

## Government senators' dissenting report

1.1 Government senators support measures that ensure job seekers become job-ready while, at the same time, participating in activities that benefit their communities. Welfare recipients should be required to participate in employment services to ensure they are supported to transition into work and make a contribution to their community.

1.2 As acknowledged in the majority report, Government senators also place a high value on providing training and employment opportunities for remote Australians. The Community Development Program (CDP) is leading the way providing genuine training and experience combined with community development that meets the needs of individual communities.

1.3 Government senators note the recently tabled Australian National Audit Office (ANAO) report for the performance audit into the Design and Implementation of the Community Development Programme. The ANAO found that that the 'transition from the [Remote Jobs and Communities Program (RJCP)] to the CDP was largely effective' and that 'implementation of the CDP was supported by an external review of Indigenous Training and Employment, stakeholder engagement, and an effective communication strategy'.<sup>1</sup>

1.4 Notwithstanding this, the government is already working through a process of extensive consultation to reform the CDP in order to build on what worked well in the past and to reflect what local communities want in the future. The government has released a discussion paper on a new employment model for remote Australia which includes a formal consultation period, and pilot arrangements for a small number of volunteer communities set to begin in mid-2018.<sup>2</sup> Many of the recommendations of the majority report are already the subject of consideration as part of these reforms.

1.5 The committee has heard about the success of the CDP to date and, accordingly, government senators support the next steps to ensure job seekers are better engaged and can see a clear path to employment.

### **CDP creating real jobs in remote communities**

1.6 There are a number of serious challenges that lead to joblessness in remote communities. In its submission, the Department of the Prime Minister and Cabinet (PM&C) outlined the unique circumstances that influence the jobs market in remote locations:

---

1 Australian National Audit Office, 'Design and Implementation of the Community Development Programme', ANAO Report No. 14 2017–18, October 2017, pp 7–8, [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 21 November 2017).

2 Department of the Prime Minister and Cabinet, *Discussion Paper: Remote employment and participation*, 14 December 2017, <https://www.pmc.gov.au/resource-centre/indigenous-affairs/discussion-paper-remote-employment-and-participation> (accessed 14 December 2017).

- Employment rates can be very volatile and are often 50 per cent to 100 per cent less than those in metropolitan areas.
- Jobs in remote areas are often more sporadic and short-term, and each remote area has unique opportunities and barriers.
- Nineteen of Australia's twenty most disadvantaged areas are supported by the CDP.
- In 2014–15, under half (49.1 per cent) of Aboriginal and Torres Strait Islander people of working age in very remote areas were participating in the labour force, compared with 67.1 per cent of Indigenous people in the major cities.
- Unemployment rates for Aboriginal and Torres Strait Islander people in very remote areas are almost double the unemployment rates for Aboriginal and Torres Strait Islander people in the major cities.<sup>3</sup>

1.7 Government senators agree with the majority report when it points out that these are long-standing challenges that must be understood and considered as part of any remote employment strategy. However, government senators disagree with the committee view that the current CDP is not helping to break down these barriers. To the contrary, the CDP is addressing these social and economic challenges by putting more participants in jobs than previous programs such as the RJCP.

1.8 In May 2017, the government reported that the number of six-month employment outcomes had reached 5 000. Since 1 July 2015 when the program started, it also placed remote jobseekers into more than 15 000 jobs. The Minister for Indigenous Affairs, Senator the Hon Nigel Scullion (minister) stated:

The CDP is getting remote jobseekers into work – and on more than 5 000 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 six months, they have a far greater chance of staying in work over the long term.

That's why it is worth celebrating the fact that CDP jobseekers had moved off welfare and into 5 084 real, meaningful jobs for at least six months.

This achievement can be attributed to CDP participants, providers, communities, local businesses and governments working together to deliver outcomes for remote Australia.

The CDP is about giving remote jobseekers the opportunity to build skills and contribute to their communities, becoming ready to take up work when it becomes available.

