

Submission to the Senate Finance and Public Administration References Committee

Submission to the Inquiry on the appropriateness and effectiveness of the objectives, design, implementation and evaluation of the Community Development Program (CDP)

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1 Introduction

I am an economist and anthropologist and have devoted my career to examining Indigenous economic development issues especially in remote Australia since 1976. I am currently a research professor at Deakin University in Melbourne and engaged in an emeritus capacity by the School of Regulation and Global Governance at the Australian National University. From 1990–2010 I was the foundation director of the Centre for Aboriginal Economic Policy Research at the ANU. I began examining the efficacy of the Community Development Employment Projects (CDEP) scheme in 1977 when it was established and have published a considerable body of evidence-based work on the development benefits of this scheme for individuals, families and communities. In recent years I have made numerous submissions to parliamentary inquiries and department reviews about the need to maintain, strengthen and grow this program, all to no avail. More recently in the past decade as the CDEP scheme has been reformed to extinction I have been highly critical both of this process and of the program logic and architecture of the Remote Jobs and Communities Program and the Community Development Programme implemented in rapid succession since 2013. I went so far as to suggest that the latter program lacked coherence and was destined to fail, which is sadly the case, especially for jobless participants but also for Australia.

Most of my field-based research since 1979 has been in west Arnhem Land and for a long time I worked closely with the Bawinanga Aboriginal Corporation when it was first an outstation resource agency and then a CDEP organisation as well. My particular regional affiliation is with Kuninjku-speaking people who are associated with outstations to the southwest of the town of Maningrida. I have also worked over the years in many other parts of remote Australia but my longitudinal and most intense research has been in West Arnhem in Maningrida and the network of remote outstations affiliated with this service centre.

I am a director and trustee of Karrkad-Kanjddji Limited and Uncle Jimmy Thumbs Up. Over the years I have advised a number of organisations including the Aboriginal Peak Organisations of the NT. I need to emphasise that the views expressed in this submission are mine alone and can in no way be attributed to these two companies or any other organisation or stakeholder with whom I have worked.

In accord with your recommended guidelines for best submissions I aim to clearly and concisely address most of the Inquiry's terms of reference, highlighting my own perspectives from participant observation and analysis of secondary data, and provide some ideas for how the deeply entrenched Indigenous labour surplus challenges in remote Australia might be addressed. The Committee will appreciate I am sure that some of their terms of reference raise complex policy matters that are difficult to address as concisely as one might wish.

While the Community Development Programme is delivered to around 33,000 people in 61 regions and to more than 1,000 communities across 75 per cent of Australia's the land mass, the focus of my submission is on the estimated 84 per cent of program participants who are Aboriginal and Torres Strait Islander peoples.

Research that supplements this submission can be found at *Engaging Indigenous Economy* an annotated bibliography of my main publications to 2014 by Annick Thomassin and Rose Butler at http://caepr.anu.edu.au/sites/default/files/Publications/WP/CAEPR_Working_Paper_96.pdf and an annotated bibliography of my writings on CDEP 2005–2015 compiled by Bree Blakeman is at <http://press-files.anu.edu.au/downloads/press/n2019/pdf/app02.pdf>. In February 2016 I made a submission and provided verbal evidence to the Senate Inquiry into the Social Security Amendment (Community Development Program) Bill 2015 in February 2016.

I would like to make just two final introductory comments.

First, much of my research since 1977 has looked to examine the CDEP scheme from theoretical, empirical and policy perspectives at local, regional and national levels. As a summary observation it is my view that this has been one of the most successful Indigenous-specific programs in the last 40 years and especially of the self-determination policy era. The scheme created employment and activity, commercial and social enterprise and facilitated the supplementation of the incomes of participants. For a complex set of reasons, some political, some ideological it was conflated with welfare, demeaned and incrementally reformed from 2004 to extinction in 2015.

Second, an element of the CDEP scheme operated as a basic income scheme especially in situations of few or no formal employment opportunities or prospects. For the past 30 years I have been an advocate for a universal basic income scheme (UBI) in such situations. It is noteworthy that with emerging concerns about the likely decline of formal employment in the future due to automation and artificial intelligence there has been a global growth of interest in universal basic income. Australia seems reluctant to pilot UBI or to realistically countenance the possibility that the labour market situation will decline in the short to medium term. This strikes me as a very high risk and limited approach to public policy making.

2 The adequacy of the policy process that led to the design of the CDP

In my opinion the policy process that led to the design of the CDP was both inadequate and inappropriate. When I first saw the government's announcement I referred to them in *Land Rights News* in January 2015 as 'incoherent and inadequate'. I say this for three reasons.

First, the shift from RJCP to CDP announced by Minister Scullion on 6 December 2014 came out of the blue and read more like a critique of Labor's RJCP than a well thought through and coherent framework to deliver 'more opportunities for job seekers in remote communities'. The Minister suggested that 'Labor simply put the urban model of employment services into remote Australia' but this was clearly not the case. I suspect that the Minister's main concern was his perception, based perhaps on observations visiting communities, that there was 'a return to passive welfare' under RJCP, but there was no statistical evidence to support this view.

Second, RJCP was only implemented from 1 July 2013 and in some regions like Cape York the full range of providers had not been finalised till September 2013 (after the Abbott government had been elected). RJCP whatever its inadequacies was not afforded sufficient time to bed down. It was very obvious when visiting remote communities that providers were still coming to terms with the extraordinarily complex computerised regulatory framework of RJCP. There is no indication from any provider that there was consultation by the incoming government about the design of CDP.

Third, the incoming Abbott government had committed to the Forrest review of Indigenous training and employment in August 2013, prior to the general election. The 200 page report *Creating Parity* was made publicly available in August 2014. Resonating with what William Davies has recently termed 'punitive neoliberalism' where economic dependence and moral failure are conflated, (see

'The New Neoliberalism', *NLR 101*, 2016), Forrest noted 'Idle hands and a lack of the dignity that work brings have contributed to the dysfunction of many remote communities. Compounding the pernicious effects of welfare, remote Australia is now an easy target for those peddling drugs, illegally sold alcohol and gambling. Full-time Work for the Dole activities from day one of unemployment will keep people active' (*Creating Parity: The Forrest Review*, 2014, p.197).

