

Briefing Paper on the Community Development Program and the *Social Security Legislation Amendment (Community Development Program) Bill of 2018*

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1. Introduction

Uniting Communities works with South Australians across metropolitan, regional and remote South Australia through more than 90 community service programs. The organisation is made up of a team of more than 1,500 staff and volunteers who support and engage with more than 20,000 South Australians each year.

As part of its remit, Uniting Communities monitors government commitments to remote Anangu communities and advocates for the timely and appropriate delivery of infrastructure, services, programs and policy frameworks, to improve the lives of people living in these remote communities, including those who fall within the scope of the Community Development Program (CDP).

2. Focus of this briefing paper

The Community Development Programme (CDP) is an Australian Government remote work-for-the-dole initiative that commenced on 1 July 2015, replacing the Remote Jobs and Communities Programme (RJCP), which was introduced in July 2013 and replaced the Community Development and Employment Programme (CDEP). The Program is the responsibility of the Department of the Prime Minister and Cabinet, with the delivery of the Programme contracted to local service providers.

The total expenditure on the CDP is estimated to have been \$1.6 billion over four years from 2014/15 to 2017/18, which equates to \$400 million per year.

Of the 35, 000 jobseekers under the CDP, more than 83 per cent identify as Aboriginal and Torres Strait Islander.

This briefing paper provides an overview of the Community Development Program (CDP), with a particular focus on the impact of the CDP in the remote Anangu Pitjantjatjara Yankunytjatjara (APY) communities in the north west of South Australia.

The Paper then provides commentary on the proposed reforms to the CDP – announced on 8 May 2018 by the Minister for Indigenous Affairs, Nigel Scullion, as part of the 2018-19 Budget – and the provisions included in the *Social Security Legislation Amendment (Community Development Program) Bill of 2018* (the Bill).

The provisions in the Bill have their origins in Minister Scullion's announcement of a review of the CDP in May 2017 in order to reform it in response to its acknowledged faults. However, the proposed Bill has not addressed the faults and the CDP has not been reformed but, instead, the provisions in the Bill will make the Program more punitive and will push remote residents into further poverty.

At the time of the 2017/18 budget announcements, Minister Scullion clearly stated that remote jobseekers under the CDP would be exempt from the Targeted Compliance Framework (TCF) that operates in urban and regional centres. However, this undertaking has been contradicted by the inclusion of the TCF as a central provision of the proposed Bill. The Bill includes the introduction of a punitive Targeted Compliance Framework and provisions that would enable the creation of subsidised employment, the details of which would be in a legislative instrument. The government has announced that it intends to provide subsidies for up to 6,000 jobs across the whole of Australia.

The broader package of reforms, includes a reduction in weekly hours of work-for-the-dole activities from 25 to 20 hours per week, but these hours must still be worked over five consecutive days.

The tinkering around the edges of this failed Program and the proposed amendments in the *Social Security Legislation Amendment (Community Development Program) Bill of 2018* will only serve to exacerbate the existing levels of poverty and unemployment being experienced across remote communities. This Bill does little to address the real conditions under which people in these communities

are living and does not demonstrate the much-needed or espoused reforms to the Community Development Program that many were expecting and hoping for.

3. The CDP and its impact on remote Aboriginal communities

Prior to providing comment on the proposed reforms to the CDP, this Paper outlines a number of critical issues regarding the Community Development Programme and its impact on people living in remote communities. According to community residents on the APY Lands, there is generalised dissatisfaction and unhappiness with the Program.

As with many programs or schemes that are designed to create employment opportunities in remote communities, the CDP was designed and prescribed without sufficient recognition of the realities that exist in remote communities or the ideas and contributions of the communities themselves. It is therefore not surprising that communities are reluctant to engage or that people feel alienated by the imposed processes that they are required to comply with. It is therefore also not surprising that there has been a high number of penalties for non-compliance.

Residents have told Uniting Communities that the CDP was simply rolled out as a *fait accompli* and communities were required to comply. CDP participants were merely informed of the change from the RJCP to the CDP but were not consulted or included in any discussions about the adequacy of the policy process or the design of the CDP.

