

# Chapter 7

## Conclusions and recommendations

7.1 This inquiry into the Community Development Program (CDP) has been a valuable process for individual participants, communities and providers to raise the significant concerns they have with the CDP. The committee thanks those who have assisted the committee by generously sharing their experiences during this inquiry. At the heart of this inquiry are the people and communities participating in CDP. Councillor Alf Lacey, Mayor of Palm Island posed a potent question to the committee about a future without change for these people and communities:

Seriously, have a thought for those participants. Do they do CDP for the rest of their lives? Do their children do the next cycle coming through and do CDP for the rest of their lives?<sup>1</sup>

7.2 The committee is of the view that CDP cannot and should not continue in its current form. A new program needs to be developed which moves away from a centralised, top-down administration in which communities are told what to do and move towards a model where the local communities are empowered to make decisions that are best for them. The program also needs to move from a punitive, attendance-focused approach towards one which rewards participation in activities that are selected and valued by the community and, in turn, provide skills and experiences which improve the job-readiness and quality of life of all participants.

7.3 This inquiry has been timely, taking place as the government indicates it too is considering the future of the program. This juncture presents an opportunity for the program to be re-fashioned to deliver better outcomes for participants and communities.

7.4 In that regard, the committee welcomed the late, confidential submission by the Minister on the directions he proposes to take in transitioning to a new model for the program.

7.5 The committee believes that a two-step process is required—comprised of a transition period followed by implementation of a new program. A transition period is needed to ensure that the more egregious elements of the CDP are mitigated whilst consultation and development is undertaken prior to the later roll-out of a new CDP that is more aligned with community development expectations and values. This chapter identifies the key characteristics the program should have.

### Transition to the new program

7.6 It is the committee view that the current CDP is not working and that a new program is required. However, a new program will take time to develop to ensure that it is underpinned by extensive community and stakeholder consultation. In the interim,

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1 Councillor Alf Lacey, Mayor, Palm Island Aboriginal Shire Council, *Proof Hansard*, Palm Island, 4 October 2017, pp 18–19.

the committee considers that a number of immediate actions need to be taken to ensure that participants are protected.

### **Financial penalties**

7.7 The committee is concerned that income suspension is having significant and far-reaching consequences on CDP participants including increasing the rate and extent of poverty for individuals, their families and communities. In light of these negative impacts, the committee's view is that immediate action needs to be taken to alleviate the negative impacts of the current compliance and financial penalty regime.

#### **Recommendation 1**

**7.8 The committee recommends that the Australian Government immediately replace the current CDP compliance and penalty regime with obligations that are no more onerous than those of other income support recipients. CDP participants must have the same legal rights and other responsibilities as other income support participants, taking into account special circumstances such as remote locations and cultural obligations.**

#### **Recommendation 2**

**7.9 The committee recommends that CDP requirements should be adjusted in order to ensure that participants are able to meet them for the majority of the time and are more closely aligned with the requirements of other income support participants. Those in work or work-like activity should have the general obligations and benefits of any worker.**

**7.10 The committee recommends that eight-week serious non-compliance penalties should not be applied during this transition period except under exceptional circumstances.**

### *Existing contracts*

7.11 The committee sympathises with the concerns expressed by CDP providers about the uncertainty around the future of CDP funding contracts. There is a need to provide some certainty for providers to ensure that services continue to be delivered and that provider's employees remain with providers prior to the roll-out of the new program. However, the committee also heard repeated concerns about the quality of services delivered by CDP providers and their level of community engagement.

#### **Recommendation 3**

**7.12 The committee recommends that the Department of the Prime Minister and Cabinet undertake an immediate audit of all existing Community Development Program providers. The audit should assess service delivery quality, and employment outcomes in order to inform any extension of contracts until the roll-out of a new program. In cases where underperformance is identified, the Department of the Prime Minister and Cabinet should work to ensure appropriate action is taken to ensure that providers meet expected standards.**

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## ***Centrelink***

7.13 The committee is concerned about the inadequate access for CDP participants to Centrelink. The committee has heard consistently throughout the inquiry about the difficulties that people have communicating with Centrelink due to long telephone wait times, inadequate infrastructure, no physical Centrelink presence in many locations and intermittent internet connectivity. These difficulties lead to delays in people being reconnected to income support or in some cases, being so frustrated by the process, people walking away from income support altogether. A lack of interpreter support was also raised as a contributing factor to these issues.