Unlike the rapid response and highly critical *Academic perspectives on the Forrest Review* (CAEPR *Topical Issue 2/2014*, Elise Klein compiler) the Commonwealth bureaucracy appears to have been given carte blanche to convert this Forrest recommendation into policy reform. So in announcing CDP on Saturday 6 December 2014 Minister Scullion (Media Release 'More opportunities for job seekers in remote communities') berated the ALP for introducing a program (the Remote Jobs and Communities Program introduced on 1 July 2013) that failed local communities because it was not geared to the unique social and labour market conditions of remote Australia. 'Labor simply put the urban model of employment services into remote Australia. The result was widespread disconnection and a return to passive welfare. *The Forrest Review – Creating Parity* highlighted that idleness is again entrenched in many remote communities, significantly contributing to the erosion of social norms'.

It is unclear when the 'Programme Logic Model for the reformed RJCP (effective 1 July 2015)' document released after an FOI request in April 2017 was developed (this document is attached to this submission). If it had been completed prior to December 2014 it is also unclear why it was not made publicly available with the Minister's media release: it would have been very useful as a means for CDP providers to gauge the government's reform thinking. From previous experience I would not be surprised if this model was developed in response to the ministerial announcement and perhaps to support the conduct of an evaluation of the program.

In making this critical comment I add one proviso. From my experience, over the last decade policy making in general has been inadequate because it has been increasingly centralised and mainly generated by officials in Canberra who have then sought community endorsement for their proposals. These proposals often lack local grounded knowledge and dismiss Indigenous viewpoints and other local experts but come with the elixir of funding. While this reflects obvious power differentials between political and bureaucratic actors on one hand and the highly dependent jobless and government-funded providers (some being for profit companies) on the other, it does not lead to sound policy formation. In a recent book chapter (available at <http://press-files.anu.edu.au/downloads/press/n2019/pdf/ch07.pdf>) I referred to this as 'metropolitan rationalism' as reflected in programme logic models versus 'remote realism' as reflected in the accumulated corporate knowledge, leadership and grounded practice of community-based organisations.

3 The nature and underlying causes of joblessness in remote communities

The extent of joblessness in remote communities can only be calculated using official statistics that struggle to match collection jurisdictions with communities. Even then it is very difficult to accurately capture the situation in nearly 1000 communities with a population of less than 50 that were last enumerated in the 2006 Community Housing and Infrastructure Needs Survey (see map below).

Instead it is more usual to focus on broader official jurisdictions like 'remote' and 'very remote' Australia where the 61 CDP regions are nearly all located.

A recent OECD report *Connecting People with Jobs: Key Issues for Raising Labour Market Participation in Australia* (2017) provides information that demonstrates the scale of the disparity in

employment outcomes for Indigenous and non-Indigenous people using information collected by the ABS for 2014/15.

The employment to population ratio for Indigenous persons aged 15-64 years was 37.0 per cent and for non-Indigenous people it was 83.4 per cent in remote and very remote regions; in very remote regions alone, those with the fewest labour market opportunities, the respective rates were 35.1 per cent and 84.7 per cent (p.41). The former gap of 46.4 percentage points estimated for 2014/15 is higher than the 38 percentage points for this statistical region reported by the Productivity Commission in the chapter on employment outcomes in *National Indigenous Reform Agreement: Performance Assessment 2013–14* (2015).

What this means in terms of jobs can be demonstrated with information from the 2011 Census. In very remote Australia there was an estimated population aged 15–64 of 117,874, 38 per cent Indigenous. The Indigenous employment rate was 39 per cent and the non-Indigenous rate was 83 per cent, with a gap of 44 per cent. To half close the employment gap in this regional context alone would have required the generation of 10,000 new jobs (from a base of 17,474 employed) just for Indigenous people, to fully close the gap would have required more than a doubling of Indigenous employed, 19,790 Indigenous identified jobs.

The extent of this disparity in employment outcomes raises some confronting challenges for successive Australian governments whose overarching goal has been to halve this gap between 2008 and 2018, a goal that has failed nationally (where the disparity remains at 28 per cent).

This is the massive challenge facing CDP developed as the key policy instrument to shift Indigenous people in remote areas from joblessness to employment and so help bridge the employment gap. The obvious question is how? Conceptually, there are three broad possibilities: grow the overall remote economy ('Develop the North') and designate new jobs for Indigenous people only; substitute existing non-Indigenous employed with Indigenous labour; or move Indigenous labour from places where there are no jobs to places where there are more jobs.

Each of these possibilities faces major hurdles some of which I will explore further later in this submission.

In briefest summary, growing the economy where Aboriginal people live to absorb surplus labour is not a strategy that has worked in the past. Labour substitution has conceptual appeal except that the extremely high non-Indigenous employment rate is a reflection of non-Indigenous migration to take up employment, much of it in remote communities to administer government programs for Indigenous improvement. Indigenous labour mobility as a solution fails to recognise people's attachment to their country and communities and the absence of evidence that employment prospects improve for those moving up the settlement hierarchy. Indeed there is important evidence in research published by Nicholas Biddle and Heather Crawford in 2015 <http://caepr.anu.edu.au/Publications/census-papers/2015CP18.php> that employment prospects for remote living Indigenous jobless might decline if they move and so are greatest if they stay at home.

As an interim observation, I wonder if the policy challenge of rapidly increasing national Indigenous employment that COAG set in 2008 was too ambitious, in terms of numbers and timeframe? And was this target that has failed nationally even appropriate for remote circumstances? And has the churn in employment programs for remote Indigenous Australia evident in the last decade reflected increasingly unrealistic goals to deliver impossible outcomes?

