

# Chapter 2

## Consultation and the policy development process

### Introduction

2.1 This chapter provides the context and background for the Australian Government's Community Development Program (CDP) with a particular focus on:

- A description of the CDP;
- The background to the CDP;
- The policy process leading to the design of the CDP and its predecessor programs (including consultation and engagement with stakeholders);
- The government's announcement of changes to the current CDP and stakeholder perceptions of the announced changes (and consultation on these changes); and
- Funding arrangements for the CDP.

### What is the CDP?

2.2 CDP is a remote-area Work for the Dole scheme with around 35 000 participants, about 84 per cent of whom are Aboriginal or Torres Strait Islander people, often living in discrete remote Indigenous communities or small outstations.<sup>1</sup> There are currently 53 100 Aboriginal and Torres Strait Islander people in total (remote and non-remote) seeking work.<sup>2</sup> As a result, this program is of particular significance to Aboriginal and Torres Strait Islander people.

2.3 CDP was introduced on 1 July 2015. It replaced the Remote Jobs and Communities Program (RJCP) which, in turn replaced the longstanding Community Development and Employment Projects (CDEP) and the universal employment services program, Job Services Australia.

2.4 CDP requires job seekers aged 18–49 years to participate in work-like activities for five hours every weekday, for a total of 25 hours every week, for 46 weeks each year.<sup>3</sup>

2.5 To be eligible, participants must live in a remote area, receive a Newstart Allowance, Parenting Payment or Youth Allowance, and meet mutual obligation

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1 Department of the Prime Minister and Cabinet (PM&C), *The Community Development Program Regions*, 18 April 2017, <https://www.pmc.gov.au/resource-centre/indigenous-affairs/community-development-program-regions> (accessed 21 June 2017).

2 Australian Bureau of Statistics (ABS), *4714.0—2014–15 NATSISS: Summary Results for States and Territories*, March 2017, <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/4714.02014-15?OpenDocument> (accessed 9 December 2017).

3 PM&C, *The Community Development Program*. See also: PM&C, *Submission 36*, p. 3.

requirements. In return, the jobseekers are to receive personalised support including access to skills development and training assisted by a program provider in their region.<sup>4</sup> The CDP is delivered in 60 regions and more than 1 000 communities across Australia.<sup>5</sup> The current CDP regions are shown in Figure 2.1.

2.6 Participants receive personalised assistance from providers who are contracted to assist participants with training opportunities, seeking work, and participating in activities that benefit their community while looking for work.

2.7 CDP is designed to support job seekers in remote Australia to build skills, address barriers to employment and contribute to their communities through a range of activities, and to address the 'unique social and labour market conditions found in remote Australia'.<sup>6</sup>

### ***Employer incentive funding***

2.8 Under CDP, employer incentive funding up to \$7 500 (plus GST) for full-time employees or up to \$3 750 (plus GST) for part-time employees is available to help Australian businesses manage the costs of employing remote job seekers.<sup>7</sup>

2.9 The funding can be used in any way the employer chooses, such as providing additional training and supervision or as a wage subsidy. It is payable once the remote job seeker has been employed full time for 26 weeks, and provides for the job seeker to take cultural leave, manage short seasonal gaps, or down time between work projects for up to four weeks in each 13-week period.<sup>8</sup> It is expected that CDP participants are paid consistent with industrial relations conditions.

2.10 Employers can also take on job seekers from remote areas for up to 26 weeks in a workplace hosted placement, a long term work experience opportunity during which job seekers remain on income support and have mutual obligations under CDP.<sup>9</sup> CDP participants receive no additional payment for this work.

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4 Department of Human Services, *Community Development Program*, <https://www.humanservices.gov.au/customer/services/centrelink/community-development-program> (accessed 9 June 2017).

5 Australian Government, *Community Development Program Regions*, updated 22 November 2016, <https://www.pmc.gov.au/sites/default/files/publications/CDP-regions-factsheet-nov-2016.pdf> (accessed 1 June 2017).

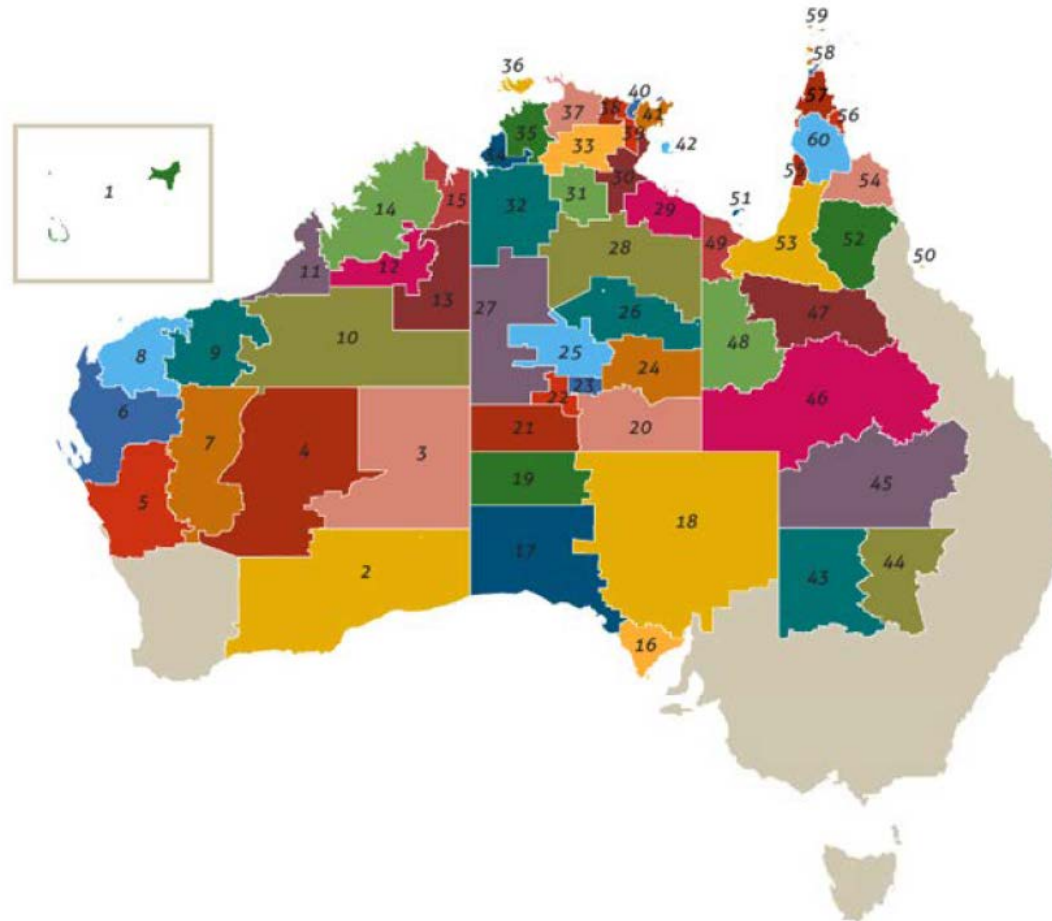
6 PM&C, *The Community Development Program (CDP)*, <https://www.dpmc.gov.au/indigenous-affairs/employment/community-development-program-cdp> (accessed 1 June 2017). Mainstream employment services provide support and assistance to around 88 000 Indigenous job seekers through Jobactive, DES, Transition to Work and the CDP.