Suddenly, there was CDP. We had to learn a new way. Old CDEP and the other RJCP were just gone. The new CDP had no jobs like the old CDEP; the 'E' part, the 'Employment' part, was taken out; the guts was taken out. We were just left with pretend jobs and punished for not doing the pretend jobs – APY resident and CDP participant.

By all accounts, community members were confused about the sudden introduction of the changed processes for them to access their income support money and were unsure as to what constituted 'work-like activities' that they were required to engage in to qualify for their income support benefits. The introduction of the new Centrelink reporting requirements and associated mechanisms were unintelligible to many and have compounded the level of confusion, which may have contributed to the high number of penalties meted out.

The nature and underlying causes of joblessness in remote communities

The CDP and its associated Centrelink mechanisms are premised on the existence of a labour market in remote communities, or at least on the existence of a sufficient number of jobs for wages. In the absence of such a market and given the casualised and precarious nature of those jobs that do exist, the foundations of the CDP rest on very shaky ground and have resulted in its failure. If there are few or no jobs, there will be joblessness – the causal link is self-evident.

This CDP makes us crazy! They tell us that to get CDP money we must have jobs or do some kind of work, but there are no jobs, there is no work. So, what are we supposed to do? – APY resident and CDP recipient

Most remote communities are reliant on government investment in infrastructure and service provision for the generation and sustainability of their local economy. This form of government involvement could either be directed towards optimising employment opportunities or consigning people to reliance on income support. It would appear that, under the CDP, the latter is the policy choice that has been made, with apparently limited attention having been given to maximising possible jobs for Anangu through, for example, the roll-out of the National Disability Insurance

Scheme (NDIS), the construction and maintenance of community housing, the provision of aged-care services, community infrastructure maintenance and administration, or as part of other service provision programs. Many of the paid jobs available through government service provision are outsourced to external agencies and are frequently filled by non-Aboriginal employees.

Instead, the tendency has been towards the CDP automatically relegating the majority of participants into the welfare system rather than an employment system in which participants maintain their sense of agency and enjoy the dignity of work. This points to the need for a separation of the two currently conflated streams of employment and of welfare income support benefits. As far as possible, the options for employment with decent wages should be optimised, and where there are no jobs or where people are unable to work for whatever reason, they should have access to decent income support that is not below the poverty line, as is currently the case.

Experience has shown, over many decades, that it is not a solution to require that job seekers leave their communities to find work. The requirement that people must apply for a set number of jobs each week and provide proof of this effort to their 'career pathway supervisor' who then records this information which is then accessed by Centrelink, is forcing some people to leave their communities to look for work. This is causing tensions in families and communities and is undermining the familial and cultural responsibilities that people have. Besides many jobseekers feeling alienated in new living and work environments, this arrangement is also creating added pressures and social difficulties in the towns and cities in which people are seeking work.

The ahistorical approach adopted by the architects of the CDP and their lack of recognition of the historical factors and geographic isolation, as well as the political economy of most remote communities, has resulted in an unworkable arrangement that in turn has scapegoated remote community residents in order to compensate for its own structural and design failures. The unemployed and those reliant on income support are blamed and punished for their apparent lack of participation in what is a negligible labour market.

The nature and the conditions of joblessness in remote communities are complex and have been embedded over decades. Given that the CDP, and its work-for-the-dole model, is not focused on the creation of sustainable and decent work for a living wage but is driven by an imperative to establish and maintain 'mutual obligation' and conditionalities in exchange for welfare benefits, this Programme has no ability to transform the persistent joblessness in remote communities. Instead, the conditional and welfarist nature of the CDP serves to undermine how work is valued and thereby reduces people's interest in engaging in employment. Doing 'work-like activities' in order to get your dole money does not boost self-esteem and is hardly an incentive to engage in employment. This approach ultimately serves to discredit the notion of work and of what it means to be employed and to earn a decent wage.

There is a need to revisit the notion of what constitutes 'work' and how communities situate work in their daily lives, and to recognise the range of activities that people are engaged in to support and sustain their lives and livelihoods and to maintain the social coherence of their communities e.g. childcare, caring for the elderly, community leadership and governance, cultural responsibilities, collecting firewood, caring for country etc.