This promotes routine, safer communities and builds positive role models for children, so they have a better future.<sup>4</sup>

---

3 Department of the Prime Minister and Cabinet, *Submission 36*, p. 3.

4 Senator the Hon Nigel Scullion, 'CDP hits major milestone for remote jobseekers', Media release, 18 May 2017.

1.9 These statistics were confirmed in a document tabled at the committee's Canberra public hearing by PM&C. This document outlined that the vast majority of 13-week and 26-week job placements were deemed to be full outcomes meaning that participants were completely independent of Income Support or fully met jobseekers' mutual obligations. The vast majority of placements were achieved by Indigenous people,<sup>5</sup> and represent a 16 per cent increase on total employment placements, a 72 per cent increase on employment placements that lasted 13 weeks and a 227 per cent increase on employment placements that lasted 26 weeks or more.<sup>6</sup> Government senators agree that these numbers represent significant positive employment outcomes for remote Australians.

1.10 In a media release late last year, the minister compared the achievements of the CDP to the RJCP:

Under the CDP, 85 per cent of eligible job seekers have been placed in work-like activities, up from 45 per cent at the end of the Remote Jobs and Communities Programme (RJCP).<sup>7</sup>

1.11 It was identified that a significant factor in this increased engagement with the program was due to the approach to funding providers under the CDP. Ms Kylie Van Der Neut, Senior Manager, Contract Assurance at Campbell Page indicated that unlike RJCP, CDP funding was based on who attends and that is a great motivation under the CDP funding structure to encourage job seekers to participate in the program.<sup>8</sup>

1.12 It was also identified that the structure of employment payments was much simpler and supported a clearer expectation that a CDP provider will support participants into employment. Mrs Bronwyn Field, Assistant Secretary, CDP Strategy Branch, Department of the Prime Minister and Cabinet, told the committee:

At the moment we have two outcome payments that are provided to providers. We have a clear expectation, as we've discussed, that a provider will support a jobseeker to be placed in a job. Then what happens is that if that jobseeker retains that job placement for 13 weeks we provide an outcome incentive payment to the provider for that, and then if that jobseeker is actually able to retain that job for 26 weeks we then provide another outcome payment for that. Under RJCP there was a range of different payments—there were around 13 or 14 but... they were very

---

5 Department of the Prime Minister and Cabinet, 'CDP Employment Placements and Outcomes July 2015–July 2017', Canberra public hearing, received 8 September 2017.

6 Mr Andrew Tongue, Associate Secretary, Indigenous Affairs Group, Department of the Prime Minister and Cabinet, *Proof Estimates Hansard*, 27 October 2017, p. 51.

7 Senator the Hon Nigel Scullion, 'Facts don't back up ANU report on CDP', Media release, 2 December 2016.

8 Ms Kylie Van Der Neut, Senior Manager, Contract Assurance, Campbell Page, *Proof Hansard*, Palm Island, 4 October 2017, pp. 3-4.

unclear with the way those incentives work. They had a different mix of support payments and a number of different payments.<sup>9</sup>

1.13 Mr Michael Hobday, Chief Executive Officer of RISE Ventures, the second largest CDP provider, was generally supportive of the program, highlighting the job placements secured for participants:

I'd like to state for the committee that I don't think CDP is an incredible failure as a program. In a large number of areas it's succeeding. I've read a large number of transcripts. People, to my knowledge, are saying that we basically have to chuck everything out and start again. I do not agree with that. CDP has supported something like 14 600 jobs since it started and 4 800 in six-months employment outcomes. More participants are now attending activities than under RJCP. I think the activities are improving. They're better and more work-like and we, as a provider, are becoming more knowledgeable about how to integrate into the local community. Placements and job outcomes are higher. PMC have improved the management of this program as well. In the initial stages, it was quite a mess, but I think that, over the last two years and to this point in time, providers and the department have become used to working together. The program is flexible and we are given the opportunity to have local community input. We very much take into account cultural issues, including things such as sorry business and any special events.<sup>10</sup>

