

THE SENATE FINANCE AND PUBLIC ADMINISTRATION REFERENCES COMMITTEE

The appropriateness and effectiveness of the objectives, design, implementation and evaluation of the Community Development Program (CDP)

Response to Questions on Notice from Senator Malarndirri McCarthy

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I made a submission no 26 to this Inquiry and gave verbal evidence via teleconference to the hearing in Alice Springs on 28 August 2017. Subsequently I received a request from Senator McCarthy on 5 September 2017 to respond to two questions on notice:

- 1 Would you be able to provide some further detail to the committee in writing around those particular concerns [performance agreements between CDP providers and the Department of Prime Minister and Cabinet] and any examples that have been provided to you that you wish to provide to the committee in relation to those performance agreements not being met?
- 2 Also, you did start giving a comparison between CDP and CDEP. Could you expand a bit more on that in relation to the CDP providers?

I will attempt to assist the Committee by briefly answering these two questions, but please note that I am overseas and so am a little disadvantaged in having limited access to my research materials.

Response to question 1:

In February 2017 I was approached by an ABC journalist who sought my comment on a breach notice sent to a company Cape York Employment Pty Ltd that he had acquired. My response to his request is on the public record: <http://www.abc.net.au/news/2017-03-08/jobs-program-co-founded-noel-pearson-serious-breach-documents/8285976> I made it quite clear that this is not the sort of letter I would want to receive as a provider holding a five-year contract with the Australian government with the threat that this contract might be terminated. Subsequently I found out from a response made by Noel Pearson that according to him 54 of 60 providers had received similar letters. I cannot vouch for the veracity of this claim but I am happy to reiterate my view that this is not the sort of letter that I attach [on a confidential basis] that I would like to receive as the CEO of a company doing business with the Australian government for two very obvious reasons.

First the rather threatening tone of the letter is hardly the basis for cooperative relations in the goal of addressing the difficult issue of providing employment and training opportunity to mainly Indigenous people who are jobless and living in very difficult circumstances in remote Australia. In particular I note, echoing Mr Pearson that the letter seems to be very focused on issues of reporting compliance rather than substantive outcomes.

Second it seems to me that such breach notices reflect the fact that CDP contracts are far too administratively onerous as CDP providers are required to submit daily time sheets for every person in their IT systems. In the case of some providers we are talking about 100s of

time sheets. Lisa Fowkes has published a short piece 'CDP and the bureaucratic control of providers' (in *Job Creation and income support in remote Australia: Moving forward with a better system* compiled by K Jordan and L Fowkes and already tabled with the Committee and available at <http://caepr.anu.edu.au/Publications/topical/2016TI2.php>) on these requirements that is very informative.

What is somewhat insidious about the current system and explains in part the extraordinarily high breach rates associated with CDP is that providers are paid formulaically for the sum of individuals who turn up for work-for-the-dole, have a valid excuse for not turning up, or are recommended by them for breaching by the Department of Human Services (Centrelink). In other words, providers are financially incentivised to closely monitor CDP participants and their attendance acting very much as contracted agents of the state sometime in situations where they are Indigenous community-based organizations.

What is also problematic as is evident in the appendix to the correspondence provided, again just using Cape York Employment as an illustrative example, is that provider performance is benchmarked not just against their own agreed key performance indicators but also against the average of indicators for all providers. Such an exercise makes a mockery of any claim that the diversity of circumstances across regional and remote Australia are being considered.

Response to question 2:

The differences between CDEP organisations and CDP providers is stark. In relation to the issue of relations with the Australian government when CDEP was overseen by the Department of Aboriginal Affairs (1977-1990) and then the Aboriginal and Torres Strait Islander Commission (1990-2004) the nature of negotiations over performance was very different with a far greater emphasis on outcomes (as prioritised by the CDEP organisation and its members) than just on compliance. This is not to suggest that the relationship between the funder and CDEP organisations was always conflict free. Rather, the objectives of the scheme and the means to achieve these objectives were flexible, recognised regional and community variations, and provided opportunity for both qualitative narrative and quantitative reporting of outcomes.

In a seminar given earlier this year at the Australian National University I set out to explain to a non-specialist academic audience the difference between CDEP and CDP. This explanation is summarised in the synoptic table below and is a little reductionist. The differences outlined in the table are important to note because despite the somewhat cynical attempt to conflate CDEP and CDP by using a very similar sounding acronym there is actually little similarity between the two programs. In defining the goals of CDEP I focus on the program's original diverse set of objectives that were increasingly narrowed to employment and training, initially after the Spicer Review in 1997 and then far more drastically when the program was administered for a short time from 2004 by the Commonwealth Department of Employment.

