

**Aboriginal Peak Organisations
Northern Territory (APO NT)**

20th September 2021

Submission to Senate Finance and Public Administration Committee in
relation to the Social Security Legislation Amendment (Remote
Engagement Program) Bill 2021

Overview

Across remote Australia the main cause of unemployment is lack of available jobs.

Lack of opportunity to work and, through that, to acquire skills and employment experience, entrenches long term poverty and social exclusion.

Remote Aboriginal communities need more jobs so that more people can secure work and the benefits work brings. This is particularly the case for young people many of whom are leaving education with no option other than 'working for the dole'. This Bill does not address this challenge. Instead it allows people to work in jobs that would normally be paid while remaining on income support.

While it is described as enabling program 'pilots', it includes only one possible option. There is no mechanism for shared decision making with Indigenous people and their representatives, as is required under the National Agreement on Closing the Gap.

APO NT recommends that the Committee oppose the Bill.

About APO NT

Of the 40,000 participants in the CDP scheme, around 40% are in the Northern Territory.

The Aboriginal Peak Organisations of the NT (APO NT) is an alliance comprising the Aboriginal Medical Service Alliance NT (AMSANT), North Australian Aboriginal Legal Aid Service (NAAJA), Central Land Council (CLC), Northern Land Council (NLC), Anindilyakwa Land Council (ALC), Tiwi Land Council (TLC), Aboriginal Housing NT (AHNT) and the NT Indigenous Business Network (NT IBN). Since its establishment in 2010, APO NT has been working to develop constructive policies on critical issues facing Aboriginal and Torres Strait Islander people in the Northern Territory and to influence the work of the Australian and Northern Territory Governments. As representatives from peak organisations in the Northern Territory, our goal is to protect and promote the rights and wellbeing of Aboriginal people and communities.

APO NT is a member of the Coalition of Peaks and members of its Executive sit on the Joint Council on Closing the Gap.

Over the last decade APO NT has been advocating for job creation and improvements in employment assistance in remote Australia.

Abolition of CDP and establishment of a new Remote Employment Scheme

APO NT welcomes the Government's decision to abolish the Community Development Program and to develop a replacement scheme.

Since its establishment in 2015 the CDP scheme has had a substantial negative impact on remote Aboriginal communities. Its emphasis on compliance and imposition of discriminatory Work for the Dole arrangements produced extreme rates of penalties, exacerbating poverty and distress. Many people, particularly younger people, disengaged from the scheme.

At the same time it failed to address the lack of employment opportunity for remote Aboriginal Australians. It placed downward pressure on job creation by creating a pool of thousands of people who had to work simply to receive their unemployment benefits. Much of the work they did was similar to that done by local government and by NGOs. Over the last decade the employment 'gap' between Indigenous and non-Indigenous Australians in remote Australia has grown. Poverty, and the social harms that arise from it, have increased.

Fair Work Strong Communities scheme

In 2017 APO NT worked with CDP providers, Aboriginal and Torres Strait Islander community organisations and other NGOs to develop a proposal for a new remote employment scheme – the *Fair Work Strong Communities* scheme. It was endorsed by 40 organisations.

At the heart of the proposal is the recognition that the central challenge confronting remote communities is lack of access to paid employment. Work for the Dole is no substitute. It doesn't provide the income or the experience that paid employment provides. In remote communities there is no lack of important work to be done. This includes cultural, community, environment and economic development work. The Fair Work Strong Communities proposal argues for the establishment of a fund to create a minimum 12,000 jobs in Indigenous Community Controlled organisations to do this work. Modelling conducted by NATSEM in 2018 found that, on day one, this measure would reduce poverty across remote communities from 22.7% to 20.1% and reduce the employment rate gap by around one third¹.