1.14 Despite criticisms of the program, other providers were also generally supportive of the CDP. Ms Kylie Van Der Neut, Senior Manager, Contract Assurance at Campbell Page indicated that the CDP had resulted in an increase in support for job seekers through increased staffing engaging with CDP participants compared to previous programs.<sup>11</sup>

### **Building on the success of CDP**

1.15 During the 2017–2018 Budget, the minister indicated that while the CDP has been a success:

...more needs to be done to break the cycle of welfare dependency and ensure job seekers are more engaged.<sup>12</sup>

1.16 At the time, the government announced it would undertake a consultation process on a new employment and participation model for remote Australia to deliver better engagement and a clear pathway to employment. The new model would be

---

9 Ms Bronwyn Field, Assistant Secretary, CDP Strategy Branch, Department of the Prime Minister and Cabinet, *Proof Estimates Hansard*, 27 October 2017, p. 51.

10 Mr Michael Hobday, CEO, RISE Ventures, *Proof Hansard*, Townsville, 4 October 2017, p. 8.

11 Ms Kylie Van Der Neut, Senior Manager, Contract Assurance, Campbell Page, *Proof Hansard*, Palm Island, 4 October 2017, p. 4.

12 Senator the Hon Nigel Scullion, '2017–18 Budget: Community Development Programme', Media release, 9 May 2017.

'community focused working with job seekers to take up work or contribute to their community'.<sup>13</sup>

1.17 Current arrangements will continue while consultation occurs:

The model will be developed in partnership with remote communities and build on the success of the CDP and many of the positive elements of the former Community Development and Employment Programme.<sup>14</sup>

1.18 The minister confirmed that remote job seekers under the CDP will be exempt from a number of mainstream employment program initiatives announced in the 2017–2018 Budget including:

- the new Targeted Compliance Framework;
- trials to drug testing for Newstart Allowance and Youth Allowance (other) Recipients in targeted areas; and
- the removal of exemptions due to drugs or alcohol misuse.<sup>15</sup>

### ***Current consultation processes and the pathway forward***

1.19 The majority report has acknowledged, and government senators agree with, the importance of comprehensive consultation with stakeholders prior to changes being implemented to the CDP. The committee has heard that the minister and PM&C have adopted this approach. Mrs Field, Assistant Secretary, PM&C, explained to the committee that PM&C is currently 'formulating our formal approach to how we'll undertake consultation into the future' to ensure that it is undertaken 'in a well-considered manner to make sure we get a wide spread of views'.<sup>16</sup>

1.20 The formal consultation is being preceded by an informal consultation process that has already commenced between PM&C and stakeholders. The informal process has provided a starting point for discussions about how to improve the CDP. Mrs Field told the committee about what these discussions are being based on:

...such as should we move to a wage based model; having a look at what further tailored assistance processes we could provide jobseekers in any new model; and what other elements would you like to see in a new model, such as jobs creation, and should government take a role there. So it has been very broad based. It hasn't been specific to details due to the fact that there are certainly no decisions on the table at the moment.<sup>17</sup>

---

13 Senator the Hon Nigel Scullion, '2017–18 Budget: Community Development Programme, Media release, 9 May 2017.

14 Senator the Hon Nigel Scullion, 'CDP hits major milestone for remote jobseekers', Media release, 18 May 2017.

15 Senator the Hon Nigel Scullion, '2017–18 Budget: Community Development Programme, Media release, 9 May 2017.

16 Mrs Bronwyn Field, Assistant Secretary, CDP Strategy Branch, Department of the Prime Minister and Cabinet, *Proof Estimates Hansard*, 27 October 2017, p. 38.