7 PM&C, *Opportunities for employers: Employer Incentive Funding*, <https://www.pmc.gov.au/sites/default/files/publications/CDP%20employer%20factsheet%2029%20September.pdf> (accessed 14 June 2017).

8 PM&C, *Opportunities for employers: Employer Incentive Funding*.

9 PM&C, *Opportunities for employers: Employer Incentive Funding*.

Figure 2.1—CDP regions<sup>10</sup>



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10 Australian Government, *Community Development Program Regions*. The numbers relate to the CDP provider for each region.

## Policy process leading to the design of the CDP

2.11 The following summarises the policy process, from the establishment of CDEP in 1977 to the current reviews of the CDP.

### *Community Development and Employment Program (CDEP)*

2.12 The Community Development and Employment Program (CDEP) was established in a few remote Aboriginal communities in 1977 under the then Fraser Government's Department of Aboriginal Affairs. In its submission, the Department of the Prime Minister and Cabinet (PM&C) described what the government set out to achieve with CDEP:

The CDEP...was designed specifically for Aboriginal and Torres Strait Islander people to provide employment, training, activities, enterprise support, or income support. Many have highlighted the positive elements, including the provision of flexible employment opportunities and its focus on community development, local control and responsibility. It also provided people work and 'top-up' above job seekers income support payment, which incentiv[ises] people to be involved and active in their communities.<sup>11</sup>

2.13 At its peak in 2002–03, CDEP employed some 35 200 Indigenous people (25 per cent of all Indigenous employment) in 272 communities, both remote and non-remote, with a total budget of \$484.4 million.<sup>12</sup>

2.14 Some researchers have pointed to the popularity of the CDEP scheme, noting that it was a government-sponsored part-time employment program with participants being paid a wage to work on local projects rather than receiving welfare benefits.<sup>13</sup>

2.15 However, others expressed concerns that CDEP employment was not leading to employable skills or jobs outside of CDEP, and work requirements were not being enforced.<sup>14</sup>

### *Debating reform*

2.16 During the operation of CDEP debate focused on whether CDEP was diverting participants from mainstream employment, or whether it was the only realistic option for employment in remote communities with limited access to jobs.<sup>15</sup>

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11 PM&C, *Submission 36*, p. 14.

12 Dr Will Sanders, 'DCEP and ATSIC as bold experiments in governing different: But where to now?' in D Austin-Btoos and G Macdonald, eds, *Culture, economy and governance in Aboriginal Australia*, Sydney University Press, Sydney, 2005, pp 203–12.

13 Kirrily Jordan, 'Introduction', in Jordan and Fowkes, *Job Creation and Income Support*, p. 1.

14 I Spicer, *Independent review of the Community Development Employment Projects (CDEP) Scheme*, ATSIC, Canberra, 1997.

15 BH Hunter and MC Gray, *Continuity and change in the CDEP scheme*, Working paper, 84/2012, Centre for Aboriginal Economic Policy Research (CAEPR), Canberra, 2012.

2.17 In 2004, responsibility for CDEP was transferred from the Aboriginal and Torres Strait Islanders Commission (ATSIC) to the Department of Employment and Workplace Relations (DEWR).<sup>16</sup> A subsequent review conducted by the Office of Evaluation and Audit led to it being gradually withdrawn from non-remote areas. The Minister's Foreword to this discussion paper noted that the:

Australian Government believes that a more employer-focused job brokerage approach would further increase employment outcomes for Indigenous people particularly in urban and major regional centres where the labour market is very strong.<sup>17</sup>

2.18 Despite this, an academic analysis of CDEP in 2005 by Professor Jon Altman found that the scheme was succeeding in 'generating positive economic and community development outcomes at minimal cost to the Australian taxpayer'.<sup>18</sup>

2.19 In 2007, the Howard Coalition Government announced that CDEP in the Northern Territory would be 'progressively replaced with real jobs, training and mainstream employment programs' as part of the Northern Territory Emergency Response (NTER) amid criticism that CDEP was being used as a Commonwealth subsidy for services that should be provided by other levels of government.<sup>19</sup>

#### *New approach*

2.20 With a change of federal government in 2007, consultations commenced on the future of CDEP. The new Rudd Labor Government concluded that CDEP was not delivering employment outcomes and was subsidising local and state/territory government responsibilities.<sup>20</sup>

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16 Dr Will Sanders, 'Indigenous Centres in the Policy Margins: The CDEP Scheme over 30 years', October 2014, p. 6.

