS continue to monitor these take up rates.

⁽⁸⁾ Audit Report No. 12, P VII.

CDEP FUNDING ARRANGEMENTS

2.44 Funding arrangements for CDEP were an area of concern and Audit found that "various factors that contributed to inaccurate payments need to be addressed".⁽⁹⁾ These included failure to submit accountability documentation, unnecessary delays in payment adjustments, lack of authority at the regional level, lax security for computer systems and incorrect advances.

2.45 Both DSS and ATSIC report considerable progress in this area since the Audit report.

2.46 ATSIC reports that it is now a requirement that each CDEP community/organisation provide a full list of participants on the newly designed participant schedule to the ATSIC Regional Office four weeks prior to the commencement of each quarter. Where communities/organisations have the resources they can opt for provision of monthly schedules in lieu of quarterly schedules. The monthly schedules must be submitted within two weeks of the start of each month.

2.47 All participant schedules must be accompanied by a covering certification, signed by the chairperson or an authorised employee of the recipient organisation, stating that all persons listed on the schedule are eligible to participate in the CDEP in accordance with eligibility criteria set out in the certification. Provision of the new participant schedule commenced on 1 March 1991.

2.48 The CDEP User Guide states:

If a community or organisation fails to submit at least a quarterly participant schedule funds can not be released until the schedule is submitted. (p 33)⁽¹⁰⁾

2.49 The numbers provided on the participant schedule are used by ATSIC to calculate the next quarter's wages funding entitlements. The quarterly grant for those communities/organisations who submit monthly schedules will be re-costed at the end of the next quarter and any adjustments will be made in the next quarter.

2.50 The Commission checks schedules against the previous schedule as part of its monitoring role, and undertakes spot checks during community visits as well as checking schedules at review time.

⁽⁹⁾ Audit Report No. 12, P VII.

⁽¹⁰⁾ Aboriginal and Torres Strait Islander Commission - Community Development Employment Projects (CDEP) - User Guide, January 1991.

2.51 Participant schedules are forwarded to the Department of Social Security (DSS) which checks the eligibility of participants and where appropriate ceases unemployment benefit payments to individuals. It is the responsibility of DSS to advise ATSIC where individuals listed on the participant schedule are considered ineligible for CDEP. Any adjustments resulting from the DSS check of the schedule will be made in the following quarter.

2.52 DSS confirms that the arrangements will be monitored and reviewed. The issue of provision of schedules to DSS has been followed up on a regional basis. Discussions are underway with ATSIC on possible improvements to processes in the medium term.

2.53 The committee recommends that:

- . improved procedures continue to be implemented by ATSIC and DSS to ensure the correct allocation of funds to CDEP communities
- . an adequate monitoring of the success of these enhanced arrangements be maintained and that the results be fed into the 1992-93 CDEP review process.

RATES OF PAY FOR CDEP PARTICIPANTS

2.54 Another area of concern was whether Award rates of pay are paid, where appropriate. This is a particular dilemma given that CDEP funding is only at a rate equivalent to unemployment benefit. Additionally, because of the short hours covered by unemployment benefit equivalents, casual or penalty rates may further reduce the hours if Award conditions are applied strictly.

2.55 There is little by way of outcome to report at this stage and ATSIC advises that a research project is underway to determine the potential impact of unionism and industrial award coverage. The terms of reference for this project are as follows:

- . To assess the applicability of industrial awards to CDEP program activity in ATSI communities;
 - Consider whether existing awards may apply, whether a new award needs to be created for CDEP or whether CDEP should be exempt from award coverage;
- . To assess the potential impact of the mandatory introduction of awards from both a program and community perspective;

- . Identify the attitudes of ATSI communities to the introduction of industrial awards;
- . Identify potential areas of conflict between community structures and aspirations and union practices;
- . Make recommendations as to whether or not industrial awards are applicable to ATSI CDEP communities considering relevant social and cultural factors, and assess what, if any, are the likely resource implications.

2.56 A steering committee has been established to oversee the project. It consists of an ATSI Commissioner, senior ATSI and DEET officers and an independent Aboriginal person.

2.57 It is expected that the project will be completed within six months of the commencement of the study.

2.58 The committee notes progress to date and recognises that this is another of the anomalies presenting to CDEP as it expands its scope and coverage.

2.59 The committee recommends that:

- . **the research project into the impact of applying appropriate industrial awards to CDEP communities proceed as quickly as possible. It will be important to reach a timely conclusion to this exercise which, again, should present some outcomes for the 1992-93 review.**

ADMINISTRATION BY COMMUNITIES

2.60 The administration and financial management of CDEP at the operational level has been a matter of ongoing concern since inception. This continues to be a factor in perceptions as to both the viability and credibility of CDEP.

2.61 ANAO confirms that this situation continues:

"CDEP operates in an essentially unstable environment of high staff turnover and lack of adequate experience and training. As noted previously, the amount of assistance provided to communities by officers through programs of visits to the communities, which would help over time to overcome administrative and managerial problems, had been less than satisfactory.

The ANAO is of the view that the effectiveness of CDEP in achieving its objectives relies heavily on the advice and assistance that can be provided by the Commission's officers, supported by appropriate training programs in conjunction with relevant agencies. This should be a key factor taken into account by the Commission in resource allocation decisions."⁽¹¹⁾

and the Audit Report finds:

"communities needed more support and training to overcome difficulty in fulfilling the management and accountability requirements of the scheme."⁽¹²⁾

2.62 It is acknowledged by the committee that this is an area where progress cannot be achieved overnight and that both ATSIC and DEET have programs in place to improve training support to CDEP communities.

2.63 ATSIC advises "the Commission is addressing these issues in a number of ways. Government has agreed to ATSIC's submission for additional staff resources as outlined in the Review of CDEP Funding and Administration, and AEDP/CDEP support staff will soon be located in all State and a number of Regional offices. Additional administration funds have also been provided.