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

1.21 After this period of informal consultation, the minister is clear he intends to roll out a number of test sites prior to a national roll out:

By 30 June in 2018 we think the intention is to embark on a number of test sites which people have volunteered for, because we need to ensure that this change is seamless. This is how people receive their income and we need to make sure that IT systems and all that are in place. The assumptions about the benefits are in fact assumptions. So we'd like to start those at the start of June 2018.<sup>18</sup>

1.22 Providers such as Rainbow Gateway expressed their support for the government's approach so far to reforming the CDP. Ms Owens stated:

In general, we're supportive of the current review of the CDP program.<sup>19</sup>

### **Consultation during the development and implementation of the CDP**

1.23 One of the key criticisms in the majority report is that the government did not engage in sufficient consultation prior to the implementation of the CDP. Government senators believe that these criticisms are overstated. The minister and PM&C have, and continue, to engage strongly with all stakeholders of the CDP. The committee reiterates the ANAO's finding of the government's strong stakeholder consultation and engagement during the development and implementation phases of the CDP.

1.24 In November 2013, shortly after the election of the Coalition government, the minister announced a series of minor changes to the RJCP. It was not until July 2015, over 18 months later that the RJCP was replaced with the CDP.<sup>20</sup> Government senators view a consultation period of over 18 months to liaise with stakeholders to inform policy and program reform as a thorough process.

1.25 In the six-months leading up to the implementation of CDP, the minister and PM&C engaged in 26 separate consultations around the country with a variety of stakeholders.<sup>21</sup> In his time as minister, Senator Scullion has 'visited more than 150 communities on more than 200 occasions to talk with communities about the CDP'.<sup>22</sup>

---

18 Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, *Proof Estimates Hansard*, 27 October 2017, p. 41.

19 Ms Katie Owens, Manager, Rainbow Gateway, *Proof Hansard*, Townsville, 4 October 2017, p. 7.

20 See: Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, 'Immediate changes to the Remote Jobs and Communities Program', Media Release, 29 October 2013, <http://www.indigenous.gov.au/immediate-changes-to-the-remote-jobs-and-communities-programme> (accessed 22 November 2017). See also: Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, '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 22 November 2017).

21 Department of the Prime Minister and Cabinet, Consultations on the transition from RJCP to CDP, Canberra public hearing, received 8 September 2017.

22 Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, 'Facts don't back up ANU report on CDP', p. 2.

In its submission to the inquiry, PM&C explained the extensive consultation process undertaken during the development and implementation of the CDP:

The policy process leading to the design of the CDP involved the careful consideration of available evidence and the feedback and views of people living and working in remote communities. Data collected through various Government reporting and review processes, including the Prime Minister's Closing the Gap Report, and the comprehensive Review of Indigenous Jobs and Training undertaken by Mr Andrew Forrest during 2014 (the 'Forrest Review'), were key sources of information and evidence that informed the policy process.<sup>23</sup>

1.26 Government senators are not only satisfied that a comprehensive consultation and engagement process was undertaken with stakeholders, but that this approach will continue throughout the next phase of the program.

### **Activity attendance requirements**

1.27 Another serious concern raised in the majority report has been the perceived inflexibility of attendance and compliance requirements of the CDP. Whilst acknowledging the difficulties faced by those who have had income support suspended, government senators are confident that this is not the experience of the vast majority of CDP participants.

### ***Activity obligations for JobActive and CDP***

1.28 The majority report has objected to the perceived inequity between JobActive and CDP with regard to the activity obligations, specifically the number of hours of activity required per week. Government senators argue that this is an oversimplified view. The minister has noted:

All activity-tested job seekers nationally are required to undertake up to 25 hours of mutual obligation activity [per week] (depending on their assessed capacity to work) in return for their income support.<sup>24</sup>

1.29 Furthermore, CDP participants are not required to conduct job searches whereas their counterparts in JobActive are. In its submission, PM&C explained the reasons for this difference:

The CDP is designed specifically for remote Australia, in recognition that the requirements under *jobactive* in non-remote areas (such as up to 20 job searches per month) would not be appropriate. In remote communities, where the challenges of getting into work are greater and job seeker's barriers much higher, it is critical that the focus of support is on helping job seekers overcome barriers to employment, providing access to opportunities to develop their skills and ensuring they are ready to take up work when it becomes available. This requires immediate and more regular participation of job seekers in meaningful activities and a more flexible approach to