17 Australian Government Department of Employment and Workplace Relations, 'Indigenous Potential meets Economic Opportunity', Discussion Paper, November 2006, <http://pandora.nla.gov.au/pan/84675/20080522-1554/www.workplace.gov.au/NR/rdonlyres/D61B8DCB-A036-423F-9511-299E83F22752/0/CDEPPaperdiscussionwebfinal.pdf> (accessed 16 October 2017).

18 Jon Altman and Matthew Gray, 'The economic and social impacts of the CDEP scheme in remote Australia', *Australian Journal of Social Issues*, Spring 2005, pp 399–410, <http://search.proquest.com/docview/216244489?pq-origsite=gscholar> (accessed 14 June 2017).

19 CDEP in the Northern Territory Emergency Response, Questions and Answers, [http://www.formerministers.dss.gov.au/wp-content/uploads/2012/06/cdep\\_qa\\_230707.pdf](http://www.formerministers.dss.gov.au/wp-content/uploads/2012/06/cdep_qa_230707.pdf) (accessed 14 June 2017); James Haughton, *Social Security Legislation Amendment (Community Development Program) Bill 2015*, Bills Digest No. 93, 2015–16, Parliamentary Library, 29 February 2016, p. 5, [http://parlinfo.aph.gov.au/parlInfo/download/legislation/billsdgs/4399835/upload\\_binary/4399835.pdf;fileType=application/pdf](http://parlinfo.aph.gov.au/parlInfo/download/legislation/billsdgs/4399835/upload_binary/4399835.pdf;fileType=application/pdf) (accessed 14 June 2017).

20 James Haughton, *Social Security Legislation Amendment (Community Development Program) Bill 2015*, Bills Digest No. 93, 2015–16, Parliamentary Library, 29 February 2016, p. 5, [http://parlinfo.aph.gov.au/parlInfo/download/legislation/billsdgs/4399835/upload\\_binary/4399835.pdf;fileType=application/pdf](http://parlinfo.aph.gov.au/parlInfo/download/legislation/billsdgs/4399835/upload_binary/4399835.pdf;fileType=application/pdf) (accessed 14 June 2017).

2.21 In 2009, the Department of Finance evaluated CDEP, noting that it aimed to improve participant employability in order to assist them to move into employment outside the CDEP program. The department found:

...a number of providers have weak links to other programs and employers, other than the local indigenous corporation, which was heavily subsidised, and are primarily oriented inwardly to the community rather than the labour market. This arrangement constitutes an internal labour market and is unlikely to be an effective means of economic development or employment preparation...The goal of sustaining communities is not the same as placing participants in the best possible position for work. Nevertheless, CDEPs make a contribution to the communities in which they operate and, for example, are a major provider of community services in remote communities.<sup>21</sup>

2.22 According to the Australian Bureau of Statistics (ABS), Aboriginal and Torres Strait Islander peoples are more than three times as likely as non-Indigenous people in the same age group to be unemployed (17.2 per cent for Indigenous compared to 5.5 per cent for non-Indigenous). Labour force participation for Indigenous peoples is over 20 percent lower than for non-Indigenous people (55.9 per cent compared to 76.4 per cent).<sup>22</sup> In 2008, the Council of Australian Governments (COAG) agreed to a number of targets to address disadvantage faced by Indigenous Australians, including halving the gap in employment outcomes between Indigenous and other Australians by 2018.<sup>23</sup>

#### *Indigenous Economic Development Strategy*

2.23 In 2011, the government released its Indigenous Economic Development Strategy 2011–18 which aimed to support increased personal and economic wellbeing of Indigenous Australians through greater participation in the economy.<sup>24</sup>

#### ***Remote Jobs and Communities Program (RJCP)***

2.24 In 2012–13, all remaining CDEP participants and clients of Job Services Australia, Disability Employment Services and the Indigenous Employment Program (IEP) in remote areas were rolled into a new program called RJCP. RJCP sought to better link jobseekers to the formal economy, as well as maintain resources for local

21 Eva Cox, 'What works and what doesn't work in indigenous service development: Reports on specific funded programs', *Journal of Indigenous Policy*, Vol. 43, 2014, p. 35, <http://www.austlii.edu.au/au/journals/JIIndigP/2014/43.pdf> (accessed 9 June 2017).

22 ABS, 'Exploring the gap in labour market outcomes for Aboriginal and Torres Strait Islander peoples', 4102.0—Australian Social Trends, 2014, 27 August 2014, <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/4102.0main+features72014> (accessed 14 June 2017).

23 Council of Australian Government, *Communique*, 21<sup>st</sup> meeting, 26 March 2008, p. 2, <https://www.coag.gov.au/sites/default/files/communique/communique-march-2008.pdf> (accessed 16 October 2017).

24 Australian Government, *Indigenous Economic Development Strategy 2011–18*, <http://apo.org.au/system/files/27022/apo-nid27022-56201.pdf> (accessed 15 June 2017).



economic development. It administered programs broadly similar to non-remote unemployment, disability and Work for the Dole programs.<sup>25</sup>

2.25 RJCP was part of the Australian Government's commitment to the Closing the Gap strategy agreed in 2008 by COAG. It covered 59 remote regions, and was managed jointly by the Department of Education, Employment and Workplace Relations and the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA).

