

## SEARCHING FOR THE 'REAL' ECONOMY ON CAPE YORK

The *Cape York Welfare Reform Evaluation 2012* is a thorough 369 page document that is the culmination of an extraordinary reporting process: there are now eight reports on the website of the Department of Families, Housing, Communities and Indigenous Affairs totalling over 1000 pages.

Even before it was made public the Evaluation was subject to a widely publicised and highly politicised debate about whether the Queensland Government would continue to support the trial for a further two years beyond 2013.

Initially the Newman Government argued that continuation of the trial did not represent good value for money and inequitably favoured just four communities on Cape York above others.

But heavy political intervention and pressure profiled in *The Australian* in the days before Easter saw the Newman Government quickly cave in and reverse its decision.

In releasing the report publicly on the cusp of Easter Friday, Minister Macklin noted: 'An independent evaluation of the Cape York Welfare Reform trial has found that significant gains in the four participating communities are making a real difference in the lives of Indigenous people living in the cape [sic]'.

The Minister acknowledged the progress being made, but said there was still more to do.

Subsequently on 3 May the Australian government committed an additional \$24.5 million, on top of \$100 million from 2008, to continue the trial for two more years.

The next day in an opinion piece in *The Australian* 'Lives spared, futures bettered' Noel Pearson architect of the trial praised the Gillard Government in general and Minister Macklin in particular for her principled and unstinting support.

He also provided some commentary on the Evaluation that had been largely absent in the media.

It is arguable whether Pearson is the ideal commentator on his creation; and given that he is one of only three members of the Board of the Family Responsibilities Commission, the key new institution created by the trial.

But it caught one's attention that in a rare moment of reflexivity the politically-

astute Pearson admitted, as does the Evaluation, that some things have gone well and others have not. In particular, he focused on employment and economic development as areas where the trial had mixed success. This is largely linked to the course that Community Development Employment Program (CDEP) reform has taken with most people on CDEP merely shifted to Newstart.

A major plank of the Pearson project going back to his original treatise *Our Right to Take Responsibility* in 2000 is to shift people from passive welfare into real jobs in the real economy. Subsequently in 2007 in the trial blueprint *From Hand Out to Hand Up* people participating in CDEP were represented as being on welfare and sitting on a ‘welfare pedestal’, a comfortable poverty trap that was abstractly illustrated with detailed modelling.

Most of the 832 CDEP participants of 2007 have now been knocked off this pedestal; the crucial question is what has been their destination?

To answer this question it is necessary to trace the origin of the notions of the real economy and associated real jobs, the imagined destination of CDEP participants and the unemployed alike. And information from the 2011 Census can be analysed to get a sense of the labour market situation in the four trial communities of Aurukun, Hope Vale, Coen and Mossman Gorge.

Tracing the origin of the notion of the real economy shows that it is a rarely defined term.

The closest one gets is in *From Hand Out to Hand Up* where the ‘real economy’ is linked to the notion of ‘economic viability’ outlined in a project *Can Cape York Communities be Economically Viable?* (2005) undertaken jointly by staff of the Cape York Institute, the Australian and Queensland Treasuries, and Helen Hughes from the Centre for Independent Studies.

Here it is suggested that the real economy is mainstream economic activity like mining and tourism—or market capitalism. Part of the difficulty in defining the real economy is that it is hard to fix locationally—real as in where, Brisbane, Cairns or Aurukun? And won’t it invariably also have a public, community services component alongside the private sector if citizenship rights are to be delivered equitably?

The information on employment outcomes provided in the Evaluation indicates that employment rates are diabolically low. If CDEP is counted as employment in accord with International Labor Organisation and Australian Bureau of Statistics conventions then employment as measured by the employment/working-age population ratio varies from lows of 20.3 per cent and 21.6 per cent at Mossman Gorge and Aurukun to highs of 42.9 per cent and 49.6 per cent at Hope Vale and Aurukun.

If employment is measured without CDEP, which is a meaningless statistic in my view given that CDEP participants work, then employment rates fall even lower to 14.9 per cent at Mossman Gorge and 16.1 per cent at Aurukun.

The rate of unemployment as measured by the ABS has grown in all trial communities most dramatically from zero in 2006 to 40 per cent in 2011 and 5 per cent to 33 per cent at Mossman Gorge and Hope Vale respectively. These changes largely reflect the shift of people of working age from CDEP participation or active workfare onto Newstart, now supervised welfare where people can be breached for non-compliance.