---

23 Department of the Prime Minister and Cabinet, *Submission 36*, p. 2.

24 Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, 'Facts don't back up ANU report on CDP', p. 2.

delivering these activities. The lack of available work also requires a program that allows people to meaningfully contribute to broader community goals.<sup>25</sup>

1.30 The requirement for engagement in daily activities as part of the CDP reflected the feedback from communities prior to the implementation of CDP. Mrs Field observed:

Just to be clear: what government heard was that Indigenous leaders were concerned around the sit-down welfare and government felt daily participation around contributing to their community was the obligation that would best help remote Australia.<sup>26</sup>

1.31 The majority report insinuates that all CDP participants must engage in 25 hours of activities per week. Again, this is simply not true. CDP participants are assessed and assigned an activity requirement that can range from zero hours up to 25 hours per week. PM&C informed the committee of the process:

Of the current CDP caseload of 32 900 (as at 30 April 2017), 53 per cent of participants (17 475 people) are required to undertake up to 25 hours of work-like activities, depending on their assessed capacity to work. Hours of activity are assessed on a job seeker's capacity and personal circumstances.<sup>27</sup>

1.32 PM&C went on to provide a further breakdown of activity requirement for participants:

Of those currently with activity requirements:

- 41 per cent are expected to undertake work like activities for 25 hours per week
- 1 per cent are expected to undertake between 23–24 hours
- 11 per cent are expected to undertake between 15–22 hours
- Less than 1 per cent are expected to undertake between 8–14 hours

Around 23 per cent of job seekers on CDP have no activity requirements and receive 'basic services', which includes support and case management (including a proportion who are expected to work between 0–7 hours), while a further 23 per cent of the caseload are not required to participate in activities but volunteer to do so.<sup>28</sup>

1.33 There are also a range of significant exemptions to the activity requirement which take into account the health and cultural needs of individuals.<sup>29</sup>

---

25 Department of the Prime Minister and Cabinet, *Submission 36*, pp 4–5.

26 Mrs Bronwyn Field, Assistant Secretary, CDP Strategy Branch, Department of the Prime Minister and Cabinet, *Proof Estimates Hansard*, 27 October 2017, p. 48.

27 Department of the Prime Minister and Cabinet, *Submission 36*, p. 8.

28 Department of the Prime Minister and Cabinet, *Submission 36*, p. 8.

29 Department of the Prime Minister and Cabinet, *Submission 36*, p. 8.



1.34 Government senators consider that the activity requirement is equivalent to JobActive—tailored for remote communities—and provides a number of safeguards to ensure that participants are only being assessed and required to engage in work that is appropriate to their personal situation, capabilities and needs.

### *Penalties*

1.35 In addition to the activity requirement, the majority report has also argued that many participants are receiving penalties as a result of not meeting activity requirements. The evidence does not support these claims. Even the majority report has acknowledged that:

The Minister for Indigenous Affairs, Senator the Hon Nigel Scullion has recently pointed out that 'waiver provisions are in place to ensure that financial penalties...do not cause undue financial hardship', and that more than 90 per cent of eight-week non-payment penalties are waived'.<sup>30</sup>

1.36 Mr Hobday made the observation that 'sanctions would be used as a last resort' such as 'when people deliberately do not attend activities and are maybe flaunting the system'.<sup>31</sup>

1.37 PM&C explained the embedded protections that have built into CDP:

Protections are in place to ensure when a job seeker fails to meet their requirements and a penalty may be incurred, these are investigated to determine that there is nothing preventing the job seeker from complying.