2.26 In recognition of the ongoing challenges in generating economic activity in remote areas and the ongoing deficit of infrastructure, the RJCP incorporated a Community Development Fund (CDF) which provided funding to support social and economic development and participation across the remote regions and in identified Remote School Attendance Strategy schools, by funding services and/or activities to support the creation of jobs and employment-related participation opportunities for both Indigenous and non-Indigenous job seekers.<sup>26</sup> The CDF was subsequently closed with funding transferred into the Indigenous Advancement Strategy (IAS).<sup>27</sup>

2.27 The ABS noted that, in the 2008 National Aboriginal and Torres Strait Islander Social Survey (NATSISS) survey, all CDEP participants were classified as employed while in the 2014–15 survey, RJCP participants were classified either as unemployed or not in the labour force.<sup>28</sup> The difference in employment status between surveys resulted in a six per cent fall in employment for Indigenous Australians from 52 per cent in 2008 to 46 per cent in 2014–15.<sup>29</sup>

### ***Community Development Program***

2.28 In November 2013, the newly-appointed Minister for Indigenous Affairs, Senator the Hon Nigel Scullion (Minister), declared that RJCP was a 'disaster', citing confusion over the funding model and a 'one-size-fits-all' approach that did not

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25 James Haughton, *Social Security Legislation Amendment (Community Development Program) Bill 2015*, Bills Digest No. 93, 2015–16, Parliamentary Library, 29 February 2016, pp 5–6, [http://parlinfo.aph.gov.au/parlInfo/download/legislation/billsdgs/4399835/upload\\_binary/4399835.pdf;fileType=application/pdf](http://parlinfo.aph.gov.au/parlInfo/download/legislation/billsdgs/4399835/upload_binary/4399835.pdf;fileType=application/pdf) (accessed 14 June 2017).

26 Australian Government, *Community Development Fund Guidelines*, Remote Jobs and Communities Program, Part A: Program Guidelines, p. 3, [https://www.pmc.gov.au/sites/default/files/grants/Revised\\_RJCP\\_CDF\\_guidelines\\_Part\\_A.pdf](https://www.pmc.gov.au/sites/default/files/grants/Revised_RJCP_CDF_guidelines_Part_A.pdf)

27 Australian Government, *Indigenous Advancement Strategy*, <https://www.pmc.gov.au/indigenous-affairs/indigenous-advancement-strategy> (accessed 9 August 2017).

28 ABS, 'Labour force characteristics', 4714.0 – *National Aboriginal and Torres Strait Islander Social Survey, 2014–15*, 28 April 2016, <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4714.0~2014-15~Main%20Features~Labour%20force%20characteristics~6> (accessed 14 June 2017).

29 ABS, 'Labour force characteristics', 4714.0 – *National Aboriginal and Torres Strait Islander Social Survey, 2014–15*, 28 April 2016, <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4714.0~2014-15~Main%20Features~Labour%20force%20characteristics~6> (accessed 14 June 2017).

consider the differences between regions. Minister Scullion announced immediate changes to the program backed by 'robust compliance measures' and \$40 million to support the reinstatement of the IEP in remote areas.<sup>30</sup>

2.29 On 1 July 2015, the Abbott Coalition Government restructured the RJCP and established the CDP, moving away from a community-controlled employment scheme to a program administered centrally by PM&C and administered by CDP providers with all payments mediated via Centrelink and Department of Human Services.<sup>31</sup> According to PM&C, the RJCP was discontinued because it:

...did not meet the needs of remote communities or address passive welfare and provided few incentives or opportunities for job seekers to get the skills needed to find a job.<sup>32</sup>

2.30 In December 2016, the Minister, in rejecting findings critical of the CDP contained in an ANU report,<sup>33</sup> noted that CDP had been making 'significant progress' in engagement and participation rates. The Minister stated that communities he engaged with on a regular basis were not wanting to return to 'passive welfare and disengagement'.<sup>34</sup>

2.31 The Minister also noted that he was committed to improving the operation of the CDP and 'ensur[ing] local communities have more control, including through the delivery of the program by local providers rather than Centrelink'.<sup>35</sup>

2.32 In May 2017, the Minister reported that the CDP had achieved a 'highly significant milestone', with 5 000 employment outcomes over the previous six months and more than 15 000 job placements since CDP started on 1 July 2015:

The CDP is getting remote jobseekers into work—and on more than 5000 occasions they have stayed in the job for at least 26 weeks. The 26-week outcome is critical because we know if a person stays in a job for at least

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30 Senator the Hon Nigel Scullion, 'Immediate changes to the Remote Jobs and Communities Program', Media release, 29 November 2013, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22media%2Fpre%2F2868389%22> (accessed 16 June 2017).

31 Senator the Hon Nigel Scullion, 'New era for remote job services', Media release, 1 July 2015, <https://www.nigelscullion.com/media-hub/indigenous-affairs/new-era-remote-jobs-services> (accessed 24 October 2017).

32 PM&C, *Submission 36*, p. 1.

33 K Jordan and L Fowkes, *Job Creation and Income Support in Remote Indigenous Australia: Moving Forward with a Better System*, CAEPR Topical Issue No. 2/2016, Centre for Aboriginal Economic policy Research, Australian National University, November 2016, <http://caepr.anu.edu.au/Publications/topical/2016TI2.php> (accessed 6 June 2017).

34 Senator the Hon Nigel Scullion, 'Facts don't back up ANU report on CDP', PM&C, Media release, 2 December 2016, <https://ministers.pmc.gov.au/scullion/2016/facts-dont-back-anu-report-cdp> (accessed 8 June 2017).

35 Senator Scullion, 'Facts don't back up ANU report on CDP', pp. 1–2.



six months, they have a far greater chance of staying in work over the long term.<sup>36</sup>

2.33 Later chapters of the report will focus on the impacts of the CDP on individuals, communities and providers.

*The government's broader framework for Indigenous Affairs after the 2013 election*

2.34 In 2014, the government announced its Indigenous Advancement Strategy (IAS) to consolidate all facets of Indigenous social, economic, health and wellbeing across multiple Australian Government departments.<sup>37</sup> Two of the main aims of the Jobs, Land and Economy component of the IAS are to increase the number of Aboriginal and Torres Strait Islander people in 'real jobs' and train more people for local jobs in their communities. Initiatives to achieve these aims include the new CDP, the Employment Parity Initiative, Vocational, Training and Employment Centres (VTEC) and the Indigenous Cadetship Support Program.<sup>38</sup> The experience that CDP providers have with IAS is discussed further in Chapter 5.