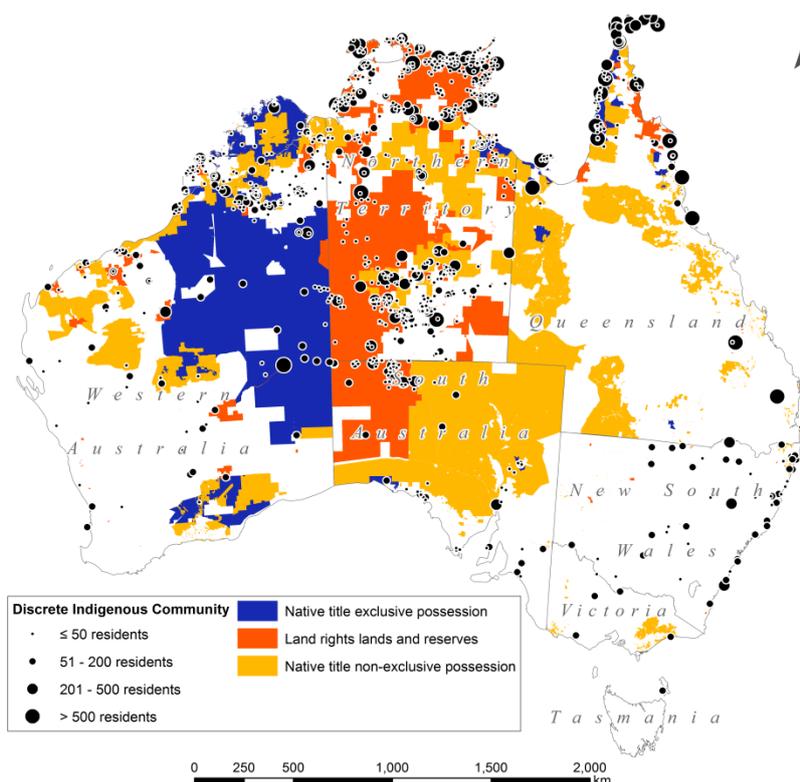
In raising these questions I note that an abiding criticism of the CDEP scheme that provided an economic rationale for its abolition was that it was not delivering 'real' employment outcomes. Subsequent arrangements might have actually increased rather than reduced employment disparity. As the Productivity Commission in its performance assessment of employment outcomes notes (p.143), changing the workforce status of CDEP participants from employed to unemployed might not explain the failure to meet employment targets, but it has certainly impacted on employment gap numbers.

Explaining the causes of joblessness is extremely complex and greatly influenced by the analytic lenses deployed. In the interests of simplifying this complexity let me highlight just two perspectives.

The first deploying the dominant market mentality and focused on the present highlights labour demand and supply issues: there is insufficient demand for labour in situations of surplus supply. Not only are there weak labour markets in remote and very remote Australia, but in many of the remotest situations there are no labour markets. In its report in 2015 the Productivity Commission focused on the demand side context to explain employment disparity, highlighting geographic influences, structural employment changes and the effects of the business cycle. In its 2017 report, the OECD focused to a greater extent on the supply side highlighting multiple barriers to employment that prevent certain groups, like Indigenous Australians, from participating more fully in the labour market. Employability barriers identified included lack of skills, limited work experience, care responsibilities and health problems. Motivation and opportunity barriers were also identified.

The second approach that I favour is more nuanced and is more inclusive of history and of cultural difference, including the role played by racial discrimination in the past and in the present. Again to simplify considerably there was a policy era in the 1950s and 1960s that saw remote living Indigenous people excluded from the mainstream provisions of the mainstream state and subject to colonial and missionary authority. This period saw Indigenous peoples centralised in government settlements and missions, today's larger remote communities, for assimilation into the mainstream. But state and missionary authorities failed to deliver market capitalism to these places. With the policy era of self-determination and self-management from the 1970s this challenge was passed to Aboriginal community organisations and in the following two to three decades they too have struggled to deliver western forms of development in these remote contexts. In some contexts there has been community experimentation with plural forms of economy that I have termed hybrid especially when people have returned to live at even more remote homelands on Aboriginal land. But such forms of alternate economy that might generate livelihood and well-being do not generate mainstream jobs, nor do they reduce state dependence, and so were deemed unacceptable especially when policy swung to normalisation/mainstreaming/integration/neo-assimilation in the 21st century. And so in the last decade the Australian government has again sought to take over the previously failed project of colonial authorities.

The discriminatory element in all this is that historically an approach was deployed that treated remote living Aboriginal people as denizens (second class citizens/non-citizens) rather than citizens. Today remote living Aboriginal people are nominally citizens but when living remotely they do not receive citizenship services, like education, housing, health, training and employment, on an equitable needs basis. Cultural factors like the relative immobility of Indigenous labour, strong attachment to ancestral land, family and kinship networks and differing views about the benefits of mainstream paid employment are reasons why they prefer their current locations. Not only are these critically important factors increasingly ignored in employment programs like CDP, but there is also an emerging differential treatment of people emerging especially if jobless and welfare dependent, that is reminiscent of the earlier colonial era.



Map 1: Indigenous lands (2016) and discrete Indigenous communities (2006)

The one commonality between these two differing analytic frames is the role of remoteness although this too is a culturally-laden term that refers to remoteness of service centres and regions and places of market capitalist success. The map above provides useful summary for understanding the employment challenge for remote communities. The map summarises spatial information on land titling to 31 December 2016 based on ongoing collaboration with Francis Markham from ANU and the latest available information on the location and size of what the ABS terms ‘discrete’ Indigenous communities from the 2006 Community Housing and Infrastructure Needs Survey, population data that are over a decade old.

From a governmental perspective and the policy goal to close the employment gap the remoteness, dispersal and small size of the over 1000 communities on this map is deeply challenging. Hence the inevitable focus on the larger places as service delivery hubs. From the market mentality perspective, remoteness provides a powerful explanatory of demand-side absence of opportunity. But for many Indigenous individuals and groups, particularly those who have been able to re-establish their ownership rights over the ancestral estates under Australian land rights and native title laws, remoteness allows the maintenance of connection to country and custom.