### **Recommendation 4**

**7.14 The committee recommends an audit be conducted of interpreter services available to clients and Department of Human Services officers. The committee recommends the Department of Human Services invest in identifying, training and employing local people in remote communities and community controlled organisations who can provide Centrelink CDP-related liaison services in local Indigenous languages.**

7.15 The committee endorses the comments by the Australian National Audit Office (ANAO) in its report on the Administration of the Community Development Program that 'there would be value in the Department of Employment updating the guidelines and providing further detail to differentiate the jobseeker enquiries number from the [Participation Solution Team] PST phone number'.<sup>2</sup>

### **Recommendation 5**

**7.16 The committee recommends that Centrelink provides a dedicated telephone service for CDP participants staffed by officers familiar with the CDP program.**

## **Development of the new program**

7.17 The committee has received a considerable amount of evidence suggesting proposed reforms to the current CDP. The Minister has also indicated that he is currently reviewing the CDP with a view to reforming the program. The committee recommends that the Minister and the Australian Government take this opportunity to transform the CDP in a way that will move away from the current punitive aspects of the program and move towards a program which benefits remote communities and the individuals who live in them. The Australian Government should consider the following elements when developing the new program.

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2 Australian National Audit Office, 'Design and Implementation of the Community Development Programme', *ANAO Report No. 14 2017–18*, p. 46, [https://www.anao.gov.au/sites/g/files/net3721/f/ANAO\\_Report\\_2017-2018\\_14a.pdf](https://www.anao.gov.au/sites/g/files/net3721/f/ANAO_Report_2017-2018_14a.pdf) (accessed 9 December 2017).

### *Consultation and community control*

7.18 Many witnesses have told the committee about the failure to involve Indigenous people in any aspect of the design, delivery or evaluation of the CDP. The lack of consultation has led many remote communities to feel disempowered. This is in stark contrast to predecessor programs such as the Community Development Employment Projects (CDEP) where community control and decision-making were a central program component. The committee reiterates its view, expressed in Chapter 2, that any changes to the CDP must be based on genuine and comprehensive consultation, and lead to enhanced empowerment for remote communities.

#### **Recommendation 6**

**7.19 The committee recommends that the Department of the Prime Minister and Cabinet, led by the Minister for Indigenous Affairs, engage in genuine and comprehensive consultation with remote communities, Indigenous organisations, employment providers and other stakeholders on the reforms required to be made to the Community Development Program.**

#### **Recommendation 7**

**7.20 The committee recommends that the reform process for any new program should be focussed on the goal of community empowerment, and give active consideration to the proposals as outlined in the Aboriginal Peak Organisations of the Northern Territory's submission and supported by others. The establishment of an indigenous-led board and local governance committees as recommended by Aboriginal Peak Organisations of the Northern Territory should be considered.**

**7.21 Communities must be given a greater say in how a community development program is delivered in their area including the prioritisation of projects and the nature of approved work activities. Greater community control should harness the skills, experiences and knowledge of local community and Indigenous organisations.**

7.22 The committee considers that the competitive contracting approach used in remote areas where markets are thin or non-existent is not sustainable. The committee notes that in some cases, one employment provider might oversee multiple CDP regions whilst local organisations—deemed to be unsuitable—are overlooked.

7.23 The committee acknowledges that circumstances may arise where a selection panel determines that a local remote and Indigenous organisation does not meet mandatory selection requirements to deliver services under the new program for various reasons. The committee is of the view that the government has an obligation to work with these organisations to build capacity that enables them to compete with larger, city-based employment providers. Local knowledge and experience informing appropriate community development consistent with the unique requirements of each community must form the basis of future programs.

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## Recommendation 8

**7.24 The committee recommends that the Department of the Prime Minister and Cabinet provide practical support to local remote and Indigenous organisations to build governance and service delivery capacity in areas that enables these organisations to successfully tender for the new community development program.**

### *Wages*

7.25 Many witnesses have highlighted the provision of a basic income with a wage-like structure as one of the more successful elements of the CDEP. It is the committee's view that such an approach incentivises participation in a community development program and leads to improved skill development and work experiences for jobseekers. Importantly, the payment of wages by providers would remove Centrelink's role administering penalties through income suspension hence reducing participant's interactions with Centrelink. This approach would also empower program providers to pay participants wages in exchange for participation in work activities and training. Payment of wages would also result in a considerable reduction in the administrative burden for program providers.