2.35 Also in 2014, the government commissioned Mr Andrew Forrest to undertake a Review of Indigenous Training and Employment Programs, involving public submissions and consultations. The final report *Creating Parity: the Forrest Review* was released on 1 August 2014.<sup>39</sup> The government is implementing a progressive roll-out of measures in response to the recommendations. Much of the current policy

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36 Senator the Hon Nigel Scullion, 'CDP hits major milestone for remote jobseekers', PM&C, Media release, 18 May 2017, <https://ministers.pmc.gov.au/scullion/2017/cdp-hits-major-milestone-remote-jobseekers> (accessed 8 June 2017).

37 The strategy consolidates the different Indigenous policies and programs delivered by government into five overarching programs. See PM&C, *Indigenous Advancement Strategy*, <https://www.pmc.gov.au/indigenous-affairs/indigenous-advancement-strategy> (accessed 13 June 2017).

38 National Centre for Vocational Education Research (NCVER), *Policy snapshot: Indigenous training and employment*, 2017, p. 1, [https://www.ncver.edu.au/\\_data/assets/pdf\\_file/0035/484487/Policy-snapshot-Indigenous-training-and-employment.pdf](https://www.ncver.edu.au/_data/assets/pdf_file/0035/484487/Policy-snapshot-Indigenous-training-and-employment.pdf) (accessed 13 June 2017). NCVER noted that much of this policy agenda 'has been adopted from the recent Forrest Review recommendations. See also: Australian Government, *Vocational Training and Employment Centres: Information sheet for Community Development Program providers*, <https://www.pmc.gov.au/sites/default/files/publications/VTEC-information-sheet-CDP-Providers.pdf> (accessed 14 June 2017). The Vocational Training and Employment Centres (VTEC) Program supports and places Indigenous job seekers into sustainable jobs for up to 26 weeks, and includes job specific training. VTECs receive a single 26 week employment outcome fee and are expected to identify and source support from other sources including CDP providers. CDP providers can also claim their outcome payments as per their funding agreement, so VTEC and CDP are not duplication of funding.

39 *Creating Parity: the Forrest Review*, 2014, <https://www.pmc.gov.au/sites/default/files/publications/Forrest-Review.pdf> (accessed 19 June 2017).

agenda around Indigenous employment has been adopted from the *Forrest Review* recommendations.<sup>40</sup>

### *Consultation and engagement leading up to CDP*

2.36 Several submissions and witnesses were critical of the process that led to the design of the CDP, claiming that there was inadequate community consultation and engagement.<sup>41</sup> National Employment Services Association described the policy process and consultation as 'limited'.<sup>42</sup>

2.37 According to former federal parliamentarian and Minister for Aboriginal Affairs in the late 1970s, Mr Fred Chaney AO and former senior Commonwealth public servant specialising in Indigenous matters, Mr Bill Gray AM:

There is little evidence, if any, that the Government initiated a credible or transparent process by which Indigenous input as obtained or used in the design of the CDP.<sup>43</sup>

2.38 Jobs Australia's recent submission to the Australian National Audit Office (ANAO) Audit of the CDP noted that the initial RJCP program was developed after several rounds of community consultation and the advice of an Expert Panel, and contracts with service providers were set at five years in recognition of the need for long-term commitment in these communities.

2.39 In contrast, the design and rollout of CDP was undertaken with no prior 'transparent and formalised public consultations with communities'.<sup>44</sup> Jobs Australia stated:

In late November 2013, five months after RJCP had commenced in July, Minister Scullion announced that immediate changes would be made to the program, which he described as 'poorly designed and badly implemented'...A year later, in December 2014, Minister Scullion announced the major reforms that would lead to implementation of CDP in July 2015 [and that] the government would discuss the new program with communities on a community-by-community basis...<sup>45</sup>

2.40 Some CDP participants reported that they were merely informed of the change from RJCP to CDP. As one APY Lands resident and CDP participant recalled:

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40 PM&C, *Indigenous jobs and training review*, <https://www.pmc.gov.au/indigenous-affairs/employment/indigenous-jobs-and-training-review> (accessed 13 June 2017).

41 See for example, Inge Kral, *Submission 7*, p. 2; Lisa Fowkes, *Submission 8*, pp 2 and 13; Shelley Bielefeld, *Submission 11*, pp 1–2; Will Sanders, *Submission 12*, p. 5.

42 National Employment Services Association, *Submission 45*, p. 3.

43 Fred Chaney AO and Bill Gray AM, *Submission 2*, p. 2.

44 Jobs Australia, 'The Design and Implementation of the Community Development Program', April 2017, p. 6, [https://www.ja.com.au/sites/default/files/jobs\\_australia\\_submission\\_design\\_and\\_implementation\\_of\\_cdp.pdf](https://www.ja.com.au/sites/default/files/jobs_australia_submission_design_and_implementation_of_cdp.pdf) (accessed 20 June 2017).

45 Jobs Australia, 'The Design and Implementation of the CDP', pp 6–7.

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.<sup>46</sup>

2.41 Some communities were completely confused by what the government's intentions were:

When it was announced that the RJCP was ending and that a new program, CDP, would begin, we all just assumed that it would more or less be the same program. The fact that the new program was called CDP was the first cause of confusion. A former program had been called CDEP, and I think many people thought that we were just going back to that. There was never really any true direction to advise us exactly what the changes were from RJCP to CDP or why these changes had been made.<sup>47</sup>

2.42 The Ngaanyatjarra Council felt the use of the acronym CDP was misleading due to it sounding similar to CDEP:

We didn't want it when it started but we thought it would be like CDEP because it has the same letters. That was wrong to use those letters because it tricked us.<sup>48</sup>

## **Developments since the implementation of CDP**

### ***CDP funding (including the use of unspent funds)***

2.43 There are two sources of funding for the CDP:

- PM&C is responsible for program delivery as part of the IAS, and allocates the funding to CDP providers to deliver training and employment services under program 2.1 (Jobs, Land and Economy Program); and
- the Department of Social Services administers the special appropriations for all welfare payments in Australia; the Department of Human Services is responsible for delivering the welfare payments to CDP participants via Centrelink; Centrelink is also responsible for determining conditions of payment such as eligibility, hours of activity, and penalties that may be applied.<sup>49</sup>

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46 Cited in: Uniting Communities, *Submission 23*, p. 3.