Importantly if a map of the jurisdictions covered by the 61 CDP regions was overlain on this map it would include almost all Aboriginal titled land. And if a line were drawn on this map delineating the southern extremity of CDP regions it would approximate a line used by Charles Rowley in his book *The Remote Aborigines* (1970) to differentiate ‘colonial’ from ‘settled’ Australia. Arguably this distinction remains apposite in depicting the broad approach that is being pursued by the CDP.

4 The ability of the CDP to provide long-term solutions to joblessness, and to achieve social, economic and cultural outcomes that meet the needs and aspirations of remote Indigenous people

It is extremely difficult to see how the CDP will deliver long-term solutions to joblessness because there are too few mainstream jobs in remote Australia for the estimated 33,000 participants in the program. To deliver mainstream jobs will require a number of preconditions to be met.

First CDP would need to be developmental in the sense of investing in industries and growing occupations where regions have comparative advantage. But the \$325 million funding that was available for such developmental work in the Community Development Fund under RJCP (about \$65 million per annum over 5 years) was abolished when CDP was introduced replaced by a \$25 million per annum enterprise fund. It is arguable whether funding of \$65 million per annum at an average of about \$1 million per region per annum was adequate, let alone the average of \$400,000 per region now available. To put this into some context constructing a house in remote Australia costs about \$500,000 without any payment for land.

Second job prospects between regions will vary enormously. To get a sense of what might be possible region by region will require careful assessment of development possibility and labour force planning. The RJCP allocated funding for important Community Action Plans and Workforce Development Plans but both these planning instruments were abolished when CDP was established. Such planning is essential to realistically assess regional prospects but they must also be regionally owned and developed so as to accurately reflect regional needs and aspirations. All too often remote planning, as with the Local Implementation Plans required under the National Partnership Agreement for Remote Service Delivery, is prepared by external consultants to predetermined and unrealistic Closing the Gap templates.

Third government policy has been a little inconsistent. On one hand remote communities have been opened up to the free market including by the abolition of the need for a permit in major Northern Territory communities. This has seen an influx of non-local mainly non-Indigenous workers in many places including people on work visas and backpackers who compete with local Indigenous labour. On the other hand the government is looking to invest in Aboriginal business development and commit to a preferential Indigenous procurement policy. There is little evidence that this inconsistent approach is delivering jobs to locals which is why when announcing the CDP, Minister Scullion referred for the need for 'work-like activity'. When 2016 census information becomes available in late June/early July 2017 analysis community-by-community will reveal to what extent Indigenous employment has increased relative to non-Indigenous employment in remote communities. The comment has to be made that the complexity of administering CDP has seen most providers engaging non-local mainly non-Indigenous staff to undertake complex managerial and administrative work. While it is reported that 49 per cent of provider staff are Indigenous, these people are mainly Work for the Dole supervisors and represent a proportion of 26-week outcomes (as do other local Indigenous staff who hold positions for 26 weeks in government programs like the Remote Schools Attendance Strategy).

CDP has limited ability to meet social, economic and cultural outcomes for remote living Indigenous people because it lacks the flexibility to accommodate diverse aspirations that extend beyond narrowly constituted 'jobs' or 'work like activity'. For example, there is considerable statistical evidence from the National Aboriginal and Torres Strait Islander Social Survey that Indigenous people in remote Australia take part in wildlife harvesting for domestic use (see <http://press-files.anu.edu.au/downloads/press/p206931/pdf/ch091.pdf>). But the CDP lacks capacity to recognise such activity as 'work like activity' unless it is for commercial purposes; and inquiries I have made of providers about equipping participants to engage in such activities (with vehicles, boats, guns) is met

with astonishment and assurance that such possibility would not be countenanced by officials in Canberra or Darwin.

What CDP has done through its compulsory work for the dole mutual obligation requirements (50 hours per fortnight for individuals aged 18-49) is reduce the capacity of jobless participants to work in self-provisioning or other activities of cultural value. Indeed what CDP does is impose a particular western notion of work or make work or training on participants, instead of being open to differing interpretations of what constitutes work from different cultural perspectives.

To state the obvious, like all human beings, CDP participants need food, clothing and shelter. Gaining access to these basics when on welfare in expensive remote Australia is extremely difficult. It is made even more difficult when people lose a proportion of their welfare income because they are penalised for breaching onerous mutual obligation requirements that are often poorly understood (see below). In some situations the CDP is having a very negative effect on the social fabric of remote communities as participants are impoverished and so become more dependent on family and kin for support. This is especially the case in situations where people choose to not re-engage with the social security system after being breached. From my experience in Maningrida it is mainly younger males who are likely to drop out of the system after being breached. While such impoverishment can intensify Indigenous norms of sharing with kin, arguably a positive from an Indigenous subjective perspective, it nonetheless can result in basic needs, especially in relation to adequate dietary intake, being reduced. It might be preferable to judge the efficacy of CDP in terms of delivering sustainable and adequate livelihoods rather than jobs (as represented by 26-week outcomes).

To again state the obvious, Indigenous aspirations in remote Australia are very diverse. Sound policy should accommodate this diversity that might vary on a spectrum from getting a full-time mainstream job (like working as a ranger) to working full-time in the non-market sector harvesting wildlife living at homelands. In situations where there are clearly too few jobs for all, those who wish to pursue alternate lifeways and forms of productive activity should be encouraged rather than being penalised for non-compliance with contractual and imposed mutual obligation requirements. It is only through careful assessment of diverse aspirations (that might well change over the life cycle) that government programs like CDP might deliver social, cultural and economic outcomes that accord with local priorities. In such assessments which should be undertaken by community-based organisations it is imperative that current employment opportunities and future possibilities are realistically calculated. In making such calculations it will be important to think beyond the commercial to the social and cultural and consider productive activities and outcomes that people who might be adhering to different norms might value; and to consider where competitive advantages in market engagement might exist. The fastest growth sectors in formal occupations in remote communities are in the health, education and community services sectors. There should be room for jobs growth in these areas if room is left for innovative and flexible modes of delivery.