2.64 Terms of reference are currently being devised for a pilot project involving the Commission, DEET and DSS whereby 10 CDEP communities throughout Australia will be targeted in an effort to assess the effectiveness of current services and the adequacy of available resources. The aim of the exercise is to develop support strategies which reflect community priorities and to ensure each agency adequately services those communities in a co-ordinated manner."⁽¹³⁾

2.65 DEET confirms that it provides support for CDEP under the Training for Aboriginals Program (TAP) and other DEET programs and advises:

"The principle aim, particularly in the most recently implemented CDEP projects, has been to commence training potential CDEP administrators from within the community prior to commencement of the project. In some instances this training is continued on for up to twelve months after the project commences in the guise of the DEET funded Community Training Officer. Few of these arrangements have been completed so far, and success is therefore difficult to gauge.

(11) ANAO Report No. 12, P 19.

(12) ANAO Report No. 12, P VII.

(13) Transcript of Evidence, P 71.

It is intended that DEET will shortly commence a full evaluation of the *community sector elements of TAP*, under which training assistance is provided to Aboriginal communities, including those with CDEP projects. This evaluation will feed into the evaluation of the Aboriginal Employment Development Policy as a whole in 1992/93.⁽¹⁴⁾

2.66 The committee is of the firm view that an adequate skill base at the level of administration of individual CDEPs is the most fundamental requirement to the success of CDEP. This is also the view of ANAO which stated at the public hearing:

"Making all these requirements for grant acquittal and participation schedules is all dependent, of course, on the skill base in the community, and we can see that Aboriginal communities, because of their isolation among other things, have particular problems in that regard. So it was heartening to hear other people giving evidence earlier, saying that they saw this as a need to be addressed."⁽¹⁵⁾

2.67 *Difficulties of isolation, staff turnover, and existing levels of administrative skills and capacities* are all factors that will require long term strategies and programs and a continuum of ongoing support. Notwithstanding these difficulties, training of CDEP communities must be pursued, with co-ordination between ATSIC and DEET at all levels, to maximise the efforts of these organisations.

2.68 It is recommended that:

- . a high priority be given to the training and support needs of CDEP administrators, through the combined efforts of ATSIC and DEET
- . as foreshadowed by DEET, an evaluation of the effectiveness of current training programs in support of administrative competencies for CDEP participants be a significant element of the review of AEDP in 1992-93.

(14) Transcript of Evidence, P 117.

(15) Transcript of Evidence, P 61.

ADMINISTRATIVE PROCEDURES

2.69 The Audit Report finds that:

"there is also scope for the Commission to improve administrative procedures in a number of areas."⁽¹⁶⁾

The key issue under this finding is a concern with the financial management and accountability under CDEP.

2.70 ATSIIC advises that Commissioners have recently made a decision to give priority to the timely acquittal of grants and to the training of ATSIIC officers in the relevant procedures.

2.71 It is noted by the committee that ATSIIC has primary responsibility for training CDEP staff in financial management and accountability.

2.72 The key initiatives reported are the Grant Procedure Training and the CDEP Training Package which includes modules on critical factors to make a successful CDEP.

2.73 This training, which targets ATSIIC, DSS and DEET staff is of recent origin and ATSIIC advises "it is too early to judge effectiveness against improvements in work performance".⁽¹⁷⁾

2.74 It is further stated that the Commission is reviewing performance indicators for CDEP with a view to making them more appropriate measures of the scheme's effectiveness.

2.75 While reinforcing the need for greater management competence and accountability among ATSIIC staff, and through them at the community level, the committee recognises that this will not be achieved overnight and that this is a longer term objective for the CDEP scheme.

2.76 The committee does, however, make the point that it is the responsibility of ATSIIC, in conjunction with other key Departments, to manage this process by defining key result areas and benchmarks against which progress can be assessed.

2.77 It is in this area of steady, planned, assessable progress that the long term credibility and viability of CDEP will be established.

⁽¹⁶⁾ ANAO Report No. 12, P VII.

⁽¹⁷⁾ Transcript of Evidence, P 87.

2.78 Administrative and financial management difficulties have tended to impact on the credibility of the scheme. Some of these are resource based and others relate to the incremental way in which CDEP has developed.

2.79 ATSIC highlights program accountability for CDEP as a key priority. The implementation of the above initiatives, particularly in the area of training for increased financial management and clear performance indicators against which progress can be assessed will be fundamental to establishing this accountability.

2.80 The committee endorses the initiatives taken by ATSIC and DEET to clarify their respective roles and to provide complementary training to improve the administration of CDEP.

2.81 The committee recommends that:

- . **senior management of ATSIC and DEET take a significant role in the effective oversighting of improved financial management and accountability for CDEP.**

2.82 The committee further recommends that:

- . **support and development to increase the effective administration of CDEP be a key priority for review in 1992-93.**

CHAPTER 3 CONCLUDING REMARKS

2.83 The CDEP is now a major Government program. It is fair to say that it has probably escaped its share of external review and scrutiny to date.

2.84 There are number of issues which continue to influence the credibility of the scheme. Some of these are resource based (the capacity of ATSIC to provide adequate oversighting of the scheme). Others relate to the incremental way the scheme has developed, causing problems in CDEP's relativities with other policies and programs, in particular unemployment benefit and award rates of pay.

2.85 Additionally, administrative and financial management difficulties have been endemic and will increase with the expanded scale and complexity of CDEP unless strategies and plans are in place to address them.

2.86 Against this background and the Government commitment to CDEP, the key issues relating to CDEP's future operations are ATSIC's policy framework and organisational management of the scheme and the capacity of the staff to achieve this; the actual operation of CDEP and relationships with other organisations, particularly DSS and DEET.

2.87 Priority areas for attention highlighted in this report are contained in the recommendations at the front of this report. They include improved planning and evaluation for CDEP within the AEDP framework, an identification of key result areas against which the efficiency and effectiveness of the scheme can be measured, a restating of the importance of community development plans, targeting of CDEP projects to defined objectives, improved training and developmental support for communities and staff of oversighting agencies and, through this, a capacity to achieve increased financial and administrative competence for CDEP at all levels of administration.

2.88 An emphasis has been placed on the importance of the major review of AEDP to be undertaken in 1992/93 as an appropriate and timely means of reviewing progress in these key result areas for CDEP. In the view of the committee this review should incorporate specific activity currently underway and provide a full evaluation of CDEP, and a forward plan for its further development.