7.26 The committee were concerned to hear that the government is considering applying the cashless welfare card to CDP participants once the new program is implemented.<sup>3</sup> The committee considers that a wage-based approach is incompatible with the use of the cashless welfare card.

7.27 The committee heard that CDEP had a wages structure that provided close to a minimum wage. In comparison, CDP provides about half the hourly rate making it difficult for people to pay for basic items such as food, which are often more expensive in remote locations. It is the view of the committee that treating a person like a worker begins by paying a person a minimum wage like a worker. The committee considers that a wage-like structure should provide a minimum hourly wage consisting of a supplementary hourly rate for participation in community development program activities. The supplementary hourly rate should be the difference between the minimum wage and the person's income support on a pro-rata basis. This approach would provide a minimum wage for hours worked and would be consistent with the CDEP.

## Recommendation 9

**7.28 The committee recommends that the Australian Government implement a payment scheme for remote jobseekers with income based on participation in agreed work-like activities, and incentives for additional activities in community development programs. The committee recommends that participation in**

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3 Senate Finance and Public Administration Legislation Committee, *Proof Estimates Hansard*, 27 October 2017, p. 40.

**community development program work activities should be compensated at an hourly rate commensurate with the national minimum wage.**

### ***Reduction in administrative burden***

7.29 The committee earlier expressed its concern about the unnecessary administrative burden imposed on CDP providers. In particular, the committee is concerned that the focus on compliance and record-keeping has diverted providers from focusing their energies on supporting participants to become job-ready and promoting community development. The committee is strongly of the view that providers' resources currently tied up in administrative processes need to be able to redeployed towards improving and assisting communities and participants. The committee is confident that transitioning the program away from compliance and penalties to a wage-based structure will substantially reduce the administrative burden on providers. It is the committee view that additional steps should be taken to further streamline administrative functions.

### **Recommendation 10**

**7.30 The committee recommends that the Department of the Prime Minister and Cabinet carefully consider and, where appropriate, minimise the administrative processes required of providers engaged in the new community development program.**

### ***Increased transparency***

7.31 Notwithstanding the committee's desire to reduce the administrative burden, the committee agrees that there needs to be far greater transparency around how public funds are spent on community development programs. This should include the level of funding that providers receive, how much of that funding is spent in local communities and, most importantly, how many jobs are being created as a result of this government expenditure. The committee understands that the Department of the Prime Minister and Cabinet (PM&C) does not require providers to keep data in relation to these metrics. Further, PM&C and some providers refused to provide the committee with any information that it did have on the basis that it was commercial-in-confidence. The committee thanks the CDP providers who provided some of their own information and statistics to the committee.

7.32 The success or otherwise of a government program can only be measured through objectively-gathered data-sets that are made publicly available. The committee concedes that although some data may be deemed to be sensitive and withheld, for the most part, private companies receiving public funds to deliver government programs should be accountable for how those funds are spent. A key component of accountability is transparency in relation to the expenditure of these funds.

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## **Recommendation 11**

**7.33 The committee recommends that funding agreements between the Australian Government and providers delivering services in future community development programs include a requirement that information on the quantum of funding, the allocation of funding and the investment in training and basic vocational skills be collected and made publicly available. The publicly available financial information should include the dollar value of Centrelink payments that are foregone by participants due to CDP breaches.**

### *Funded training and start-up capital*

7.34 Currently, providers are not funded to deliver or offer training courses that would increase the employability of jobseekers. The committee believes that access to literacy and numeracy education, certified training and qualifications is an integral element in helping jobseekers into employment and that this access should be funded as part of any employment program, including future community development programs.

7.35 Equally, access to sources of capital or lending facilities is critical to assist people to start their own businesses. The committee heard that remote jobseekers are often disadvantaged as individuals and families do not have access to assets or capital to start their own businesses. There are many opportunities for people to create businesses that can deliver essential services in their communities or attract tourists to remote locations. The committee is aware that Indigenous Business Australia offers a range of business lending products to Indigenous owned businesses. Such products should be made more readily available to people in remote communities.

## **Recommendation 12**

**7.36 The committee recommends that the Department of the Prime Minister and Cabinet work closely with Indigenous Business Australia (IBA) to ensure that remote communities are aware of the lending products that IBA can provide and assist individuals to lodge applications.**

### *Change incentives from attendance to community development and job creation*

7.37 The committee has indicated its preference to change the incentives for program participants with an earlier recommendation to move to a wage-based structure. In a similar way, incentives for providers also need to be modified to ensure that more appropriate outcomes for a future community development program are achieved.