5 The impact of the CDP on the rights of participants and their communities, including the appropriateness of the payments and penalties systems

There has been a great deal of discussion in Senate Estimates about these issues.

In summary my view is as follows. The impact of CDP on the rights of Indigenous participants is extremely negative and effectively if not nominally discriminatory. This is mainly because it imposes a regime that is less beneficial than that available for CDEP participants in the past and for those under Jobactive in the present, location alone should not dictate mutual obligation requirements.

From my experience, participants fall into a number of categories. Some, especially older participants, fail to properly understand new mutual obligation rules and why these rules have been

unilaterally changed, the common comment I get is 'why has government changed the rules' and 'why has government made the rules harder'. At times people are unclear if it is government or the provider that is responsible. Others understand the rules all too well, but they do not like them, nor do they like the fact that those living in urban situations face different work for the dole requirements. Another category again understand the rules but do not like them, get breached and fall out of the social security system to become economic burdens on their family and kin. It is mainly younger males who fall into this category. There are also people who should not be CDP participants at all but should be in receipt of more favourable and less onerous Disability Support Payments. As a recent report (Report No.5/2016) from the Ombudsman's Office shows there are extraordinary institutional and administrative access hurdles for Indigenous people living remotely.

The payments that people receive under CDP are inappropriate. If people are to engage in 'work-like activity' they should receive 'work-like award pay' and not below award pay that is reminiscent of the discriminatory training allowances of the 1960s assimilation era. Participants are aware that under CDEP they were paid more per hour (at award rates) and were required to work fewer hours.

The penalties system is draconian and impacts disproportionately on Indigenous participants. It beggars belief that the Australian government is persisting with this harsh penalties regime that sees 33,000 mainly Indigenous CDP participants attracting more penalties than the 750,000 mainly non-Indigenous Jobactive program participants. Despite what Minister Scullion states in the media this regime is hurting people, people who I visit in Maningrida tell me that they are hungry and store managers there report a decline in both turnover and sales of foods.

The bottom line is that when CDP was introduced on 1 July 2015 it was accompanied by the requirements for a Jobs Plan that included a mutual obligation contractual arrangement that participants needed to sign off on to receive their social security payments. These new requirements are more onerous than in the past and are poorly understood by some. In April 2017 I visited the Centrelink office in Maningrida as well as the CDP Provider run as a 'community service' business arm of the Bawinanga Aboriginal Corporation to assist some old friends deal with complex administrative challenges. I witnessed just how demanding such CDP participants find it to meet the compulsory elements of the compliance regime, especially if they do not speak English. The very process of traipsing on foot between Centrelink and CDP provider becomes a challenging form of meta-work.

The standard Job Plan template begins with the following generic statement: 'I understand that my primary goal is to gain and maintain employment. I am aware that I have mutual obligation requirements that I must undertake in return for receiving income support payments. These include undertaking job search and/or other activities as specified in this plan that will assist me in finding and keeping a job, as well as attending appointments and accepting all offers of a suitable job'. And later 'I understand that if I don't comply with my mutual obligation requirements as set out in the items marked as compulsory below, my income support payments may be stopped or reduced'.

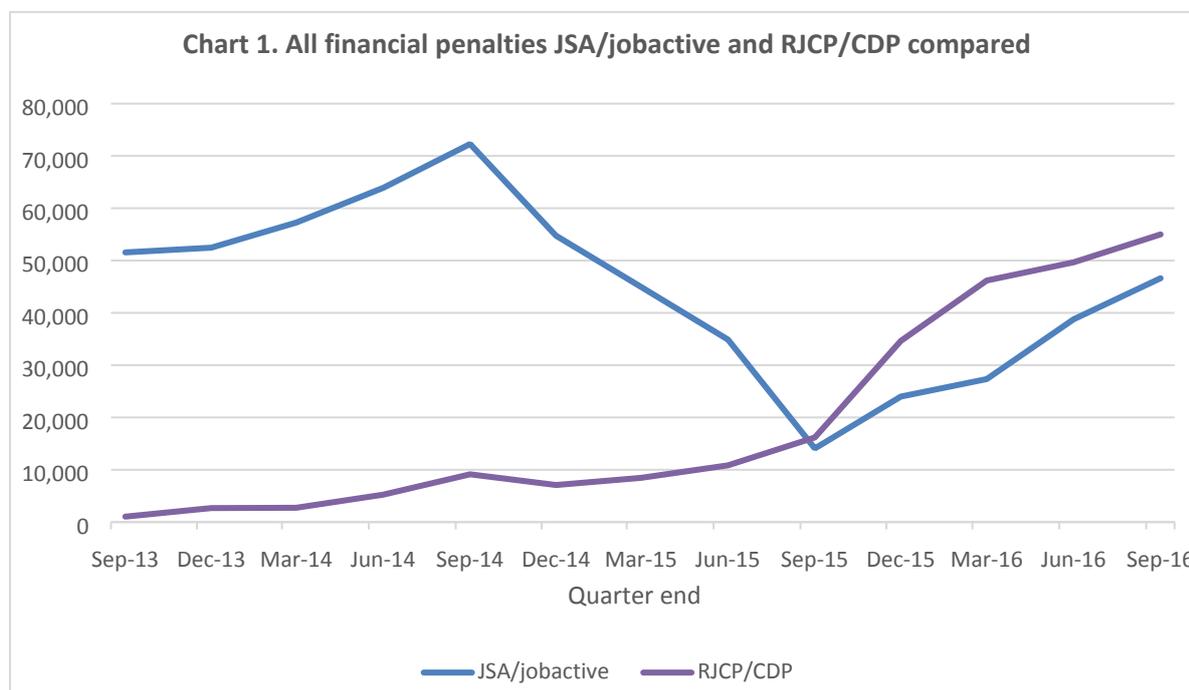
A long-time friend now aged 65 and illiterate in English signed his Job Plan with little comprehension of what it meant. He is a member of the Order of Australia and has a career as one of Australia's foremost bark painters; at better times he lived on his arts income alone, but now despite being 65 he remains a CDP participant and has been breached on a number of occasions. One of his sons has also been breached and no longer seeks to engage with the social security system. His household is currently deeply impoverished despite earlier success and high earnings from the sale of art and independence from the social security 'safety net'.