Duncan Kerr MP
Chairman

13 May 1991

APPENDIX 1

Public Hearing Held and Witnesses Heard

14 March 1991

Aboriginal and Torres Strait Islander Commission

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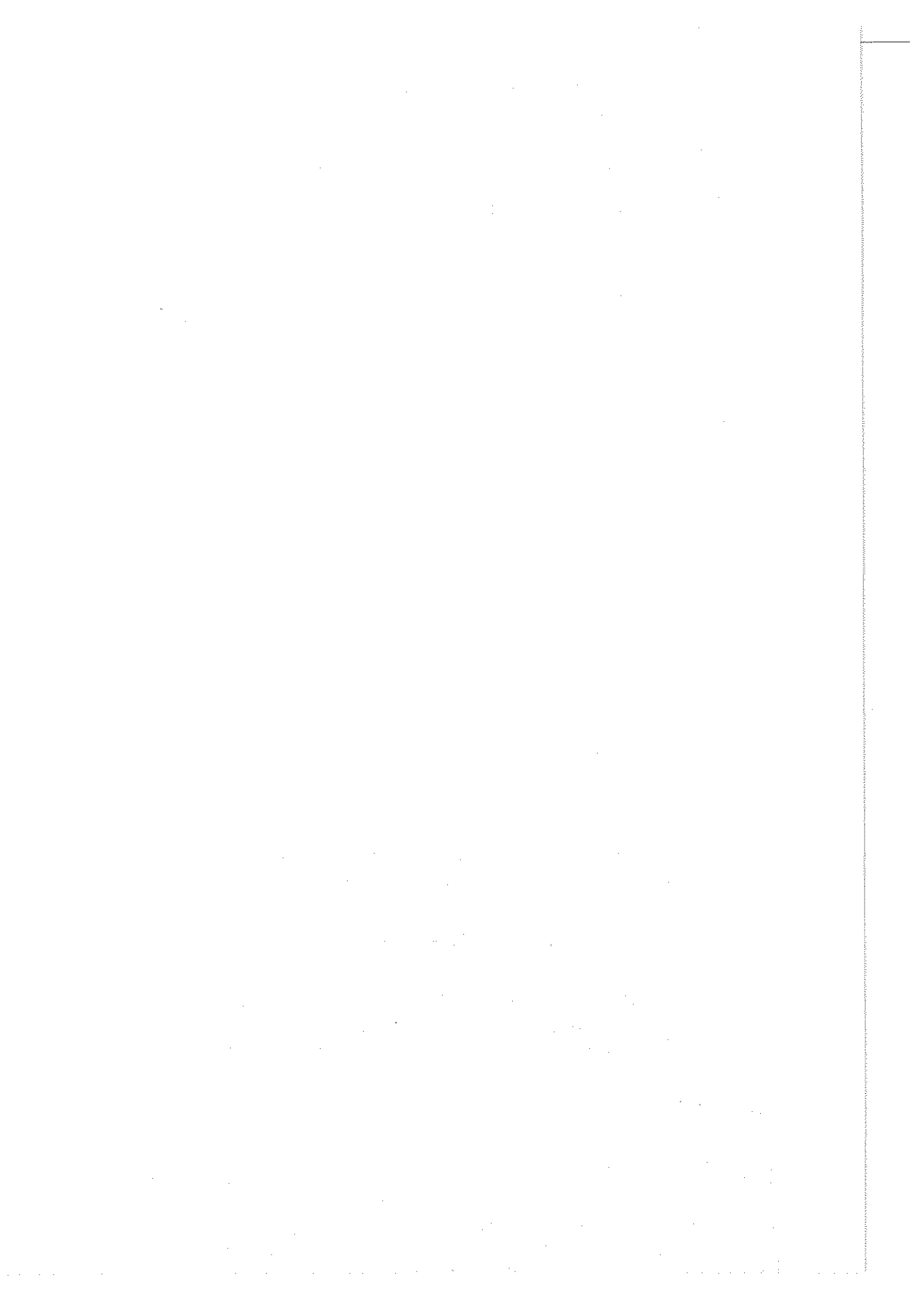
BOWDLER, Mr J B	Deputy Secretary
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McVICAR, Mr N	Acting Assistant Secretary, Labour Force Programs

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ROSE, Mr D	Principal Adviser, Programs Division
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Australian National Audit Office

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APPENDIX 2

AUDITOR GENERAL'S REPORT NO. 12 1990 - 91

The Auditor-General

**Audit Report No.12
1990-91**

**Aboriginal and Torres Strait
Islander Commission**

**- Community Development
Employment Projects**

**Australian Government Publishing Service
Canberra**



Australian National Audit Office
Canberra, ACT
9 November 1990

Dear Mr President
Dear Mr Speaker

In accordance with the authority contained in the *Audit Act 1901*, I transmit to the Parliament a report on the Aboriginal and Torres Strait Islander Commission - Community Development Employment Projects, carried out under the provisions of the *Audit Act* and other Acts.

Yours sincerely,

J.C. Taylor
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of
the House of Representatives

Parliament House
Canberra, ACT

Contents

	Page
Key Findings	vii
Acronyms	viii
1. Background	1
1.1 Aboriginal Employment Development Policy	1
1.2 Community Development Employment Projects	2
2. CDEP aims and objectives	3
3. Administration of the CDEP Scheme	5
4. Audit objectives	7
5. Audit findings	8
5.1 Co-ordination and monitoring of AEDP	8
5.2 Community development plans	8
5.3 <i>Planning and assessment of CDEP activities</i>	10
5.4 CDEP vs Unemployment Benefit	12
5.5 Family Allowance Supplement	14
5.6 CDEP funding arrangements	15
5.7 Rates of pay for CDEP participants	16
5.8 Administration by communities	17
5.9 Administrative procedures	20
6. General comment by ATSIC	21
Appendix	
Series titles	23

Key Findings

The Community Development Employment Projects (CDEP) scheme is designed as an alternative to continued reliance on unemployment benefit. It enables Aboriginal communities, or specific interest groups within communities, in rural and remote areas and small rural towns and in other situations where there are no alternative employment prospects, to undertake community development activities designed and valued by the community or group, and which involve the employment of community members.