A punitive model with negligible employment results

The CDP is premised on a system of incentives and disincentives that will somehow 'reform' people's attitude to work and their understanding of their 'mutual obligations'; this is reminiscent of outdated behaviour-modification models. The CDP is designed to enforce compulsion in order to require that remote Aboriginal people fit into an urban-based notion of both employment and welfare. This mainstreaming and compliance-based model leaves no room for people living in remote communities to define or pursue their own aspirations and needs within the context of a government support framework.

The CDP is essentially a punitive model that involves penalties for non-compliance. Under the existing CDP, the required number of work hours is 25 hours per week.¹ The penalties for non-compliance based on the 'no work, no pay' policy or for failing to report to Centrelink, can lead to a suspension of benefits for up to eight weeks. In the last financial year, 20,000 of the 35,000 CDP participants were fined; of these 90 per cent were First Nations people. Financial penalties are resulting in many participants not being able to meet their basic needs and/or incurring debt. This in turn generates family and social tensions.

Unlike unemployed people living in urban and regional centres, who have to look for work and attend monthly appointments for at least a year before they can be required to engage in 'work-for-the-dole' activities, unemployed people² in remote areas, have to do engage in 'work-for-the-dole' every weekday from their first day of being unemployed and for 46 weeks in every year.

Under the CDP, unemployed people have to work for approximately \$11 per hour, 5 days per week, indefinitely. They can be made to do this work in jobs that would normally be done by ordinary workers under award conditions.

In 2017, CDP participants across South Australia received 1,684 serious penalties for 'persistent non-compliance'³. The efficacy of the CDP is questionable given that, over a period of nearly three years from the time of its commencement, there were only 629 instances across South Australia where CDP participants were placed in jobs that lasted for at least 26 weeks⁴, equating to approximately 210 job outcomes per year. However, this timeframe included more than eight times as many serious penalties – that resulted in up to eight weeks of no income support. Across the APY Lands, only 33 jobs were achieved that lasted 26 weeks or more over nearly three years, while 1,365 penalties of 8 weeks' duration were applied in one year. The penalties and negative impacts far outweigh any sustainable job prospects or positive gains made. This data indicates that at a substantial cost to the Federal Budget, the CDP is delivering more punishment than jobs and is swallowing up budget allocations that could be better spent on job-creation opportunities and community development initiatives.

Even in the absence of penalties, the income received by CDP participants, in most cases the Newstart Allowance, is not enough to live on. There are reports from many remote communities in South Australia, including the APY Lands, of people going hungry and being unable to feed their children. Besides the CDP being unworkable and driving people into further poverty, this points to the urgent need to raise the amount of income support payments, in particular the amount of Newstart, which has not been raised in real terms over the past 25 years.

The following story from an APY resident highlights the extreme desperation faced by families who are on income support under the CDP:

People are locking canned foods in crates and putting them under their beds or hiding them because other community members are coming in and going through their fridges and cupboards and taking food out of desperation. People are going hungry. One member of the family has to stay home and guard the food so that there's something to feed the kids when they get home from school. You won't believe how desperate this CDP is making people - APY resident on CDP

Interface between the CDP and the Cashless Debit Card

For those under the CDP who have been subjected to compulsory income management via the Basics Card or being mandatorily placed on the Cashless Debit Card (i.e. communities across the West Coast

¹ It is noted that the proposed reforms, for implementation in early 2019, include a reduction in the hours from 25 to 20 hours per week, but no increase in flexibility. This change does not require legislation.

² Aged 18-54, excludes people who can only work part-time.

³ Regional penalty data released under FOI, 30 May 2018.

⁴ Tabled in Senate 20 August 2018 covering July 2015 – May 2018.

and Ceduna region of South Australia and in Kununurra and Wyndham in Western Australia and more recently in the Goldfields), they experience a doubly punitive arrangement. Not only are people on the Basics Card or Cashless Debit Card subjected to the challenges of the CDP, they also have 50 to 80 per cent of their income benefits quarantined on a conditional debit card, with access to the remainder of their benefits in the form of cash.