In short, the expectation that CDEP participants will engage with market capitalism has failed. Instead according to the Evaluation a total of 211 properly-paid jobs have been created by Queensland and Australian governments in municipal and other service delivery, but this is nowhere near the over 800 who were CDEP participants, let alone others who were either unemployed or discouraged workers. It is far from clear from the Evaluation how many took up paid employment outside the region. What is clear though is that a number of other Cape communities fared better than trial communities.

Information on industry of employment from the 2011 Census that is not provided in the Evaluation shows that in total only 21 people worked in mining, 18 at Hope Vale and three at Aurukun; most people by far, 169 across the four communities, worked in public administration. This accords with the findings of a House of Representatives Standing Committee on Economics Inquiry in 2011 that most Indigenous jobs in Cape York were in public administration, followed by health care and social assistance, then education and training.

Two observations can be made about these findings.

First, in situations where inactivity has been identified as a cause of social dysfunction, the almost complete elimination of CDEP in the name of real jobs has rapidly swelled the ranks of the unemployed.

Second, this transformation has occurred with inadequate workforce planning and economic development for meaningful activity, with two ideas predominating: either people will join the mainstream labour market, though available jobs are inadequate; or they will orbit out for employment.

There is hope expressed for greater mainstream engagement in tourism and mining. For example the Evaluation reports that in August 2012 the new Mossman Gorge Tourism Gateway project employed 60 Indigenous staff with an expectation that between 40 and 70 positions for local Indigenous people would be available depending on seasonality.

And in a recently announced potential joint venture to mine a bauxite lode on Wik land worth up to \$20 billion, Aurukun mayor Dereck Walpo said the project would transform the Cape York community from welfare dependence to a ‘booming mining town’. This is despite recent evidence of almost no involvement in mining by Aurukun residents and the risks associated with such booms for Aboriginal well-being.

While Pearson talks of ‘mixed success’ it would be more sanguine to describe trial community labour markets as having collapsed. This raises important policy questions that have not been adequately addressed either in the Evaluation or by Pearson.

If policy discourse is framed in terms of the modernisation paradigm, continuing deficits and ‘closing the gap’ then it is difficult to see how any hope for productive livelihoods might be instilled back into the trial communities. While there is much discussion of people orbiting out for employment, there is too little assessment of what this might do to the social fabric of trial communities. And there is too little consideration of the prospect of more work-ready Indigenous people competitively orbiting in, as is currently occurring at Weipa where a significant proportion of the Indigenous workforce is made up of Torres Strait Islanders who are not western Cape traditional owners.

Despite the many reported positives of the Cape York Welfare Reform project in the Evaluation, members of trial communities have been let down badly by the absence of viable alternatives to market capitalism.

There is just too much ‘engage with the real economy or bust’ mentality about the Cape York manifesto. There is an urgent need to think far more creatively about alternatives—a wider set of productive possibilities—something that is missing in the economic domain despite all the reams written about the problems of the Cape.

Rather than focusing all effort on making Indigenous residents of trial communities competitive in the mainstream where too few opportunities are available, greater emphasis could be placed on recognising and fostering Indigenous knowledge, local skills, cultural strengths and physical presence on Cape York as assets or strengths.

This might see the emergence of what I term hybrid forms of economy that support plural forms livelihood beyond those derived from market capitalism alone. Such forms of economy will integrate the customary, that is non-market and non-capitalist, with other forms of market production; they will see the management of local natural and cultural resources for regional use as well as for enhanced global exchange and national benefit in industries as diverse as carbon farming, biodiversity conservation, wildlife harvesting and cultural

production alongside existing market and state sector opportunities.

While such an approach will require financial support from outside, there is little in rural and remote Australia, black or white, that does not. And the new jobs garnered as part of the Cape York Welfare Reform trials have probably enhanced rather than reduced external dependence.

Tragically, CDEP the one institution that was best suited to deliver diverse and productive livelihoods in remote regions has been effectively abolished. This means that a new framework that is developmental and participatory needs to be urgently re-created.

In *Envisioning Real Utopias* American sociologist Erik Olin Wright reminds us that while capitalism is in serious crisis, it will survive for the foreseeable future. But alternatives, he urges, need to be placed on the historical agenda including economic structures that are hybrids of capitalist and non-capitalist productive relations.

Noel Pearson's Cape York project is evidently promoting one form of utopia based on integration into market capitalism for Aboriginal people on Cape York. But after five years this project is struggling to deliver adequate employment outcomes. It is timely to consider alternatives. Or will we just await the next evaluation 'seven years on'?

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