The scheme was administered by the former Department of Aboriginal Affairs until 5 March 1990 and since then has been the responsibility of the Aboriginal and Torres Strait Islander Commission. An audit of the administration of the Scheme during 1989-90 produced the following key areas for attention:

- the Commission should increase its emphasis on encouraging CDEP communities to prepare Community Development Plans and annual work programs for CDEP activities (paras 5.2.6 and 5.3.4)
- activities funded by CDEP need to be better targeted, and criteria for assessment and priority setting need to be adopted (paras 5.3.5 and 5.3.8)
- both Commission staff and community members need to clarify their understanding of entitlements to CDEP vis-a-vis unemployment benefit (para 5.4.11)
- more assistance is needed for the significant proportion of people entitled to Family Allowance Supplement (FAS) who had not taken up that entitlement (para 5.5.2)
- various factors that contributed to inaccurate payments need to be addressed (para 5.6.3)
- wage rates under CDEP generally did not reflect relevant award rates despite CDEP Guidelines requiring that they should (para 5.7.2)
- communities needed more support and training to overcome difficulty in fulfilling the management and accountability requirements of the scheme (para 5.8.13), and
- there is also scope for the Commission to improve its administrative procedures in a number of areas (para 5.9.2).

Acronyms

ACTU	Australian Council of Trade Unions
AEDP	Aboriginal Employment Development Policy
ATSIC	Aboriginal and Torres Strait Islander Commission
ADC	Aboriginal Development Commission
CDEP	Community Development Employment Projects
DAA	Department of Aboriginal Affairs
DEET	Department of Employment, Education and Training
FAS	Family Allowance Supplement
UB	Unemployment Benefits

Chapter 1

Background

1.1 Aboriginal Employment Development Policy

1.1.1 In 1984-85 the then Commonwealth Ministers for Aboriginal Affairs and Employment and Industrial Relations commissioned a major independent review of Aboriginal unemployment. The Report of the Committee of Review of Aboriginal Employment and Training Programs was presented to the Government in September 1985. It highlighted the need for a redirection of Commonwealth and State/Territory Government programs. As an initial response to the Report, the Government announced the Aboriginal Employment Development Policy (AEDP) in August 1986. In November 1987, the AEDP was launched by the Prime Minister.

1.1.2 The AEDP was developed as a long-term policy to be administered jointly by the Department of Employment, Education and Training (DEET), the former Department of Aboriginal Affairs (DAA) and the former Aboriginal Development Commission (ADC). It combines measures to promote employment, education and enterprise development to help Aboriginal and Torres Strait Islander people to move away from welfare-dependence towards self-sufficiency and economic independence.

1.1.3 AEDP includes a number of high level strategies directed towards the social, cultural and economic development of Aboriginal and Torres Strait Islanders, including:

- public and private sector employment
- community based employment and enterprise
- educational and formal training, and
- co-ordination and consultation.

1.1.4 CDEP is one element of the strategy to develop community based employment and enterprise.

1.2 Community Development Employment Projects

1.2.1 The CDEP scheme, which was administered by the former DAA, and is now administered by ATSIC, is a major component of the AEDP. The scheme was first introduced in 1977 in response to requests from Aboriginal communities for local employment in various community development projects as an alternative to continued reliance on unemployment benefits (UB). Following the release of the AEDP in November 1987, the CDEP scheme was revised and expanded in response to the number of communities and individuals seeking participation in the scheme.

1.2.2 The objective of the CDEP scheme is to enable Aboriginal communities, or specific interest groups within communities, in rural and remote areas and small rural towns and in other situations where there are no alternative employment prospects, to undertake community development activities designed and valued by the community or group, and which involve the employment of community members.

1.2.3 Under the scheme communities receive a grant for wages equivalent to the aggregate unemployment benefits to which members of the community or group would otherwise be entitled. An additional amount of up to 20% of the total wages grant may be provided to cover the costs of administration and materials. In addition, through the CDEP Support Program, additional funding may be provided for capital and recurrent funding purposes. This funding is to assist with costs that are unable to be met from the on-cost component, e.g. large capital items or additional equipment. Limited recurrent funding, particularly for small CDEPs, can also be paid from funds provided under the CDEP Support Program.

Chapter 2.

CDEP aims and objectives

2.1.1 For program management and budgeting purposes, the CDEP scheme is a component of the former DAA's Social-Economic Development Sub-Program within the Community and Enterprise Development Program. Australia-wide \$134 million was expected to be spent on the scheme in 1989-90. This represented 92% of the expenditure on the Sub-Program.

2.1.2 Achievement of the Sub-Program's aims and objectives therefore depends primarily on the outcomes of the CDEP component.

2.1.3 The objectives of the Sub-Program as set out in the Portfolio Program Estimates for 1989-90 were:

- to reduce reliance by the Aboriginal and Torres Strait Islander community on welfare dependency and foster economic independence through the creation of employment and training opportunities as well as encouraging enterprise development within the Aboriginal and Torres Strait Islander community
- to improve the level of Aboriginal and Islander participation in employment to that of the general community
- to improve the income level of Aboriginals and Torres Strait Islanders to that of the general community
- to provide support services and funding to Aboriginal and Torres Strait Islander community enterprises to enable them to reach commercial viability within a specified period, and
- to ensure State/Territory Governments adopt similar policies to the Commonwealth Government in respect of Aboriginal and Torres Strait Islander employment and training and enterprise development.

2.1.4 The 1989-90 Explanatory Notes state the specific goals of the CDEP component of the Sub-Program as:

- provision of opportunities for on-going employment for Aboriginals and Torres Strait Islanders in remote areas or where there are no other employment prospects

- the improvement of communities' social, cultural and economic life through work activities developed and managed by Aboriginal and Torres Strait Islander communities and groups themselves
- the establishment by special interest groups within the community, such as women, young people or members of particular clans, of their own projects of economic or social significance to their group or to the community as a whole
- assistance for communities and groups towards meeting their overall development goals
- Aboriginal and Torres Strait Islander participation in community management and CDEP administration and decision making, and
- the development of skills in management, supervision and specific job-related areas, especially those which enhance CDEP participants' opportunities of gaining other local employment or developing commercially viable enterprises.