I used to think that CDP was really bad but now that I'm forced to also be on the Cashless Card, my life is twice as bad. I have to mess around with silly jobs that aren't any use to anyone and then on top of that, I have to have my welfare money controlled. When are they going to stop messing with our lives?! – West Coast community resident on CDP and Cashless Debit Card.

4. Proposed CDP reforms and provisions of the Social Security Legislation Amendment (Community Development Program) Bill

On 8 May 2018, the Minister for Indigenous Affairs, Nigel Scullion, announced reforms to the Community Development Program as part of the 2018-19 Budget.

Having given a clear undertaking at the time of the 2017/18 budget announcements that remote jobseekers under the CDP would be exempt from the Targeted Compliance Framework (TCF) implemented under the Jobactive Program that operates in urban and regional centres, Minister Scullion has contradicted this commitment. The 2018 Bill includes the TCF as a central provision to be applied across remote communities under the CDP.

The Targeted Compliance Framework (TCF)

The *Social Security Legislation Amendment (Community Development Program) Bill 2018* (the Bill) will amend the *Social Security Act* and the *Social Security Administration Act* to support the reforms to the Community Development Programme (CDP) and introduce the Targeted Compliance Framework (TCF) to CDP regions. This Framework will replace the current penalty system in CDP regions with a new compliance model. The introduction of this Framework is ostensibly so that its application in remote communities will enable consistency with arrangements in the rest of Australia, which commenced for regional and urban Australia on 1 July 2018. CDP participants will be subject to the same compliance framework, irrespective of the prevailing local conditions or whether there is a local labour market. Mutual obligation hours will be reduced from up to 25 hours per week, to up to 20 hours per week, but daily 'participation' will still be required.

The introduction of the new compliance framework (TCF) will make life more difficult for remote unemployed people in two main ways:

- Under the current CDP arrangements, if people are deemed to be 'persistently non-compliant', they are penalised by having their payments stopped for eight weeks. But they can currently get their payments re-started if they return to engage in work-for-the-dole activities.

This would not be the case in the event that the proposed CDP Bill is passed. The Bill states that CDP participants who have been deemed to be 'persistently non-compliant' will have no opportunity to have their payments re-started by returning to work-for-the-dole activities and that the Department for Human Services will no longer have the option of waiving penalties in cases of hardship.

- Under the TCF system, not only will people have no way of working off their penalties, those who receive four-week penalties will have their income support cancelled and will have to re-apply for social security. Already people in remote areas such as the APY Lands have very limited access to telecommunications and the internet and get a poor service from Centrelink. Many people will find

it hard to get back onto income support. This will impact negatively on their families and communities. As indicated by the Regional Anangu Services Aboriginal Corporation (RASAC), which is the responsible CDP Provider on the APY Lands:

Basic assumptions such as the availability of Centrelink offices, comprehensive health services, banks, household mail service and post offices, phones, internet, adequate housing ...do not stand up... Standard compliance requirements can become onerous for Indigenous welfare recipients in communities such as the APY Lands. These factors contribute to increased levels of 'non-compliance' in remote communities. From our experience, the majority of non-compliance is not 'wilful' but rather, most often reflects the impacts of the multiple challenges and barriers individuals face – RASAC, submission to the Inquiry into the Social Security Legislation Amendment (CDP) Bill 2018.

According to Fowkes⁵, the Government's own modelling shows that by the second year of the TCF, those under the CDP will lose, on average, more than two weeks' income support in the year. In reality, some will lose less and some will lose a great deal more. The Government's modelling also shows that under the TCF, remote unemployed people will receive more penalties per person than people in the mainstream job-active program. In summary, the TCF will be harder on remote unemployed people, even though they live in regions where there are very limited labour markets, where it is harder to find work, and where the cost of living is much higher than in urban centres.

Government offer of subsidised jobs

The Government has undertaken to support 6,000 subsidised jobs in remote Australia which will only be available to CDP participants. These jobs will be subject to the same pay and conditions that would otherwise be attached to that position. This includes being subject to any rights and responsibilities that may apply under employment law.