Before the Department of Human Services (DHS) imposes any penalty, they must establish whether the job seeker had a reasonable excuse for failing to meet their requirements. DHS will speak to the job seeker and possibly the provider, to better understand the job seeker's situation.<sup>32</sup>

1.38 PM&C provided the committee with a breakdown of the most recent compliance data which shows that the vast majority of financial penalties applied are short term penalties with a penalty representing the loss of one-day of income support for a non-compliance event. Furthermore, for the December quarter of 2016, '95 per cent of eight week non-payment periods were either fully or partially waived'.<sup>33</sup> This is a consistent figure since the program's commencement.<sup>34</sup> Significantly, the number of penalties being issued is trending downwards as participants become more familiar with the program and its requirements. The full breakdown of these statistics can be seen in Box 1.1 below.

---

30 See: Majority report, Chapter 4.

31 Mr Michael Hobday, CEO, RISE Ventures, *Proof Hansard*, Townsville, 4 October 2017, p. 9.

32 Department of the Prime Minister and Cabinet, *Submission 36*, p. 9.

33 Department of the Prime Minister and Cabinet, *Submission 36*, p. 10.

34 Department of the Prime Minister and Cabinet, *Submission 36*, p. 10.

**Box 1.1: CDP Penalty Data**

There were 43 656 financial penalties applied in CDP regions in the December 2016 quarter.

Around 80 per cent (35 122) of these financial penalties related to No Show No Pay.

- Each No Show No Pay penalty is equal to one-tenth of a person's fortnightly payment.
- For a job seeker on Newstart, this would represent around \$53.
- Most job seekers (70 per cent) received three or less penalties in the quarter.
- The number of people that incur a lot of penalties is low.
- Short-term financial penalties make up around 82 per cent of all financial penalties.

7 551 eight week non-payment penalties for persistent non-compliance (serious failures) were incurred.

- Serious failure penalties can only be applied if the job seeker has been assessed by a specialist DHS officer.
- A large proportion of serious failure penalties are waived as job seekers re-engage, or to ensure they do not cause undue financial hardship.
- In the December 2016 quarter, 95 per cent of eight week non-payment periods were either fully or partially waived.
- This is consistent since 1 July 2015, where on average 94 per cent of 'serious failures' have been fully or partially waived.

933 financial penalties were received for failing to attend a reconnection appointment with a provider.

A further 50 financial penalties resulted due to refusing or failing to start a job, leaving a job voluntarily, or being dismissed for misconduct.

- 48 per cent of these were either fully or partially waived.

Recent compliance data (1 October 2016 to 31 December 2016) indicates the sharp increase in penalties experienced at the beginning of the program is slowing.

*Source: PM&C, Submission 36, p. 10.*

1.39 The majority report relies on anecdotal evidence, often from non-Indigenous organisations not based in remote communities, to make these claims despite the evidence that the committee has received.

1.40 The exemptions for penalties, when combined with the exclusions available around the activity requirements, provide sufficient protections for those who are unable to participate in activities on a short or long term basis.

## **Conclusion and recommendations**

1.41 Notwithstanding the partisan nature of the majority report, government senators note that the committee has undertaken important work reaching out to, and listening to the experiences of the many and varied stakeholders of the CDP.

1.42 Government senators disagree more broadly on the majority report's negative portrayal of consultation and community involvement in the CDP, and the activity requirement and compliance processes. Despite this, government senators consider

that Chapter 3 of the majority report presents an accurate appraisal of the social and economic challenges facing remote communities. Furthermore, Chapter 6 of the majority report brings forward a number of options that should appropriately be considered during the current consultation process.

### **Recommendation 1**

**1.43 Government senators recommend that the findings of the independent Australian National Audit Office be relied upon for any analysis of the introduction of the Community Development Program.**

### **Recommendation 2**

**1.44 Government senators recommend that the government continue the delivery of the successful Community Development Program which has improved the quality of remote employment services in remote areas in comparison to the Remote Jobs and Communities Program.**

### **Recommendation 3**

**1.45 Government senators recommend that the government continue to progress already proposed reforms to the Community Development Program in consultation with remote communities, Community Development Program providers and Community Development Program participants.**

**Senator James Paterson**  
**Deputy Chair**

**Senator Dean Smith**  
**Senator for Western Australia**