47 Ms Vanessa Thomas, Director, Nurra Kurramunoo Aboriginal Corporation, *Proof Hansard*, Kalgoorlie, 23 August 2017, p. 49.

48 Ngaanyatjarra Council, *Submission 5*, p. [2].

49 Ms Nadine Williams, First Assistant Secretary, Community and Economic development, PM&C, Senate Estimates, *Proof Hansard*, 26 May 2017, pp 38–39.

2.44 PM&C submitted an overview of CDP expenditure for 2015–16 (summarised in Table 2.1).

**Table 2.1—CDP expenditure for 2015–16<sup>50</sup>**

Total Expenditure on CDP	2015-16
Total	\$268.52 million
<b>Breakdown</b>	
Employment Outcomes	\$18.92 million
CDP Activity Outcome payments	\$204.2 million
Basic Services payments	\$45.4 million

2.45 Under the former CDEP, unspent funds were returned to a consolidated community fund. Under the current CDP, welfare payments withheld from participants are returned to consolidated revenue.<sup>51</sup>

2.46 The Minister has noted that the question of where unspent CDP funds should be returned is a matter for review as part of the current consultations for a new scheme.<sup>52</sup>

### ***Social Security Legislation Amendment (Community Development Program) Bill 2015***

2.47 Less than six months after the establishment of the CDP, the government introduced the Social Security Legislation Amendment (Community Development Program) Bill to set up a new obligation and compliance regime.<sup>53</sup> The detail of this regime was to be determined by the Minister through legislative instruments.

2.48 The bill provided for:

- responsibility for remote income support payments to be transferred from Department of Human Services to local CDP providers based in remote regions;

50 PM&C, *Submission 36*, p. 11.

51 Mr Andrew Tongue, Associate Secretary, Indigenous Affairs Group, PM&C; Ms Nadine Williams, First Assistant Secretary, Community and Economic Development, PM&C, *Proof Estimates Hansard*, 26 May 2017, p. 38.

52 Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, *Proof Estimates Hansard*, 26 May 2017, p. 38.

53 *Journals of the Senate*, No. 133—2 December 2015, p. 3583.

- a simplified, compliance framework, with immediate non-attendance penalties to promote work-like behaviours and provision for reasonable excuses for being absent, factoring in appropriate reasons such as illness and cultural business;
- increased income thresholds so individuals have a greater incentive to take-up casual or part-time work, with the amount of income support dependant on participation in CDP activities; and
- the scheme to be phased in, on a region by region basis, to ensure provider capability and community willingness.<sup>54</sup>

2.49 The Explanatory Memorandum (EM) to the 2015 bill noted that:

Welfare reliance is at its most concentrated in remote Australian communities. In very remote areas, almost one in five adults of workforce age are in receipt of income support payments. People in remote Australia are moving onto welfare at a young age and staying there for life. Very few people are transitioning into full time paid employment. Long term welfare reliance on this scale is detrimental to individuals and to communities.<sup>55</sup>

[CDP] assists people to gain the skills, experience and commitment necessary to find paid work where it exists and enables them to contribute meaningfully to their community in the absence of paid work, through participation in continuous CDP activities. CDP includes employment incentives, incentives to establish businesses and access to vocational training and support to address pre-employment barriers such as drug and alcohol problems.<sup>56</sup>

2.50 The bill was the subject of an inquiry by the Senate Finance and Public Administration Legislation Committee's inquiry into the bill which tabled its report in March 2016. The report was critical of this bill with a particular focus on the lack of consultation during its development.

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54 Australian Government, *Consultation Paper: Changes to the Community Development Program*, p. 2, [https://www.pmc.gov.au/sites/default/files/publications/cdp\\_consultation\\_paper.pdf](https://www.pmc.gov.au/sites/default/files/publications/cdp_consultation_paper.pdf) (accessed 13 June 2017).

55 Social Security Legislation Amendment (Community Development Program) Bill 2015, Explanatory Memorandum (EM), p. 1, [http://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/s1027\\_ems\\_02f82de6-1761-4a55-9dd9-a450e1637a5a/upload\\_pdf/504381em.pdf;fileType=application%2Fpdf](http://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/s1027_ems_02f82de6-1761-4a55-9dd9-a450e1637a5a/upload_pdf/504381em.pdf;fileType=application%2Fpdf) (accessed 16 June 2017).

56 Social Security Legislation Amendment (Community Development Program) Bill 2015, EM, p. 1, [http://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/s1027\\_ems\\_02f82de6-1761-4a55-9dd9-a450e1637a5a/upload\\_pdf/504381em.pdf;fileType=application%2Fpdf](http://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/s1027_ems_02f82de6-1761-4a55-9dd9-a450e1637a5a/upload_pdf/504381em.pdf;fileType=application%2Fpdf) (accessed 16 June 2017).

2.51 The bill lapsed on 9 May 2016 at the dissolution of the 44<sup>th</sup> Parliament.<sup>57</sup>

### *Current reviews*

2.52 In addition to the current Senate inquiry into the appropriateness and effectiveness of the objectives, implementation and evaluation of the CDP, there were two other relevant reviews underway including one commissioned by the government and one initiated by the ANAO.

