

**Estimates Committee 2010**  
**Questions Taken On Notice**

( 11/06/2010 to 18/06/2010 )

Date: 15/06/2010 Output:  
Sub Output:  
Subject: Funding of employment programs

**From:** Mr Willem Westra van Holthe to Hon Malarndirri McCarthy  
Local Government

---

**Question:** **4-1**  
If the minister could please table a copy of any letters written by both herself, as the current minister, or the previous minister, to the federal government with respect to continued an ongoing funding of this employment program.

**Answer:**  
Answered On: 06/08/2010  
Answer: ESTIMATES COMMITTEE  
Questions Taken on Notice

Date: 15 June 2010 Output: 1.0 Local Government, Regional and  
Community Services  
Sub Output: 1.1 Local Government

Subject: Answer to Question on Notice 4.1

From: Member for Katherine To: Hon Malarndirri McCarthy MLA

Department of Housing, Local Government and Regional Services

Number: 4.1

Question: If the minister could please table a copy of any letters written by both herself, as the current minister, or the previous minister, to the federal government with respect to continued an ongoing funding of this employment program.

Answer:  
Please see attached copies of letters to the federal government with respect to continued funding of the conversion of Community Development Employment Project (CDEP) positions to 'real jobs' employment program.



## MINISTER FOR LOCAL GOVERNMENT

Parliament House  
State Square  
Darwin NT 0800  
minister.knight@nt.gov.au

GPO Box 3146  
Darwin NT 0801  
Telephone: 08 8901 4092  
Facsimile: 08 8901 4094

FILE COPY

The Hon Jenny Macklin MP  
Minister for Families, Housing, Community Services  
and Indigenous Affairs  
Parliament House  
CANBERRA ACT 2600

Dear Minister 

In January 2008, the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs and the Northern Territory Department of Local Government and Housing entered into a two and a half year funding agreement for the conversion of Community Development Employment Project (CDEP) positions to paid employment ("real jobs"). The funding has been fully directed to assisting the creation of real jobs for Indigenous persons delivering core functions with local government councils.

The funding agreement coincides with major reform of local government in the Northern Territory, including the creation of eight new shire councils on 1 July 2008. The 30 month funding agreement (Program Funding Agreement 9088 - CDEP conversion to Northern Territory Government real jobs) provides for a maximum contribution of \$25 million from the Commonwealth (\$5 million in 2007-08; \$10 million in 2008-09; and \$10 million in 2009-10).

The agreement is based on a dollar for dollar funding principle under which the Commonwealth reimburses councils half of the salary and approved on-costs expended for CDEP participants converted to paid employment delivering council core functions and recreation services.

Shire councils are required to match the funding utilising Northern Territory Government grants or own-source revenue. The councils' own-source revenue represents a minor proportion of shire incomes. Consequently, councils have been using, and will continue to use, Northern Territory Government grants to provide the total matching funding component required in the agreement.

Uptake of the program was generally slow in the period February-June 2008 due to the combined effects of: the winding-up of the business of the former community government councils; the introduction of the program part way through the 2007-08 financial year; and the overall scale of the challenges associated with local government reform.



In the transition period from community government councils to shire councils, the newly recruited shire executive staff raised concerns as to the viability of ongoing funding for CDEP conversions to paid employment. At that time, Commonwealth officers advised that the funding agreement could only be extended to 2009-10 to comply with Commonwealth budgetary parameters, and that any further extensions would need to be negotiated at a later date. More recently, Commonwealth officers have advised that the Commonwealth will not continue to provide funding assistance for CDEP conversions to paid jobs in shire councils after the current agreement ends in June 2010.

In the 2008-09 financial year shire councils have utilised the funding agreement to transition approximately 400 individuals to paid employment with shire councils. This is a significant achievement – and the numbers continue to grow. However, in the course of framing their 2009-10 budgets, shire council staff have again raised the issue of sustainable funding for these transitions to real jobs.

Discontinuing this funding agreement will result in a decline of approximately 14 percent in revenue to shire councils' core functions and there are no realistic prospects for replacing this revenue in the short to medium term. The shires have limited capacity to generate own-source revenue and the forward projections in this area are for slow growth.