The current system makes a mockery of any notion of either free prior and informed consent by participants or proper duty of care by the Australian state or by providers and Centrelink operating as agents for the Australian state. In saying this I am not looking to be unduly critical; both Centrelink and the CDP Provider employ local people sympathetic to the circumstances of their 'countrymen'. Such officials exercise bureaucratic power but they are systematically constrained in what help they can provide. But both are under enormous pressure from outside to rigorously apply 'no show no pay' rules. In the case of the provider, their income is dependent on vigilant policing of CDP mutual obligation requirements. They face similar limitations as locals employed as shop assistants and bank tellers, they can see relatives in need by they cannot help and keep their jobs.

Needless to say I am also not critical of my long-time friend or other jobless people in Maningrida. Many have extraordinary skill sets that do not happen to include English literacy or the literacy to operate computers at kiosks in the Centrelink office.

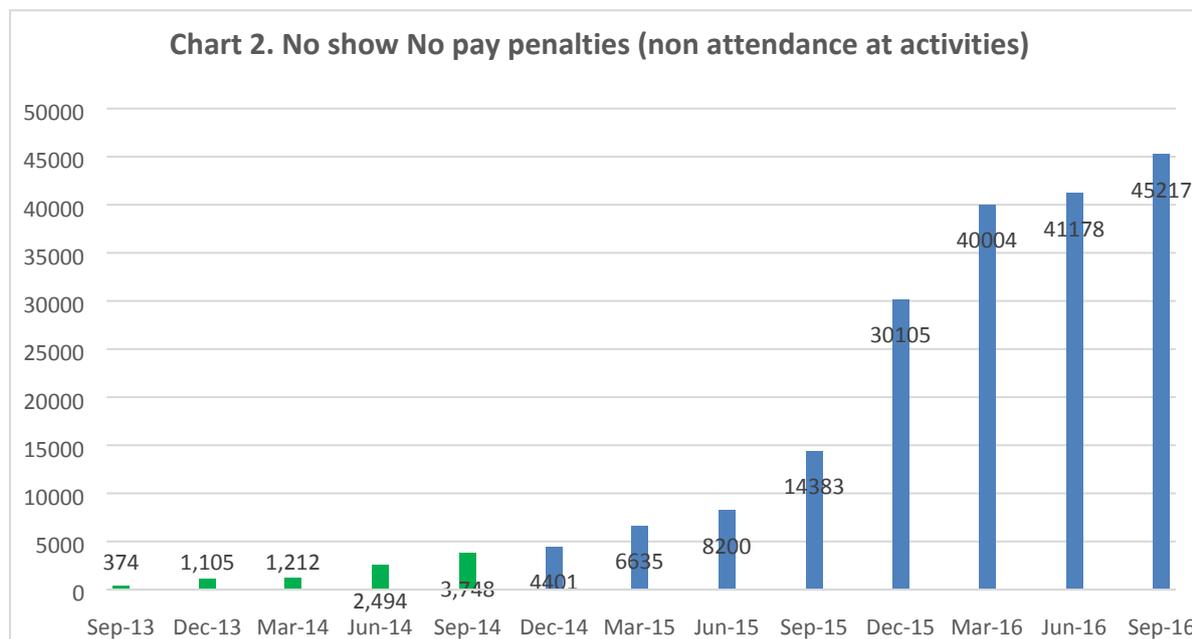
These snippets from the local level are replicated in aggregate statistics provided by the Department of Employment on a regular basis. I reproduce two charts that are telling from an article that I co-authored with Lisa Fowkes in March 2017 <https://www.crikey.com.au/2017/03/01/botched-govt-employment-scheme-impoverishes-indigenous-australians/>.

The first chart compares the financial penalties imposed on Jobactive and CDP participants bearing in mind that the former has 22 times the participants (mainly non-Indigenous) as the latter. Since September 2015 CDP participants have attracted more penalties than Jobactive participants.



In Chart 2 we track No Show No Pay penalties. As the CDP scheme has bedded down from June 2015 the number of penalties has grown rapidly. From 1 July 2015 nearly 250,000 no show no pay penalties have been applied to CDP participants. Figures recently presented at Senate Estimates indicate that in 2015/16 90 per cent of those penalised were Indigenous and that they attracted 93 per cent of penalties. Conversely while 83 per cent of CDP participants are Indigenous, they constitute only 68 per cent of those who have achieved 26 week outcomes. Even within CDP let alone in contrast to Jobactive Indigenous people are over-represented in negative outcomes (being

financially penalised) and under-represented in positive outcomes, attaining a 26-week employment outcome.



The fact that 245,307 financial penalties have been applied to about 34,000 CDP participants in the 18 months since 1 July 2015 to 31 December 2016 is extraordinary. And the fact that 90 per cent of those penalised are Indigenous certainly suggests that there is a discriminatory element to this.

I want to make two comments about this situation.

First the programme logic model for the reformed RJCP (or CDP effective 1 July 2015) suggests that remote communities are characterised by entrenched social dysfunction that stems from idleness and a lack of daily activity. One of the short-term behavioural proposals to deal with this situation is to enforce stronger job seeker compliance consistently (as outlined in the Programme Logic Model that is attached). Senator Scullion speaking for the Australian government might suggest that such penalties are not about punishment and are not hurting families and communities, but the behavioural assumption underpinning such a compliance regime is to penalise, punish and hurt non-compliance.

Second Senator Scullion has regularly dismissed reporting (including as articulated to me by CDP participants in Maningrida) that such a level of penalty is causing hardship and hunger. So to be clear, each No Show Penalty that constitute most penalties, means a loss of 1/10th of fortnightly income support payment of about \$540 an individual or a minimum penalty of \$54 per day missed. While there are no data publicly available on how many individuals attract how many penalties by type of penalty (bearing in mind that some are serious breaches that see loss of income for eight weeks), this totals about \$13 million over 18 months. When living on welfare in remote Australia already in poverty such additional loss of income represents deeper impoverishment with additional negative health and other implications not just for CDP participants but also for their families including their children.