2.53 In 2016, PM&C contracted the Indigenous-owned research and communications organisation Winangali Pty Ltd to undertake an independent evaluation of CDP, in partnership with Ipsos Australia, with a view to formulating a new policy framework. An interim report is currently being finalised with a final report due in mid-2018.<sup>58</sup>

2.54 In 2017, the ANAO commenced an audit of the CDP, which was tabled on 31 October 2017, to assess the effectiveness of the transition of the RJCP to the CDP, including whether the CDP is well designed and administered effectively and efficiently.<sup>59</sup> The ANAO's report made a number of findings including that:

- There is 'scope to review the incentives created by the revised provider payment structure'.<sup>60</sup> In 2016, the ANAO found that nine providers 'significantly misreported attendance' with nearly \$700 000 being recovered as a result of these investigations. Some providers were found to have included the names of 'people in jail or deceased' to boost their attendance figures.<sup>61</sup>
- Financial penalties applied to CDP participants were over four times higher in the period 2015–16 when compared to RJCP in 2014–15 (146 700 financial penalties compared to around 35 500). The report noted that 'this reflects that under the CDP, unlike the RJCP, providers were required to consistently enter jobseeker attendance data and, where required, initiate action under the [Job

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57 Parliament of Australia, *Social Security Legislation Amendment (Community Development Program) Bill 2015*, [http://www.aph.gov.au/Parliamentary\\_Business/Bills\\_LEGislation/Bills\\_Search\\_Results/Result?bld=s1027](http://www.aph.gov.au/Parliamentary_Business/Bills_LEGislation/Bills_Search_Results/Result?bld=s1027) (accessed 9 August 2017).

58 Department of the Prime Minister and Cabinet, answer to question taken on notice at the Additional Estimates 2016–17, Question no. 116, Senate Finance and Public Administration Legislation Committee, 3 March 2017, p. 48. See also: PM&C, *Submission 36*, p. 14.

59 ANAO, 'The Design and Implementation of the Community Development Program', Commonwealth of Australia, 2017, <https://www.anao.gov.au/work/performance-audit/design-and-implementation-community-development-program> (accessed 11 October 2017).

60 ANAO, 'Design and implementation of the Community Development Programme', Performance Audit, ANAO Report No. 14, 2017–18, 31 October 2017, p. 7, [https://www.anao.gov.au/sites/g/files/net3416/f/ANAO\\_Report\\_2017-2018\\_14a.pdf](https://www.anao.gov.au/sites/g/files/net3416/f/ANAO_Report_2017-2018_14a.pdf) (accessed 1 November 2017).

61 ANAO, 'Design and implementation of the Community Development Programme', Performance Audit, ANAO Report No. 14, 2017–18, 31 October 2017, pp 48–49.



Seeker Compliance Framework]. Provider payments were dependent on the accurate reporting of jobseeker attendance and re-engagement'.<sup>62</sup>

- In 2015–16, over half (54 per cent) of all non-compliance reports for the both JobActive and the CDP related to CDP despite CDP making up only 5 per cent of the caseload.<sup>63</sup>
- There has been 'a significant increase in the maximum call wait times' when participants sought to contact Centrelink to 'discuss the reasons' for non-compliance and arrange payment 'reconnection'. These wait times have increased from 59 minutes in 2014–15 to over two hours and 44 minutes in 2016–17.<sup>64</sup>

2.55 These issues are discussed in more detail in Chapters 4 and 5.

### ***2017–18 Budget: Community Development Program***

2.56 The government announced proposed changes to the CDP in the 2017–18 Budget as follows:

- consultation with Indigenous communities and stakeholders on 'a new employment and participation model for remote Australia';
- \$11 million in funding to develop and implement a CDP youth engagement strategy in collaboration with local schools, including the employment of youth workers to transition young people into training and employment;
- CDP will be excluded from most changes to income support announced elsewhere in the Budget so that the government can consult with communities on what will work best for remote Australia building on positive elements of the former CDEP; and
- remote job seekers under CDP will be exempt from the new Targeted Compliance Framework, drug testing trials and removal of exemptions due to drugs or alcohol misuse.<sup>65</sup>

2.57 In a media release dated 18 May 2017, the Minister explained that a consultation process on the proposed changes would commence in coming months.<sup>66</sup>

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62 ANAO, 'Design and implementation of the Community Development Programme', Performance Audit, ANAO Report No. 14, 2017–18, 31 October 2017, p. 46.

63 ANAO, 'Design and implementation of the Community Development Programme', Performance Audit, ANAO Report No. 14, 2017–18, 31 October 2017, p. 46.

64 ANAO, 'Design and implementation of the Community Development Programme', Performance Audit, ANAO Report No. 14, 2017–18, 31 October 2017, pp 46–47.

65 Senator the Hon Nigel Scullion, 'Coalition Government support for Indigenous jobs and business sector', Media release, PM&C, 9 May 2017, <https://ministers.pmc.gov.au/scullion/2017/coalition-government-support-indigenous-jobs-and-business-sector>; PM&C, 2017–18 Budget: Community Development Program, <https://www.pmc.gov.au/sites/default/files/files/pmc/Accountability%20and%20reporting%20section/budget-fact-sheet-cdp.pdf> (all accessed 14 June 2017).

A further announcement was made in passing by the Minister at the Garma Festival in August of this year. In evidence to the committee, Mr Bill Gray quoted a ministerial spokesperson from August who said that changes 'will follow extensive consultation with communities about how to improve the Government's remote employment services scheme.'<sup>67</sup> Mr Liam Flanagan, General Manager of Community Services at the Arnhem Land Progress Aboriginal Corporation described his view of the Minister's announcement at the Garma Festival:

It wasn't consultation; it was during his presentation to the key forum in the economic development session. He just spoke briefly, for maybe five minutes, about the direction that they see the program going in, long term now, and the fact that both his office and the department see the need for reform, and they see it going towards a model that has a wage based component in it, potentially bringing back top-up and positive incentivisation, and that that's something that they will be starting consultations on at some stage. So it was light on detail, but certainly something our board were excited about as a direction.<sup>68</sup>

### ***Consultation on reforms to CDP***

2.58 The Minister announced in May 2017 that the government was undertaking consultation on a 'new employment and participation model for remote Australia' that would be developed in partnership with remote communities and build on the success of the CDP and the positive elements of the CDEP:

The new model will need to not only provide jobs, but also support school attendance and build safer, healthier communities.<sup>69</sup>

2.59 According to PM&C's submission:

This provides an opportunity to restart the conversation on what more can be done to break the cycle of welfare dependency and better tailor current welfare arrangements in remote communities.<sup>70</sup>

2.60 PM&C subsequently released a fact sheet stating that:

Current arrangements will continue while the government consults on how the new model could build on many of the positive elements of the former Community Development and Employment Program.<sup>71</sup>

66 Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, 'CDP hits major milestone for remote jobseekers', *Media Release*, 18 May 2017, <https://www.nigelscullion.com/media+hub/CDP+hits+major+milestone+for+remote+jobseeker+s> (accessed 11 October 2017).