The net effect is that councils will be unable to support current levels of employment in the mandated core services that they must deliver. I am very concerned that the impact of such a substantial reduction in shire revenue will translate directly into a reduction in the number of jobs for local people. This will be counter productive to our joint commitments to close the gap on Indigenous employment and to develop local economies.

I consequently ask that you reconsider the decision to not extend the funding agreement beyond its current expiry date of 30 June 2010. Alternatively, priority discussions should commence between our respective departments to ensure that appropriate means are identified to maintain the momentum to increased employment in regional areas that the current funding agreement has delivered. It may be appropriate, for example, to consider a direct funding agreement between the Commonwealth and individual shire councils rather than through the Northern Territory Government.

I strongly believe that we need to maintain the momentum on job creation in our remote communities and in our newly created shire councils. I believe that we need to have our respective departments commence dialogue on this matter in the near future. The first point of contact on this important matter in the Northern Territory Department of Local Government and Housing is the Chief Executive Officer, Dr David Ritchie, on telephone (08) 8999 8472.

Yours sincerely



ROB KNIGHT

06 JUL 2009



MINISTER FOR LOCAL GOVERNMENT

Parliament House  
State Square  
Darwin NT 0800  
minister.knight@nt.gov.au

GPO Box 3146  
Darwin NT 0801  
Telephone: 08 8901 4092  
Facsimile: 08 8901 4094

The Hon Jenny Macklin MP  
Minister for Families, Housing,  
Community Services and Indigenous Affairs  
Parliament House  
CANBERRA ACT 2600

Dear Minister

I wrote to you on 6 July 2009, requesting you reconsider the decision not to extend Program Funding Agreement 9088 – Community Development Employment Project (CDEP) conversion to the Northern Territory Government real jobs. To date, I have not received a response to this correspondence and I am asking that this be addressed as a matter of some urgency.

As detailed in the previous letter, the program has had significant achievements, including the transition of approximately 400 individuals from CDEP to paid employment within shire councils in 2008/09. It is expected that without negotiation for the continuation of the agreement, up to 300 jobs for remote area Indigenous workers will be lost. Further to this, shire councils in their second year of operation have demonstrated an increasing commitment to the program and the number of CDEP conversions is projected to continue to grow through 2009/10.

I remain committed to maintaining the momentum on job creation in remote communities and I strongly encourage your support for our respective departments to commence dialogue on this matter in the near future.

Yours sincerely

ROB KNIGHT

18 NOV 2009





## MINISTER FOR LOCAL GOVERNMENT

Parliament House  
State Square  
Darwin NT 0800  
minister.mccarthy@nt.gov.au

GPO Box 3146  
Darwin NT 0801  
Telephone: 08 8901 4072  
Facsimile: 08 8901 4080

The Hon Jenny Macklin MP  
Minister for Families, Housing, Community Services and  
Indigenous Affairs  
Parliament House  
CANBERRA ACT 2600

03 FEB 2010

Dear Minister

Thank you for your letter dated 14 December 2009 regarding future funding for the transition of Indigenous persons from the Australian Government's CDEP to "real jobs" with Northern Territory Local Government Shire Councils.

I am writing to urge you to reconsider your advice that the Australian Government does not intend to continue this valuable program beyond 30 June 2010, and I do that on two grounds.

Firstly, and most critically from the viewpoint of the persons involved, a failure to extend this funding will result in at least 200 individuals losing their jobs with Shire Councils and the consequent dispiriting effects for them, their families and communities. This is directly contrary to the intentions of both our governments in regard to individual and community development for our remote towns and communities.

Secondly, it is disappointing to learn that the original intent and tenure of the program, as understood by the Northern Territory, is not to be retained.

The funding agreement was entered into prior to the change of Australian Government and prior to the commencement of operations by the Shire Councils. At that time, it was acknowledged by Australian Government officials that the proposed Shire Councils would not be able to generate additional own-source revenue of \$10 million by 2010/11 to match the Northern Territory Government's contribution to this scheme.

Throughout the negotiation of the agreement it was the understanding of the Northern Territory Government officials that, while the original funding Agreement was limited to 30 months, this was to fit with the Australian Government's forward budget estimates, rather than any plan to limit the duration of the funding.