I will not rehearse the differences between the two programs in any detail as such comparisons are replete in my submission to the Senate CDP Inquiry. I just note again with

an emphasis on Australian government/CDP provider relations that a program that is administered by an agency that is headed by an Indigenous democratically-elected leadership and that is developmental in its orientation is going to operate very differently from one that is administered by a mainline agency and that is defined as welfare. This is especially the case because simultaneously there has been an overall shift in public sector management to an approach that is far more punitive and at least in theory based on market competitiveness in service delivery.

Synoptic table of similarities and differences in key features of CDEP and CDP

Feature	CDEP	RJCP/CDP
Life	1977 to 2015 reformed from 2005	2013-2015 and then 2015-
Instigators	HC Coombs/DAA	DEWR, Macklin/A Forrest, N Scullion, DPMC
Philosophy	Self-management/social democratic Keynesian	Normalisation/punitive neoliberalism
Goals	Community development, employment creation, income support, enterprise development	Employment and training and in the absence of jobs work-for-the-dole
Community controlled	Yes	No
Defined as employed	Yes	No
Defined as unemployed	No	Yes
Community development	Yes	Limited
Enterprise focus	Yes	Limited
Wages paid at award	Yes	No
Work requirement	15 (at homelands with no jobs largely unmonitored)	25 (for jobless aged 18-49 years)
Income tested	No (until c \$50K per annum)	Yes
Activity tested	Limited at community discretion/remote exemptions	Yes hence high breach rates, no remote exemptions
Indigenous specific	Yes (90% + Indigenous)	No (84% Indigenous)
Coverage	Australia wide to 2008	Regional and remote only
Numbers	About 35,000-37000 in 2004	33,000=35,000 in 2017
Popular	Yes; excess demand for participation and choice of employment or welfare	No; no choice to exit except through employment or migration

Source: 'From CDEP to CDP: Regulating Indigenous joblessness while destroying livelihoods in remote Australia' delivered at RegNet ANU on 13 June 2017.

Supplementary comment:

I would like to take the opportunity to supplement one of my responses to a question put to me by Committee Chair Senator McAllister on what could be done better in any future program design for a scheme that might look to replicate the best features of CDEP. As I

noted, one of the challenges faced by CDEP was that it operated in an environment that included the option of exiting to Newstart. While I think it is important that the welfare safety net is available to jobless Australians especially in situations where there are no or few jobs, I also think that the opportunity to participate in a developmental program like CDEP should be readily available. In many situations it was not the large numbers on CDEP that was the problem but that CDEP was not allowed to expand enough because of budgetary constraints placed by the Australian government on the program. It is also my view that for CDEP to have been more successful in its developmental work, at the community level with commercial and social enterprises and at the individual level with opportunities for self-employment and enhanced income generation, it needed to be funded more generously. As a general rule the capital component of CDEP was limited to 20 per cent of the total wages component of funding, but this figure was arbitrary and never based on any objective assessment of capital needs to meet proposed development goals. From my observations, CDEP organisations received a lump sum allocation for capital/project expenditure on a formula basis and then allocated this amount between competing priorities rather than being entitled to bid for project funding on the basis of project significance or cost. In response to Senator Smith's question on the potential link between a program like CDEP and the development of north Australia, it might be useful to have a capital fund like the North Australia Infrastructure Fund to which organisations could bid. From time to time the Aboriginals Benefit Account operated in this way, but its allocations from mining royalty equivalents are jurisdictionally limited to the Northern Territory and its operations have become increasingly politicised in recent years.

Summary:

A dominant view that CDEP failed to deliver based more on ideology than fact is being increasingly challenged by the more profound failure of a number of programs that followed with CDP being the current and least successful of all the experiments to which jobless, mainly Indigenous peoples in regional and remote Australia have been subjected. In the past CDEP organisations that were mainly community-based were of fundamental importance to the scheme's relative success. Today we have 'providers' and for a variety of reasons the vast majority are being assessed by the Department of Prime Minister and Cabinet as failing to meet the key performance outcomes negotiated with the Australian government. In its reports to the Australian government in December 2016 and November 2017 the Productivity Commission made two observations that are regarded as fundamental in global development practice: first, inform policy design with evidence of success (which can be historical or current in my view); and second recognise that development challenges can only be addressed (and not necessarily 'solved') by community-based organisations, from the bottom up and not the top down. The delivery of positive development outcomes will be highly dependent on collaborative, rather than deeply combative, relations between the Australian government and community and outside community organisations termed providers. It is imperative that such principles are applied to the redesign of institutional arrangements that are urgently needed to replace the deeply flawed and failing CDP as soon as practicable and before too much more damage is wrought on jobless individuals.