Even though the Government has offered wage subsidies for many years without legislation, it has used the proposed CDP Bill to tie these new subsidies to the harsher penalty arrangements set out in the proposed CDP Bill.

The actual details of the subsidy are not in the proposed Bill. The Government has said that it plans to give employers \$21,034 spread over two years towards creating full-time jobs. This will cover less than a quarter of the cost of employment for most jobs. This means that only employers who can afford to cover the other 75% of employment costs, and have two years of business certainty, will be able to take up the subsidies.

These subsidies may be useful for larger employers, or those based in bigger centres, but will be of less value to smaller communities, or smaller employers that are less economically viable but would like to employ more people from communities in the area.

Given that there are approximately 35, 000 people under the CDP, the Government's offer of 6,000 subsidised positions equates to just over one fifth of CDP participants being eligible to potentially access a subsidised job. As yet, the criteria for and location of the proposed subsidised jobs is not clear. There is no clarity about how many South Australians on the CDP would be eligible or benefit from one of the 6,000 possible jobs across Australia.

⁵ Fowkes submission to Senate Community Affairs Committee inquiry into CDP Bill, 20 September 2018.

In the APY Lands the impact of these subsidies is likely to be limited. Most employers based in these areas are economically marginal or rely on grant funding, and few are likely to have the economic capacity or security to commit to covering 75% of employment costs for up to two years.

5. Conclusion

While recognising that unemployment and the income benefits system are inextricably linked, the current conflation of employment with the income benefits system serves to undermine and bedevil the potential efficacy and implementation of both these enterprises. Unemployment and joblessness in remote communities should be addressed as an employment issue rather than as a social welfare issue. Continuing with the current arrangement will only serve to erode and disadvantage communities and families and result in unproductive and damaging perceptions of the value of paid work and the relevant applicability of an income support system.

It is proposed that job opportunities should be maximised through the existing service providers, in order to enable job seekers to engage in work with award wages based on proper conditions of employment. In addition, the needs and objectives as defined by communities should determine meaningful and productive local work initiatives. It is proposed that such an arrangement would be managed by community-based providers who would be accountable to their respective communities and the relevant funding agency. For those who are unable, for whatever reason, to secure the available jobs, they should have access to an adequately resourced income support system.

The current CDP is entrenching poverty and welfare dependency. What is required is a complete rethink and overhaul of the system, resulting in a response that focuses, on the one hand, on the reality of high unemployment, the lack of job opportunities, and the livelihoods and wellbeing of people living in remote communities and, on the other hand, on the availability of a respectful and responsive income support system for those who cannot engage in paid employment, for whatever reason.

Uniting Communities is aware of the strong opposition – as expressed by CDP service providers, Aboriginal community organisations and peak bodies – to both the existing Community Development Program and to the proposed reforms through the *Social Security Legislation Amendment (Community Development Program) Bill 2018*.

While there is support for an increase in award-rate jobs across remote communities, the wage subsidy proposal is poorly thought through and will only reach a very small percentage of the total number of CDP participants. As it stands, the Bill does not stipulate or require that subsidies will be offered.

It appears that the offer of a potential 6,000 subsidised jobs has been bundled into this Bill as a sweetener for the punitive Targeted Compliance Framework that will serve to increase the hardship of people living in remote communities who are already experiencing an inordinately high level of serious penalties and increased poverty under the existing rules.

The proposed changes to the CDP under the Bill will only serve to exacerbate the situation in remote communities and increase penalties; these will do little to positively reform the Program as had been promised by Minister Scullion when he announced the review in May 2017. If this Bill is passed, parents who are unable to meet the punitive requirements of the proposed Compliance Framework will be left without money for food, rent, fuel and other basic necessities for four weeks, irrespective of how dire their situation might be.

We urge all Senators to not support the *Social Security Legislation Amendment (Community Development Program) Bill 2018* when it comes before the Senate and to call for a genuine overhaul of the Community Development Program in conjunction with Aboriginal organisations and residents in remote communities.