Australian Government officers advised that a replacement funding agreement would need to be negotiated in 2009/10. During the original negotiations there was a joint expectation that such re-negotiation would be a formality given that the objectives of the scheme dovetailed with the objectives of both governments of the day and the federal labor opposition.

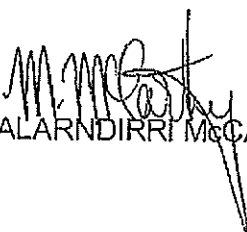
Your letter of 14 December 2009 is the first time that the Northern Territory has been formally advised of your intention not to continue to match the Northern Territory's contribution to this program despite attempts by my predecessor to initiate re-negotiations in July 2009.

The commitment of the Northern Territory Government to sustain the positions that have been converted from the Australian Government's CDEP program is not diminished. However, without a continuation of the Australian Government's commitment, the Shire Councils will have no other options than to reduce employment levels. The Northern Territory Government committed additional funding to creation of 'real jobs' when the Australian Government first announced it was ceasing the CDEP program but for the Northern Territory to commit further funds now would result in the Northern Territory taking on the full responsibility for what was previously an Australian Government funded program.

The Shire Councils in the Northern Territory are collectively the largest regional employer of Indigenous persons. Their combined workforce is of the order of 2,600 of which approximately 80 per cent are local Indigenous people. Although there is still much to be done, the Shire Councils are committed to their roles and are making significant inroads into improved service delivery. However, in the absence of a renewed commitment from the Australian Government to match Northern Territory funding for CDEP transitions in local government it is inevitable that Councils will be forced to consider reducing the number of people employed.

I consider that this matter is of such importance to the Northern Territory that I would like to meet with you, at a mutually suitable time, to discuss any options to continue funding for this crucial program.

Yours sincerely

  
MALARNDIRRI McCARTHY



## MINISTER FOR INDIGENOUS DEVELOPMENT

Parliament House  
State Square  
Darwin NT 0800  
minister.mccarthy@nt.gov.au

GPO Box 3146  
Darwin NT 0801  
Telephone: 08 8901 4072  
Facsimile: 08 8901 4080

The Hon Jenny Macklin MP  
Minister for Families, Housing, Community Services and Indigenous Affairs  
Parliament House  
CANBERRA ACT 2600

Dear Minister

I refer to your letter of 18 May 2010 concerning the cessation of Commonwealth funding for Community Development Employment Project (CDEP) job transitions in Northern Territory shire councils.

The Northern Territory Government cannot accept the terms of your offer, in particular the requirement that the Northern Territory Government fully funds all positions beyond the 2010/11 financial year.

As you know, the job transitions package was established as a partnership between your Government, the Northern Territory Government and shire councils in the Northern Territory, to support the transition of workers from the Community Development Employment Program to real jobs in local government.

The Northern Territory is committed to continuing its financial support of the jobs transition program and this is necessary because of the limited capacity of the shires to develop own source revenue for this purpose. There are significant historical and land tenure differences in the Northern Territory affecting the capacity of shires to raise own source revenue and this needs to be understood and reflected in continuing our joint support for new local government and improved service delivery in the Northern Territory.

Capacity for own source revenue will change over time but the immediate need is to support the shires to improve service delivery in remote locations and to manage the transition out of the long-standing CDEP program through our continuing joint support of the job transitions funding pool.


I am also mindful that any job losses as a consequence of the withdrawal of your Government's support will be a tragedy for the families concerned but also inevitably lead to costs that will fall to your government through unemployment support.

While the offer of \$1.7m is appreciated the Northern Territory Government cannot accept the associated conditions outlined in your letter of 18 May 2010.

Given the importance of these jobs, and continuing funding, my departmental staff have developed a new proposal to sustain the employment of former CDEP employees in real jobs delivering important services in our remote communities.

This will be discussed with your Departmental officers as matter of urgency and I hope this will present a way forward, including the opportunity to take advantage of the additional \$1.7m.

Yours sincerely

  
MALARNDIRRI MCCARTHY

9 JUN 2010