6 The funding of the CDP, including the use of unspent funds in the program

When announcing the establishment of CDP in December 2014 Minister Scullion noted that existing RJCP funding of \$1.5 billion would be directed to the reform. But as already noted there was to be

redirection of funding from the Community Development Fund to a smaller \$25 million per annum enterprises fund and there was to be cutbacks in resources available for planning. As with much expenditure in Indigenous affairs it is far from clear just how funds have been redirected during the reform process and whether the beneficiaries are CDP participants or providers and other agencies administering the scheme and its complex regulatory processes. In Senate Estimates it was stated that in 2015/16 \$268 million was paid to CDP providers alone (net of Centrelink payments to participants), a sum that is equivalent to about half the cost of delivering CDEP to 35,000 when it was at its height inclusive of wages, capital and administrative costs.

Similarly it is unclear how many participants are required under their contractual job plans to work for the dole for 25 hours per week as part of their mandatory income support requirements. In a media release on 1 July 2015 ('New era for remote jobs services') Senator Scullion indicated that almost 30,000 job seekers aged between 18 and 49 in remote communities will be in work-like activities for up to 25 hours a week. More recently in Senate Estimates it has been estimated that about half CDP participants are required to work 25 hours a week.

The Australian government wants those aged 18 to 49 to be involved in work for the dole activities (work-like activity) for 25 hours a week but is comfortable paying them less than award rates of about \$10.80 per hour well below the current minimum wage of \$18.29 per hour. The difference over a 25 hour week is about \$187 a week, a significant difference especially when living in remote communities where the price of basic foodstuffs in stores where one is required to shop using the BasicsCard can be 50 per cent above prices in urban centres. So if people were paid a wage for the work that they do, they would either need to work fewer hours (about 15 hours a week, as with CDEP) or be paid more.

In announcing the CDP Minister Scullion saw jobs being created in three ways. The first is through the establishment of small businesses such as butchers, hairdressers and other businesses that you would find in a small town. But the establishment of such small businesses would surely need to be based on proper business planning including whether there is demand for such services or indeed whether they already exist. As already noted about \$400,000 per annum per region is a small amount to underwrite such business development.

The next is through identifying activities within existing institutions such as local councils, aged care facilities, child care facilities, ranger programs and schools. While targeting existing institutions makes sense, such a proposal does fall into the trap of potentially facilitating cost shifting onto CDP—an apparent failing of the CDEP scheme that has often been raised by government and commentators to hasten its demise, rarely at communities. More significantly, having CDP participants working within existing institutions at below award wages will create a two-tier wages system that is inequitable especially if the labour productivity of CDP and waged staff is similar; and training and career paths for CDP participants in the second tier are likely to be highly constrained.

The third option is localisation of employment in areas such as education, health and trades. It is asserted that there is no reason that local people cannot be skilled up to take on these jobs in the longer term (see Programme Logic Model). In reality there are many reasons why local people cannot be skilled up to take on these jobs in the short-term even if they aspired to including the absence of adequate educational and training facilities in most remote communities. But in the longer term if work arrangements could be made more flexible and formal credentials could be renegotiated, over time people who want such work could build capabilities to undertake such work in community.

It is unclear how unspent CDP funds are deployed by the Australian government or if they are earmarked to expand the range and quality of services delivered by CDP providers. Under the CDEP

scheme there was capacity for organisations to carryover unspent funds including wages from one financial year to the next. In the case of CDP one category of underspend is represented by no show no pay and other penalties that see a reduction of income support. These moneys are not provided to CDP services but form a part of Commonwealth general revenue savings. One wonders though how much is expended in surveillance and administration and whether net saving to the public purse actually eventuates.

7 The extent of consultation and engagement with Aboriginal and Torres Strait Islander communities in the design and implementation of the CDP, and the role for local decision making within the program

As a general observation it seems to me that there is less and less effective consultation and engagement with local Indigenous community organisations in the formation of policies and programs that impact on them. This partly reflects an over-arching shift of mode of service delivery away from community based organisations to competitive contracting. It also reflects a political and bureaucratic distrust in many situations of local expertise and knowledge and a willingness to exert performance targets on local providers that are divorced from local realities.

The nature of the announcement of the CDP and associated media coverage suggests that there was no or highly selective consultation in its design. For example, initially it was suggested that people would need to work five hours a day five days a week 12 months of the year for income support because as a general rule the jobless do not get holidays. And it was suggested that there would be no leave provided for ceremonial participation unlike under RJCP. But then such 'tough love' approaches were modified so that now those working for the dole are granted leave and are eligible for ceremonial leave. The ministerial media release of December 2014 made it quite clear that the consultations would take place in the first half of 2015 after the fundamental structure of the new approach had already been devised.

The role of local decision making under CDP has been dramatically reduced owing to the shift under RJCP to forms of competitive tendering for providers which means that a significant number of providers are for profit organisations. While 26 of the 38 current providers are Aboriginal organisations (with the balance being not for profit, local government and private), the majority of service regions are managed by non-Indigenous organisations—private for profit providers deliver CDP in 19 regions, not for profits and church linked organisations to six and local governments to five.

The performance of all these CDP providers is closely scrutinised by the Department of Prime Minister and Cabinet to ensure that they meet their contractual key performance indicators that are focused on government not local priorities and all CDP providers are benchmarked against each other. While it is unclear to what extent a reward and punish remuneration system is deployed with CDP providers, only two of now 61 regions have seen change of provider since 2013. Even though a number of CDP providers have struggled to meet their negotiated key performance indicators across a number of areas and have been issued breach notices for failing to comply with contractual obligations and even threatened with termination of funding, the government has stuck by them in part because of the sunken investment in their establishment and capacity building (deemed inadequate by the Department of prime Minister and Cabinet) since 2013.