7.38 Under the current program, providers are incentivised to maximise a participant's attendance at CDP activities and to focus on contract management. The committee is firmly of the view that community development program providers instead need to be creating sustainable jobs and appropriate community development. This can be achieved through the use of a number of metrics and a combination of long-term and short-term incentives to ensure that sustainable employment solutions

and appropriate community development are achieved. It is imperative that one of these metrics must reflect satisfactory engagement and performance by the provider with the local community.

7.39 The committee considers that the decision to largely remove community development funding from the CDP and rely on funding for the Indigenous Advancement Strategy was a mistake and should be reversed. The committee recommends that community development projects should be adequately and sustainably funded. These funds should be included as an essential element of the new remote job service program.

### **Recommendation 13**

**7.40 The committee recommends that the penalty funds (breaches) currently diverted from the community as a result of non-compliance and any ancillary payments allocated for providers should be applied to support local community development program activities identified by the community, or to top-up specific wages where appropriate.**

**7.41 The committee recommends that the Australian Government provide additional funding for community development activities, similar to the Community Development Funding previously available under the Remote Jobs and Communities Programs.**

### *Targeted infrastructure and service delivery*

7.42 The committee notes that there has been a failure by government to recognise the lack of public and private sector investment in remote areas. In turn, this lack of demand has led to a failure by government to recognise or respond to lack of demand for labour in these places. It is the committee view that government must play a leading role in stimulating economic demand in remote communities.

7.43 The objective of full employment is not achievable in all remote communities, but the committee considers that creating more local jobs certainly is. The committee acknowledges that government already spends money on infrastructure and delivery of services in remote locations; however, the committee's concern lies in how that money might be spent in a more strategic manner that leads to sustainable jobs.

7.44 Infrastructure spending should not be completed with a boom and bust mentality, but aim to spread the funding over longer periods of time, so that the injection of money into the economy is on-going. For example, planned investment in housing construction can lead to more sustainable job opportunities and career paths. In this way, qualified tradespeople can mentor locals through apprenticeships and into sustainable jobs knowing that more houses will be built over time. The committee has heard anecdotal examples of such programs that have worked well in the past and considers that such approaches can work well in the future.

7.45 The committee considers that a strategic infrastructure plan is required which would involve the Australian Government working closely with state and territory and local governments to identify all of the infrastructure and capital works undertaken in



remote areas and develop a continuing pipeline of works. The strategic plan should be updated on an annual basis to ensure a continuing pipeline of works and maintenance of on-going employment. It is the committee's view that such a plan should not delay or prevent necessary or scheduled infrastructure from commencing.

#### **Recommendation 14**

**7.46 The committee recommends that the Australian Government work closely with all relevant state and territory and local governments to develop a five-year strategic plan for infrastructure and service delivery in remote communities. The strategic plan should be updated annually.**

7.47 The committee received evidence about the fly-in fly-out and drive-in drive-out culture of service provision in remote Australia whereby essential services providers including healthcare, education and tradespeople move in and out of communities. The new community development program should be equipping people from these remote communities to train, qualify and then work in their local communities delivering services that are being paid for anyway. Instead of money leaking out of communities, real wages and salaries earned by locals would instead be spent locally, building the local economy and, in turn, creating more jobs.

7.48 As a starting point, the committee earlier recommended that local people in remote communities are identified and trained to provide interpreter and liaison services for Centrelink. Other service provision should be identified and prioritised to employ local people. The committee are encouraged by the training of local paramedics on Palm Island and consider that many other roles currently staffed by non-locals could also be transitioned to local people.

7.49 In addition, the narrow definition of participation under CDP currently precludes, from the definition of work, activities that are prioritised by the community as essential to their local cultural wellbeing and sense of purpose and identity. Activities such as transmission of cultural knowledge through language teaching, the arts, traditional knowledge cultivation and caring for country are highly valued and should be considered as activities that are defined as work under the refreshed CDP program.

#### **Recommendation 15**

**7.50 The committee recommends that the Department of the Prime Minister and Cabinet mandate that all service providers delivering the new community development program, in consultation with the local community and potential employers, develop a local jobs plan taking into consideration the job-readiness of the community. The local jobs plan would seek to transition service delivery staffed by non-local personnel, apart from highly specialised professionals, to local employment in a staged manner. In addition, the local jobs plan should ensure that paid work experience and training positions are created to enable young people to gain employment experience on leaving school.**

**Recommendation 16**

**7.51** The committee recommends that the definition of work activities under the revised CDP program should be expanded to include cultural transmission activities that are prioritised by the local community in their local jobs plans.