Chapter 3

Administration of the CDEP Scheme

3.1.1 CDEP projects are assessed, paid, recorded and reviewed using the former Department's system for processing grants. The steps involved in this process are as follows:

- An evaluation of each CDEP project is made between October and March each financial year. This evaluation assesses performance to date and appraises the funding requirements for the following financial year.
- Project appraisals, formally approved by the delegate, would constitute the program for the following year.
- The amount of the grant for wages and on-costs depends on the number of participants and their dependants. Communities funded under the scheme are to provide updated participant details on a fortnightly basis. This information is to be input into the CDEP database on a monthly basis.
- Grant payments are to be made quarterly in advance. Releases were made on the basis of an approved cash release advice. Before the delegate approves the payment of grant moneys, he is to be satisfied that:
 - the Participant Schedule used in the grant calculations includes up-to-date participant information
 - there has been compliance with grant terms and conditions, and
 - the sponsoring organisation has a need for a further cash release.

3.1.2 The terms and conditions of CDEP are set out in the former Department's CDEP Operational Manual, issued in 1989. They seek to provide sufficient flexibility to be able to respond to the needs and priorities of the communities and groups seeking assistance, subject to a number of operational constraints. These constraints include:

- CDEP should be provided only where there are no alternatives

- there should be full consultation resulting in substantial and broadly based community support for the scheme in preference to UB
- where a project is for a specific interest group within a community, that group must be a clearly defined unit to avoid problems of who is eligible to participate
- CDEP does not provide a means by which governments, departments or agencies may reduce or fail to provide funds or services for which they are responsible
- communities or groups seeking CDEP funding should have the administrative and supervisory infrastructure and skills to manage projects, or develop them before the project begins
- CDEP projects are to be monitored through annual project reviews, regular visits to the communities, and quarterly verification of participant schedules
- each CDEP project should fit into a wider Community Development Plan designed for the community in which the scheme operates; officers should encourage preparation of plans
- for CDEP purposes, work is defined as whatever the community regards as productive activity associated with the overall social, cultural and economic prosperity of the community. CDEP may be used, for example, for traditional cultural activities, to recognise the role of women in areas such as child care, to support outstation activities, to supplement the operation of resource centres, or for facilities for youth, the aged or sport, in addition to other activities commonly undertaken, such as projects to supplement municipal operations, health work and housing
- communities should be encouraged to prepare a broad annual work program to complement the Community Development Plan; it should ensure suitable employment for all participants wishing to be employed
- persons unable to work, and age pensioners, are ineligible to participate in CDEP, and
- all members of a community who would otherwise be entitled to UB are to be offered CDEP work, and should be given the opportunity to receive income at least equivalent to the UB entitlement; relevant award rates for the type of work are to be used as a minimum entitlement.

Chapter 4

Audit objectives

4.1 An audit of the administration of CDEP was undertaken in 1989-90. The review included an examination of administrative procedures in the Queensland, Northern Territory and Western Australian State Offices and Regional Offices of the former Department of Aboriginal Affairs (DAA).

4.2 The purpose of the review was to establish whether:

- systems for processing CDEP grants were adequate
- Regional Offices were providing adequate support for CDEP projects, and
- assessments had been made of the extent to which CDEP funds have been used efficiently and effectively in furthering the objectives of the scheme.

4.3 Where areas of possible improvement were identified proposals for change were to be made.

Chapter 5

Audit findings

5.1 Co-ordination and monitoring of AEDP

5.1.1 With the introduction of AEDP in 1987, a Task Force was established to co-ordinate and monitor the AEDP on a national basis. The Task Force was to provide a progress report annually to Ministers. To date one report, dated October 1988, has been submitted.

5.1.2 The Commission has advised that a more detailed report, covering the period from its inception to 30 June 1990, is currently being finalised. This is to include full year performance data, and therefore is unlikely to be available until late in 1990. Performance indicator statistics submitted by State Offices are being aggregated into a national format.

5.1.3 The Commission has also advised that the Government had agreed there should be a comprehensive review of AEDP in 1992-93, and that related negotiations between the Departments of Finance, Employment Education and Training and the Commission have commenced.

5.2 Community development plans

5.2.1 The CDEP Manual makes it clear that the benefits of the CDEP scheme will be maximised if individual projects to be funded are consistent with a community development plan prepared and agreed by all of the members of the community. Such plans should be the basis for long-term co-ordinated development of the community; they should be a record of the community's goals and objectives (strategic planning) and how it plans to achieve them (tactical planning); and they should be amended as necessary to reflect the changing needs and aspirations of the community. Matters to be addressed in a community development plan might include health, education, housing, and social and economic activities.

5.2.2 An important responsibility of the Commission is to encourage and assist communities to formulate community development plans. It does not have a specific program to

facilitate this process, but has advised that it is considering the steps it might take in this regard.

5.2.3 The ANAO found that many communities did not have a community development plan, and of those that did, many specified the projects communities wished to have implemented without identifying broader developmental goals. As a result, project appraisals for ongoing funding generally did not include consideration of how each project contributed to the community's overall development.

5.2.4 Two communities in the Northern Territory which had developed extensive development plans covering issues such as water, health, education, building and enterprises were the Laynahpuy Homeland Associated Inc and the Marthakal Homelands and Resource Centre Inc.

5.2.5 A significant factor affecting the capacity of the former Department to assist communities and groups in this regard was the availability of its staff to maintain a program of regular visits. The Commission advised that the Government had agreed to a submission for additional staff resources, and that procedures are now in place to locate these staff in areas of high priority need.

ANAO comment

5.2.6 The ANAO is of the view that the Commission should increase the emphasis on the formulation by communities of their development plans, thereby providing a framework for the appraisal of the relevance and value of individual CDEP projects in each community.

5.2.7 The Commission fully acknowledged the importance of community development plans. It added that it may be some years before all funded communities have development plans in place. It has received advice, however, that the Department of Employment, Education and Training has agreed to provide assistance in respect of training requirements in developing community plans.

5.2.8 The ANAO was advised also that a number of Economic Development Conferences had been held during 1989-90, which provided a forum for communities and groups to have an input to government programs. It is understood these forums could provide opportunities for the promotion of community development plans.