67 Mr Bill Gray, *Proof Hansard*, Alice Springs, 28 August 2017, p. 36.

68 Mr Liam Flanagan, General Manager of Community Services at the Arnhem Land Progress Aboriginal Corporation, *Proof Hansard*, Alice Springs, 28 August 2017, p. 29

69 Senator the Hon Nigel Scullion, 'CDP hits major milestone for remote jobseekers', PM&C, media release, 18 May 2017, <https://ministers.pmc.gov.au/scullion/2017/cdp-hits-major-milestone-remote-jobseekers> (accessed 8 June 2017).

70 PM&C, *Submission 36*, p. 1.

2.61 At Supplementary Budget Estimates in October 2017, PM&C told the Finance and Public Administration Legislation Committee that PM&C was currently developing the framework for a formal consultation process and that PM&C and the Minister were already engaged in informal discussions with stakeholders.<sup>72</sup>

2.62 Notwithstanding the government's announcement of reforms to CDP following a period of consultation, the committee has been told by many witnesses that there has been little or no engagement by the Minister with providers and communities on what these reforms will be.<sup>73</sup> The only consultation that providers or community organisations could point to was an impromptu discussion in Cairns in June of this year. In response to being asked if there had been any consultation, Mr Matthew Ellem, General Manager at Tangentyere Employment said:

Not really. There was a recent provider meeting in Cairns. That was a consultation, I suppose, about what we thought of the current program and what changes we'd like to see come up. It was a pretty unprepared consultation, and none of us, as providers, knew it was coming up. We hadn't really had a chance to consult with communities, so we made off-the-cuff responses. It wasn't a considered consultation.<sup>74</sup>

2.63 Dr Kirrily Jordan described what a genuine consultation process should look like:

If there's a commitment to go out and do consultation in a particular community, we have to make sure that that community has advance notice, that they have information about the agenda, about the proposal beforehand and they're not just given that information on the day, and that that information includes both the potential positives of the proposal and the risks. Often in those consultations the consultants tend to focus on the positives, which is really problematic. We also have to spend adequate time in the community so that people have a chance to really understand what it is that's being proposed, that they feel comfortable with the consultants to ask questions. I think often people feel excluded by the process and are too confused and nervous and uncomfortable to speak up. We have to give them adequate information and adequate time to process it, think about it by themselves and then come back with some informed questions.<sup>75</sup>

2.64 In addition to there apparently being no consultation with communities yet, the committee were also told that the Minister has not shared his reform plans with his own department. Mr Gerard Coffey, CEO of Ngaanyatjarra Council explained:

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71 PM&C, *2017–18 Budget*.

72 Ms Bronwyn Field, Assistant Secretary, CDP Strategy Branch, Department of the Prime Minister and Cabinet, *Proof Estimates Hansard*, 27 October 2017, pp 38–39.

73 See, for example: *Proof Hansard*, Kalgoorlie, 23 August 2017, p. 29.

74 Mr Matthew Ellem, General Manager, Tangentyere Employment Services, *Proof Hansard*, Alice Springs, 28 August 2017, p. 6.

75 Dr Kirrily Jordan, *Proof Hansard*, Alice Springs, 28 August 2017, p. 20. See also: Dr Janet Hunt, *Proof Hansard*, Alice Springs, 28 August 2017, p. 20.

At fear of sounding disrespectful, I've been contacted by Prime Minister and Cabinet, asking if there were going to be any changes to CDP—if I knew of any.<sup>76</sup>

2.65 Where most stakeholders have not been consulted at all, and no concrete proposals for what the changes will be are in the public domain, it appears that one organisation has been promised the opportunity to run a trial of the reformed program. Mr Graeme Hastie, CDP Case Manager and Coordinator at Kullarri Regional Communities Indigenous Corporation (KRCI) informed the committee that:

My understanding is that KRCI has been chosen as one of the trial sites, if this goes ahead.<sup>77</sup>

### **Committee view**

2.66 Since 1977, there has been an employment program of some type for remote jobseekers. The committee acknowledges the importance of providing training and employment opportunities for remote Australians—both Indigenous and non-Indigenous.

2.67 There are a number of differences that set the CDP apart from its predecessor programs, including its negative impact on individuals, communities and providers. Many of these differences are dealt with in more detail later in the report. One of the key differences is the complete lack of consultation and engagement by the government with the stakeholders—individuals, communities and providers—in the design and implementation of CDP. This lack of consultation is not acceptable.

2.68 The committee sympathises with many stakeholders, in particular local remote communities, who feel disempowered by the government's lack of consultation. This has recently been exacerbated by the government's decision to announce its intention to make changes to CDP before consulting with Indigenous groups, remote communities or providers on what these changes might be.

2.69 Any changes to CDP must be based on genuine and comprehensive consultation. The views of Indigenous jobseekers and the communities in which they live must form the basis of any new program. A centralised, top-down methodology in which bureaucrats and city-based providers dictate to local communities has failed in the past, and will continue to fail if used in the future. The committee considers that local communities should be empowered to make the decisions on the training needs and the types of projects that best meet the unique needs of each community.

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76 Mr Gerard Coffey, CEO, Ngaanyatjarra Council, *Proof Hansard*, Kalgoorlie, 23 August 2017, p. 42.

77 Mr Graeme Hastie, CDP Case Manager and Coordinator, Kullarri Regional Communities Indigenous Corporation, *Proof Hansard*, Kalgoorlie, 23 August 2017, p. 59.