***Indigenous employment targets***

7.52 Related to more targeted infrastructure and service delivery are Indigenous employment targets. The committee has heard about the use of Indigenous employment targets in state and territory government contracts and the inconsistent manner in which they are applied, particularly in remote communities.

7.53 The committee considers it important to understand the extent to which Indigenous employment targets are achieved. The ANAO is empowered to conduct audits of state and territory government contracts where the Australian Government has made a funding contribution for a particular purpose.<sup>4</sup>

7.54 When applied correctly, the committee considers Indigenous employment targets to be an integral tool ensuring that public funds expended in remote locations result in increased local economic activity that leads to sustained job creation.

**Recommendation 17**

**7.55** The committee recommends that the Australian National Audit Office conduct an audit of Australian Government contracts that relate to service delivery in remote locations. This audit should have a specific focus on the use of, and compliance with, Indigenous Employment Targets.

**7.56** As part of this audit, the committee recommends that the Australian National Audit Office include state and territory government contracts where the Australian Government has made a funding contribution for a particular purpose. The audit should also report on how these contracts impact on Closing the Gap employment targets.

**Recommendation 18**

**7.57** The committee recommends that the Australian Government review the guidelines for Indigenous employment and work closely with the Council of Australian Governments in order to establish a uniform approach to the application of Indigenous Employment Targets to state, territory and Commonwealth contracts in remote locations. Such an approach should include a mandatory target that forms the basis of a key performance indicator which is then used to assess the performance of a contractor for a current contract and used to assess suitability for subsequent tenders.

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4 As provided for under section 18B of the *Auditor-General Act 1997*.

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### *Government support for remote communities*

7.58 Several submissions and community consultations expressed frustration about the perception that engagement of the communities by the PM&C in managing the CDP program was ineffective. In particular, concerns were expressed that PM&C officials were not committed to working with local communities in supporting local decision-making but were constrained by centralised policy and program decisions provided from Canberra, without consideration and understanding of local conditions and concerns.

#### **Recommendation 19**

**7.59 The committee recommends that the Department of the Prime Minister and Cabinet undertake an organisational review of its regional network to ensure that it has the capabilities necessary to properly administer a program featuring decentralised and local decision making focussed on the needs of remote communities.**

7.60 The committee noted the widespread support given to the proposal from Aboriginal Peak Organisations of the NT (APO NT) for a new remote development and employment scheme that is place based and community driven. Many of the issues of concern presented in evidence to the committee would seem to be addressed by the approach of APO NT but further evaluation of the costs of such an approach is required.

7.61 In particular, the committee supported the focus of APO NT on the necessity to ensure rigorous, ongoing evaluation processes into the design and delivery of the new program. They noted that the issue of evaluation quality and consistency has been raised frequently in relation to government programs in Indigenous policies and programs, and that the government intended to ensure that the Productivity Commission was to play an ongoing role in this domain.

#### **Recommendation 20**

**7.62 The committee recommends that the Australian Government formally cost the Aboriginal Peak Organisations of the Northern Territory submission. This costing should include a comparison to the complete costs of the previous Community Development Employment Projects (CDEP) and the current CDP, including costs such as the portion of the Department of Social Services' budget (including outsourced funding arrangements) spent on administering the CDP.**

#### **Recommendation 21**

**7.63 The committee recommends that the Australian Government, in designing the new program, ensures that a rigorous, transparent and impartial evaluation process be developed to guide implementation and delivery. This evaluation function may be considered as part of the role for the planned Indigenous Commissioner in the Productivity Commission.**

7.64 The committee noted a significant issue of concern raised in many submissions and community consultations was that the program failed to address systematically the needs of those participants who have disengaged from the program. Many of these individuals had disengaged or 'dropped out' due to repeated experiences of multiple breaches, or of unsatisfactory work experiences.

**Recommendation 22**

**7.65 The committee recommends that during consultations on the new program that the Department of the Prime Minister and Cabinet and Centrelink actively explore the reasons for disengagement and seek to develop strategies to address this issue.**

**7.66 The committee also recommends that Centrelink take immediate proactive steps to engage with participants who have disengaged from income support and employment programs and assist them to reconnect.**

**Senator Jenny McAllister**

**Chair**