5.3 Planning and assessment of CDEP activities

5.3.1 The CDEP policy guidelines state that the program objective is to enable Aboriginal communities to undertake community development activities designed and valued by the community. The CDEP Operational Manual defines 'work' as whatever the community regards as productive activity associated with the overall social, cultural and economic prosperity of the community.

5.3.2 There are, however, a number of constraints imposed on allowable CDEP activities, including the following:

- every effort must be made to ensure that CDEP does not provide a means by which governments, departments or agencies reduce or fail to provide funds or services for which they are responsible, although CDEP may support such activities
- CDEP should contribute to the development of skills in management, supervision and specific job-related areas, especially those which enhance CDEP participant's opportunities of gaining other local employment or developing commercially viable enterprises, and
- activities undertaken through CDEP should have an underlying objective of assisting Aboriginal communities or groups to improve their social, cultural and economic prosperity.

5.3.3 The CDEP Operational Manual also requires communities to be encouraged to prepare a broad annual work program to complement the community's development plan.

5.3.4 The audit findings showed that annual work programs are generally not prepared, and appraisals of grant applications often do not identify the type of work to be performed, or the level of resources to be devoted to each activity. In addition, a regular program of visits to communities, through which officers could keep in touch with the activities in each community, was not achieved.

5.3.5 It would appear that there has been an insufficient level of contact by officers with communities, with little encouragement or assistance being given for the development of annual work programs (or community development plans), and resulting in opportunities for funding inappropriate activities. Information on a community's activities is also relevant in directing the Department of

Employment, Education and Training to areas where it may be able to provide training assistance.

5.3.6 The Commission advised that a CDEP work activity is any 'productive' activity, and does not have to be 'developmental'; it is a matter for the community to decide what is productive. In addition, funding is subject to an annual review, and a six-monthly performance indicator review.

5.3.7 In Queensland, the Commission advised that there was no knowledge in that State of any instance where a form of work activity selected by a community had not been a 'productive' activity associated with the overall social, cultural and economic prosperity of the community' (see para 5.3.2 above), adding that, through the inclusion of 'social and cultural' in the work options, there would be very little that could not be included as acceptable work activity. It was further added that while there is no question of the 'developmental' emphasis of the CDEP scheme, that is not to the exclusion of other types of endeavour.

ANAO comment

5.3.8 The foregoing indicates that CDEP funding has been provided on the basis of a very broad range of objectives, that there needs to be clarification of those objectives, and that the level of assistance and guidance to communities needs to be improved. Given that CDEP funding does not flow automatically from an application by a community, it also calls into question the criteria against which applications may be granted or refused. In this regard, the Commission has advised that:

- a new staffing formula consequent on the formation of the Commission will provide additional resources for initiatives associated with the inspection and monitoring of its programs, including CDEP
- a Community Development Plan is to become mandatory prior to the commencement of a CDEP scheme
- a Works Program is to become a prerequisite for CDEP funding; it will set out the projects the community sees as important to its social, cultural, recreational and, where applicable its economic development, and will be an integral part of the Community Development Plan
- a pro forma to be completed by Commission staff prior to the commencement of a CDEP will clearly identify the nature and relevance of the activities to be supported, and

- the need for clarification of the objectives of CDEP had been referred to the National CDEP Working Party commissioned by the Government in August 1989.

5.4 CDEP vs Unemployment Benefit

5.4.1 Consideration was given, in the course of the audit, to the relationship between CDEP and UB. The purpose was to assess whether members of remote communities received their proper entitlements under the law, and whether the way in which the two programs were delivered gave rise to any inequitable treatment of individuals. The Department of Social Security advised that, historically, CDEP was established to provide discrete remote communities with funds equivalent to the aggregate of UB entitlements, which could be used to employ community members in worthwhile pursuits. It was understood by the communities and the Government that UB would not be claimed and would cease to be available where CDEP operated. The ANAO noted that, administratively, this appeared to be a relatively straightforward proposition, with the relationship between CDEP and UB clearly defined. A condition for CDEP entitlement was that all community members agreed to participate in lieu of receiving UB.

5.4.2 The ANAO noted also that, more recently, CDEP schemes have been extended to town-based communities, and groups within communities, with the result that it had become possible for people within the one community to have access to either CDEP or UB, depending on their circumstances.

5.4.3 Entitlement to UB is determined, among other things, on the application of the 'work test'. That is, a person must be unemployed, be capable of undertaking and willing to undertake suitable paid work, and take reasonable steps to obtain such work, to qualify for UB.

5.4.4 DSS has advised that where CDEP funding is available for all residents of work force age (other than those receiving pensions or other benefits), e.g. in remote communities, a person joining that community would have an offer of work (and funding) automatically available, and would not therefore be eligible for UB. In other situations, where CDEP participation had been set at a fixed number, funding and work would not be automatically available, and those who are not offered work would be entitled to UB subject to normal conditions.

5.4.5 Audit inquiries showed that:

- the payments to some CDEP participants in both remote and town-based communities were below the level of the UB entitlements
- in two communities there was a significant under-expenditure of funds during the year, with the balance being used to purchase assets for the community, and
- where an individual had joined a CDEP community, overpayments of UB were recovered from that person in some cases, but it was not unusual to find such recoveries being made from a community's CDEP payments.

5.4.6 It appeared to the ANAO, therefore, that there was scope for individuals, by virtue of CDEP, to receive less than otherwise would have been available as UB. The CDEP Manual requires that, as part of the work offer, an individual must be given the opportunity to receive income at a level at least the equivalent of the UB amount.

5.4.7 The Commission advised that CDEP programs need flexibility to be attractive to communities, and to address their varying circumstances and needs. It is, for example, *within a community's discretion to fix actual pay rates, and to pay wages proportionate to the time on duty in a particular week.* There may also be some impact by tax, rent, debt repayment, etc, but it is claimed that earnings generally are close to the UB equivalent.

5.4.8 DSS expressed the view that it should be kept in mind that communities know what the situation is when they decide to enter or continue to participate in a CDEP arrangement. Participation continues at a high level and withdrawals have been few. DSS believes the funding and participation arrangements, while they may be seen to contain or contribute to inconsistencies in some respects, overall are worth maintaining; the alternative would be to deny small groups of people the opportunity to undertake a range of worthwhile activities which contribute to the development of themselves, their environment and their society.