Fundamental to the Fair Work Strong Communities proposal is that people working in these new jobs have the same rights and conditions as workers anywhere else in the country. We recognised that among the failings of the former CDEP scheme were that the Commonwealth Government treated CDEP wages as 'welfare'. CDEP participants were denied an entitlement to superannuation on their base wages payment². Unlike other low income workers, they could not apply for part-payment of unemployment benefit to supplement their wage. CDEP workers often worked in 'mainstream' workplaces (including government workplaces) but experienced less access to training

¹ Fowkes, L. and Li, J. (2018) 'Designing A Remote Employment Program: Lessons From the Past and a Proposal for the Future' Journal of Australian Political Economy No. 82, pp. 57-83.

² Superannuation was payable on 'top-up' income, but not the base CDEP wage.

and promotion than ordinary employees. While Work for the Dole under CDP was far worse than CDEP, we need something far better going forward.

The Fair Work Strong Communities Proposal includes many other recommendations about the design of a new remote program. These include:

- Administration by an agency that is Indigenous led;
- Social security and mutual obligation arrangements that are no more onerous than those applying in non-remote areas;
- Systems and processes that are fit for purpose for remote Australia;
- Greater local capacity to exempt people from participation where they have been unable to access proper assessments.

We would welcome discussion with the Commonwealth Government about this proposal.

This Bill

The *Social Security Legislation Amendment (Remote Engagement Program) Bill 2021* would establish an income support supplement for people working in ‘activities and placements that are like having a job’³. The supplement would be set at a rate between \$100 and \$190 per fortnight, for a maximum continuous period of 104 weeks, with working hours between 15 and 18 hours per week. To be paid the supplement participants must “have agreed to participate and be participating” in activities of 15 hours or more per week. Activities would have to be in government services or community activities.

The intent of the income supplement is described as increasing income support payments to a level that approximates the minimum wage. However the Bill explicitly states that these workers would not be treated as employees for the purposes of industrial legislation or superannuation.

Those in receipt of the payment would remain in the income support system. They could be subject to income management. While they would do work that is ‘like a job’, they would not have the rights and protections of other workers. While ordinary workers have a legal relationship with their employer, these workers’ rights and conditions would be determined by Centrelink.

Workers in these new roles would receive substantially less than people working the same hours in government and community services elsewhere, even if we assume that they receive the equivalent of the minimum wage (not guaranteed under the legislation).

Table 1 shows a comparison between current payments for those in Work for the Dole, total income for a minimum wage worker working 16 hours per week, and proposed income support with the supplement under the Bill. Ordinary low income workers can continue to claim part-payment of unemployment payments, so that they are substantially better off in work. This makes the biggest difference for single parents. Even if participants were to receive the maximum rate of the proposed supplement, they would earn much less than part-time workers who may be doing the same types of work.

³ Explanatory Memorandum p.3.

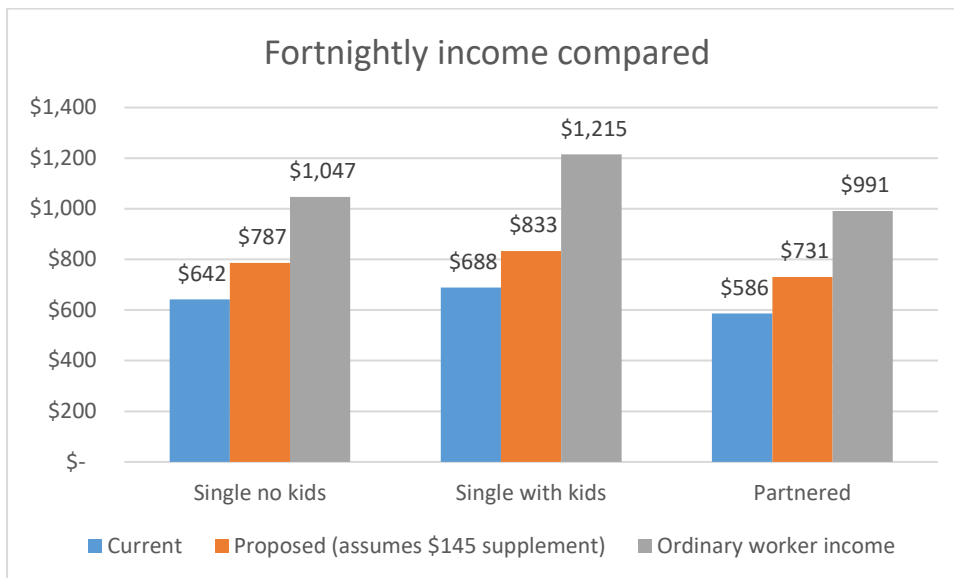
Table 1

Fortnightly incomes compared (Job Seeker payment)						
	Current income support	Income of 16 hour pw casual worker			Income support with proposed supplement	
	(includes existing \$20.80 WfD supplement)	Minimum wage	Income support (part payment)	TOTAL	Min	Max
Single no children	\$642	\$813	\$233	\$1,046	\$742	\$832
Single with children	\$688	\$813	\$402	\$1,215	\$788	\$878
Partnered	\$586	\$813	\$178	\$991	\$686	\$776

Minimum wage = \$25.41 (includes casual loading 25%)

Figure 1 shows the difference in graph form, assuming a \$145 per fortnight supplement.

Figure 1



In effect the Bill would enable the Government to create another class of worker whose income support is benchmarked against the minimum wage, but who would not have access to the normal entitlements of minimum wage employees. It may be argued that the scheme is voluntary. But it would be operating in an environment where there are very few job options and many live in poverty. In any event exploitation of workers cannot normally be justified on the basis that these workers agreed.

The Explanatory Memorandum suggests that the supplement would be associated with activities that might help people move into employment. However these are not traineeships or apprenticeships, there is no apparent 'pathway' provided, and there is no reason to believe that this

would be any more successful in moving people into employment than the thousands of Work for the Dole activities delivered over the last 6 years. The Bill fails to recognise that many who are in the CDP scheme have worked, and get work when it is available.

Against the backdrop of historical exploitation this Bill would re-establish a basis for Aboriginal and Torres Strait Islander people to do similar work, but receive less reward, than other citizens.

APO NT is of the view that this Bill must be rejected. The Government should instead commit itself to establishing new paid jobs in Aboriginal and Torres Strait Islander Controlled Organisations.

Central control versus working in partnership

This Bill is described as providing a framework for piloting new approaches to delivering employment services in remote communities ahead of the implementation of a replacement scheme for the Community Development Program to be implemented in 2023.

Despite public statements in relation to co-design and piloting a range of options this Bill has been tabled without discussion with Indigenous representative organisations, and includes only one option to be piloted – an additional income support payment.

While we note that the pilots have been described as informing the design of a new program, consultations over the ‘early learnings’ from these pilots are scheduled to end by April 2022, before the program is finalised in July 2022. In other words the processes of co-design, implementation and findings from the trial must be completed in less than 6 months. (The supplement, however, would continue to June 2024).

APO NT is open to the use of trials to test elements of a new scheme. This Bill and its Explanatory Memorandum refer to only one idea. There is no mention of trialling of elements of the Fair Work Strong Communities scheme or any other proposal put forward by Indigenous organisations.

Any trials should take place within an agreed national framework.

Under the National Agreement on Closing the Gap the Commonwealth Government has committed itself to working differently with Aboriginal and Torres Strait Islander people. It has committed to:

- partnership and shared decision making with Aboriginal and Torres Strait Islander people;
- building the Aboriginal and Torres Strait Islander community-controlled service sector; and
- sharing access to data to support Indigenous communities to make informed decisions.

These principles must be observed at a national level as well as in local communities. APO NT strongly supports the principle that local communities should have a substantial say in how any future scheme will work in their location. But we must also have a national process for negotiating critical issues like the ones raised by this Bill.

APO NT urges the Commonwealth Government to negotiate an agreement over the development of a replacement scheme for the CDP, in accordance with the National Agreement on Closing the Gap.