5.4.9 It added that if, in some few cases, people for whom participation funding is available do not take up the offer of work, it should not be assumed they would qualify for UB as an alternative - the work test excludes from eligibility those who are not willing to accept an offer of work. And further, if people in a community which has a no-work no-pay policy do not take up the offers of work, the result is much the same as if they were in general employment or

receiving UB. Neither UB or CDEP was intended to constitute a totally guaranteed minimum income scheme.

5.4.10 DSS also advised that if a person's income level under CDEP was less than that prescribed in the income test for UB entitlement, an application for partial UB would be treated on its merits in the normal way.

ANAO comment

5.4.11 The ANAO concluded that in principle the rights of individuals to UB under the *Social Security Act 1947* are adequately maintained. To reach this conclusion, it was accepted firstly that the CDEP scheme exists to provide employment for individuals, and secondly that where such employment is unavailable or inadequate, access may be had to unemployment benefits.

5.4.12 It was not evident, however, that Commission or DSS staff in the field, or the members of the various communities, were sufficiently aware of this matter, or that it was covered in either the DSS or CDEP Guidelines.

5.4.13 Noting that the level of funding for CDEP in aggregate is not less than what would be payable to eligible members of the community as unemployment benefit, it also had to be accepted that the amounts received by individuals was a matter for the respective communities and did not have to be the same as the UB amount.

5.5 Family Allowance Supplement

5.5.1 Family Allowance Supplement (FAS) is a payment for low income earners with dependent children who also qualify for family allowance. It is not payable to persons receiving income support payments from the Department of Social Security or other Commonwealth payments which include an allowance for their children. As an employment program (see paragraph 5.4.11), CDEP is not regarded as a source of welfare payments, and its participants are therefore eligible for FAS subject to normal eligibility conditions.

5.5.2 The audit noted that there was some uncertainty among staff as to CDEP participants' entitlements in this regard, in view of the fact that the basis for establishing the CDEP funds for each community was the UB equivalent including additional benefit in respect of dependent children. The audit also noted that only some 64% of families entitled to FAS among the CDEP communities in the ANAO sample in Queensland were receiving FAS.

5.5.3 The Commission advised that the terms of reference of the National CDEP Working Party included review of the future funding formula which would take account of, and make recommendations in relation to, this matter. The Department of Social Security advised that it was committed to investigating the reasons for the failure of some CDEP participants to claim FAS and that a great deal of progress had been made. It added that in mid-1989 it was estimated that take-up was about 50%.

5.6 CDEP funding arrangements

5.6.1 The number of participants and dependants in a CDEP community or group is the basis on which CDEP funds are allocated. Fortnightly participant variation schedules and quarterly membership certifications are required to be submitted by each community. Each quarterly payment (in advance) is calculated on a basis which takes account of variations to the numbers reflected in previous payments.

5.6.2 Procedures also require variations to be referred to DSS to enable that Department to review the pension/benefit entitlement of those who have commenced or ceased CDEP participation.

5.6.3 The audit testing indicated a range of factors which contributed to inaccuracies in the payments to communities. These included:

- many communities failed to submit fortnightly variation schedules - more than half were submitted at quarterly or longer intervals
- delays occurred between the Department and DSS in the adjustment of CDEP payments and DSS benefits
- regional managers lacked sanctions under the standard grant offer to enforce the CDEP guidelines
- security controls, independent input checks, and instructions were lacking for the computer systems in each regional office which contain the membership details of participating communities, and
- incorrect quarterly advances had resulted from lack of liaison between State and regional offices.

5.6.4 The ANAO noted also that both UB and FAS recipients were eligible for rental assistance payments if they occupied private rental accommodation. However, the basis for funding CDEP did not include an element for rental assistance.

5.6.5 The ANAO was advised by the Commission that the National CDEP Working Party had examined the funding arrangements for CDEP and had developed a number of alternative approaches. It was announced subsequently in the 1990 Budget that an average participant funding basis was to be adopted which would reduce the extent of participant information required, and the frequency of updated information would be extended from fortnightly to quarterly. In addition, the data management system would be redesigned and the arrangements with DSS for monitoring CDEP participation would be improved.

5.7 Rates of pay for CDEP participants

5.7.1 The CDEP Guidelines require hourly pay rates under the CDEP Scheme to follow Award rates of pay where they exist for the particular type of work, and in other cases to use Award rates for similar work as a guide. Where piece rates are applied, they should approximate hourly rates as above, and be based on the time to complete the work task.

5.7.2 The audit found that many of the activities performed with CDEP funds appeared to be of a kind covered by existing Awards, but that Award rates generally were not paid. Some Awards had restrictions in relation to (or provided for amendments to take account of) casual and part-time employment of the kind frequently engaged in under CDEP.

5.7.3 The ANAO was advised that the question of coverage of CDEP workers by existing Awards had been referred to the Australian Government Solicitor, and was also to be raised with the Australian Council of Trade Unions (ACTU).

ANAO comment

5.7.4 The ANAO considers that the Commission should move promptly to secure a solution to the question of industrial relations coverage of employees drawing wages under CDEP, and to investigate the implications if any for the continuing viability of the Scheme if wages payable are to be governed by Awards while the funding base continues to be related to the UB equivalent.

5.8 Administration by communities

5.8.1 The effective administration of CDEP schemes relies to a significant extent on the management capabilities of the respective grantee communities. Although the former Department (and now ATSIC) had a responsibility for providing assistance and encouragement, it had no executive powers (other than to suspend or terminate grant payments) in relation to matters such as the selection or appointment of managerial and administrative staff within communities.

5.8.2 In the course of the audit, ANAO staff visited a number of CDEP communities in the Northern Territory, Western Australia and Queensland. Generally, it was evident that, in the majority of communities, non-Aboriginals held the key administrative positions, staff turnover was high, and community members themselves did not have the necessary skills and training to manage their CDEP grants.

5.8.3 In Queensland, most CDEP schemes are administered by councils established under State legislation. The councils have responsibility for most municipal functions, including community policing. The major sources of funds of the councils are:

- State financing for expenses previously met by the State before the creation of the councils
- local government grants
- community rates and charges, including rent from council-owned accommodation
- contributions by the former DAA towards operating expenses
- enterprise revenue, and
- CDEP.

5.8.4 CDEP is generally the most important source of funding.

5.8.5 In response to audit qualifications by the State Auditor-General on the financial statements of a number of councils in 1987-88, the State Government established an inter-Departmental Task Force to review council administrations. I noted that thirteen out of seventeen councils in Torres Strait and six out of fourteen councils in Queensland in 1987-88 received qualified audit reports, and attributed identified weaknesses in administration to,

inter alia, insufficient understanding of council responsibilities in relation to the control and use of funds, insufficient understanding of business and local government functions, an apparent lack of appreciation by elected members of their powers, duties and responsibilities, the limited pool of resources available for election to councils and for appointment to administrative positions, deficiencies in training programs, and different procedures for accounting for Commonwealth and State funds.

5.8.6 In May 1990, the State Auditor-General reported that there were a number of weaknesses in councils' financial and administrative controls in the previous year including:

- inadequacy of, and in some instances a complete lack of, accounting records and documentation in support of payroll and other disbursements
- ineffective controls over the approval and processing of disbursements
- insufficient controls over and inadequate procedures for the assessment, collection, custody, banking and accounting for revenue
- lack of evidence in Council minutes of adopting budgets, reviewing financial operations, approving rates for allowances and travel expenses and confirmation of expenditure, and
- inadequacy of control over Council trading activities.

5.8.7 Of the 31 financial statements produced by the Aboriginal Councils for the financial year ending 30 June 1989, twelve were qualified in the audit report. Reasons for the qualifications included:

- failure to maintain accounting records
- poor quality of accounting records
- insufficient controls over receipting and banking functions
- inadequate documentation to support payroll and other expenditure, and
- inadequate controls and documentation of the operations of business enterprises.

5.8.8 The former Department's files indicated, in relation to CDEP grants in some communities, that there were deficiencies in attendance records, supervision of participants, costing systems, records of items produced and

revenue generated, preparation and submission of participant schedules, and debt collections.

5.8.9 The Commission advised that the lack of qualified Aboriginal people had been a problem for the former Department and communities alike, but initiatives had been taken by the former Department (Aboriginal Organisations Training) and the Department of Employment, Education and Training (Training for Aboriginals Program, the Community Management Training Scheme and the Work Information Program) to address this issue. Of particular note is the Aboriginal Organisations Training program to train Aboriginal women to operate and conduct programs in the Women's Resource Centres located in communities.

5.8.10 ANAO noted that many CDEP activities were municipal in nature (general clean-ups, garbage collection, repairs and maintenance for council houses), which raised the question of whether CDEP funds may be directed to activities that are properly the responsibility of other governments, departments or agencies.

5.8.11 The Commission advised that it (properly) had limited powers in relation to community administration. It had no capacity, for example, to require a council to adjust the level of its rates and charges if they are inadequate for the services provided. It also had to recognise, in considering whether particular work activities came within the ambit of CDEP, that the revenue base of councils is usually very narrow.

ANAO comment

5.8.12 CDEP operates in an essentially unstable environment of high staff turnover and lack of adequate experience and training. As noted previously, the amount of assistance provided to communities by officers through programs of visits to communities, which would help over time to overcome administrative and managerial problems, had been less than satisfactory.

5.8.13 The ANAO is of the view that the effectiveness of CDEP in achieving its objectives relies heavily on the advice and assistance that can be provided by the Commission's officers, supported by appropriate training programs in conjunction with relevant agencies. This should be a key factor taken into account by the Commission in resource allocation decisions.

5.9 Administrative procedures

5.9.1 Reference has been made above to a number of areas where there is scope for improvements in the administrative procedures supporting the CDEP scheme, including maintenance of participant details required in the calculation of grant payments, achievement of a program of visits to CDEP communities, and criteria against which applications for funding may be assessed and prioritised.

5.9.2 Other areas in which it is considered there is scope for improvements in administrative procedures are:

- procedures for the following-up of outstanding financial returns from communities
- timeliness of the review of financial returns
- documentation of visits and other contacts by officers with each community
- the development and use of performance measures relating to the achievement of CDEP objectives and AEDP objectives
- training of Commission staff to better equip them to evaluate financial returns and assess community performance, and
- co-ordination between the Commission, DEET and DSS in relation to the timing of visits to each community.

5.9.3 The Commission advised that various steps had been taken or were under development to improve administrative performance. These included an overhaul of the CDEP database, a simplification of the funding formula, a new staffing formula to help improve the level of assistance provided to communities and groups, and a standard format for grant reporting by communities.

Chapter 6

General comment by ATSIC

6.1.1 In addition to responses provided on the audit findings reflected throughout this report, the Commission provided further summary comment, as set out below.

6.1.2 The Commission noted the difficulties faced by inadequate staff resources in effectively administering the changing nature of the scheme, while attempting to meet the expectations of the communities within, or wishing to join, the scheme. It said that, as a result of the impetus given to CDEP as a significant component of the AEDP strategy, the number of communities participating in the scheme had increased by about 50%, the number of participants had increased by about 280% and the CDEP funding level had increased by 340%.

6.1.3 The Commission noted that the Government's Expenditure Review Committee had recognised the developing problems, and in August 1989 decided there should be a review of the funding and administration of the scheme. References have been made through this report to the work of the National CDEP Working Party which was established in response to this decision.

6.1.4 The Commission advised that, flowing from the report of the Working Party, a number of administrative procedures will, when introduced, produce the control mechanisms which the audit found were not always in existence; the Commissioners had agreed that the administrative recommendations should be introduced.

6.1.5 On the subject of program evaluation and performance measurement, the Commission advised:

- that the first of the annual effectiveness and efficiency reviews of the AEDP (including CDEP) would cover the whole of the period from the inception of the program in 1987 up to 30 June 1990, and

- performance data on CDEP had been submitted by State Offices and was being integrated into a national format; a conference of officers who deal with CDEP was being planned and it was proposed to revise the performance indicators to make them appropriate to the complexities of the scheme.
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9 November 1990
Canberra ACT

J. C. Taylor

J.C. Taylor
Auditor-General