The potential for local decision making and discretion in the implementation of CDP has also declined because its administration has become multi-layered with checks and balances in place that aim to reduce local decision making even where providers are local organisations. Not only do CDP participants need to interact on a regular basis with providers, but there is also the need to interact regularly with Centrelink offices, while there is an oversighting role for the Department of Prime

Minister and Cabinet of provider performance and in communities in the NT there is the continual presence of a Government Engagement Coordinator as the eyes and ears of Canberra.

It is my on-the-ground observation that both CDP provider and Centrelink staff are extremely ambivalent about enforcing punitive and unworkable elements of CDP and look wherever possible for ways to bend pretty rigid mutual obligation requirements for participants as much as possible. It is also my observation that there is extraordinarily high turnover of local and non-local staff and a resulting lack of familiarity with the particular circumstances of each 'case managed' CDP participant. I am aware of Centrelink staff who are perceived as being too embedded in the local community and too sympathetic to individual clients circumstances to be moved to other remote community postings against their wishes.

8 Alternative approaches to addressing joblessness and community development in remote Indigenous communities

The last decade has unfortunately demonstrated that it is far easier to dismantle a perceived imperfect community development and employment program (the CDEP scheme) than to design and implement one that is more constructive, cost effective and productive, rhetorical flourishes of naming the new program almost like the old to cash in on the old scheme's popularity aside.

There is now an urgent need for institutional redesign as the timeframe for RJCP/CDP (2013–2018) draws to a close, hopefully the close of a sad chapter in wrong-headed and harmful policy making.

In my opinion there should be an immediate moratorium on breaching CDP participants so as to build some semblance of good will and allow some constructive engagement during this redesign phase.

Given the failure of successive Australian governments to manage the institutional design process this role should now be delegated to an alliance of Indigenous representative and service delivery organisations with a coalition like the Aboriginal Peak Organisations of the NT taking a lead role. This is a policy making role that an organisation like the democratically elected Aboriginal and Torres Strait Islander Commission might have undertaken in the past and one that a voice through the parliament that the Uluru Statement of May 2017 has called for might take up in the future. In that regard it is noteworthy that in its last days before abolition by the Howard government in 2004 ATSIC was in the process of redesigning CDEP to more clearly bifurcate its community development from employment creation roles. I was involved in this process that was based on constructive engagement between bureaucrats, community organisations and researchers, halcyon days in collaborative program redesign.

In a short submission I cannot outline in detail what is required as a productive alternative to the misfiring status quo. But I do believe that an important opportunity exists for this Senate Committee to lay down some of the ground rules for a new policy approach and an urgent timeline for reform. Many of the principles that need to be observed will be documented in submissions to this Inquiry.

It is also fortunate that there is a rich published literature that provides some ground work documenting what was historically better about the CDEP scheme than the current work-for-the-dole arrangement. This has been outlined in some detail in a recently published monograph *Better than Welfare? Work and Livelihoods for Indigenous Australians after CDEP* (edited by Kiri Jordan and available for free download at <http://press.anu.edu.au/publications/series/centre-aboriginal-economic-policy-research-caepr/better-welfare>). An earlier publication *The Indigenous Welfare Economy and the CDEP Scheme* edited by Frances Morphy and Will Sanders available at <http://press.anu.edu.au/publications/series/centre-aboriginal-economic-policy-research->

[caepr/indigenous-welfare-economy-and](#) is also instructive especially as it is inclusive of numerous community voices.

In my view rapid program redesign needs to be based on a fundamentally different program logic that engages far more rigorously with local and regional reality in remote Australia, that is flexible and that rewards local initiative and innovation. Key elements of such a new program should include the following features:

- 1 A shift in emphasis from a focus on mainstream employment outcomes (closing quantitative employment gaps) as the principal outcome to one that is more heavily focused on productive activity and improved livelihoods as defined by Indigenous people
- 2 A recognition that in the medium and maybe even long term there will be a heavy reliance in remote Australia on government support. The challenge is to deploy this support productively and cost effectively.
- 3 A devolution of decision-making and administration of the new program to the local level whenever possible allowing community organisations options for productive joint venture community development where local capacity is limited. It should be recognised that there were 265 CDEP organisations in 2004 and that almost all were community-based organisations that dramatically reduced the current triplication of administration by regional CDP providers, the Department of Human Services (Centrelink) and the Department of Prime Minister and Cabinet.
- 4 The need for community control is not made in some doctrinaire way, clearly local organisations will need to be accountability, but this accountability needs to be primarily to local constituencies rather than distant and disconnected government officials. There needs to be multiple funding of local providers alongside room for adaptive management as currently occurs with CDP providers
- 5 Whenever CDP participants are engaged in Work for the Dole for more than one hour a week they should be classified as employed in accord with ILO conventions and not be subject to mutual obligation requirements; such change in employment status will help close the employment gaps and will enhance the self-esteem of participants.
- 6 Any work undertaken should be paid at award rates, if in so called 'work-like' activities people should be remunerated with 'work-like' wages. And assistance should be provided to those participants who want to build up their hours to earn more as occurred with 18 per cent of participants in remote Australia who worked 35 hours plus in 2002 under the CDEP scheme.
- 7 In residential situations where there are no labour markets income support should be provided in the form of a basic income without any limitations placed on additional income earned and without the cumbersome administrative burden of mutual obligation requirements.
- 8 There is a need to recognise that in many parts of remote Australia there are productive options in plural or hybrid forms of economy that are inclusive of the customary or non-market sector see <http://press-files.anu.edu.au/downloads/press/p206931/pdf/ch091.pdf>
- 9 There is need to provide realistic support for comprehensive assessment of what is regionally possible and where comparative advantages might lie in engagements with market capitalism, services delivery and new commercial and social enterprises opportunities. There is a need to build on established success (notwithstanding that some is now greatly diminished since the abolition of the CDEP scheme and the diminished capacity of many CDEP organisations).
- 10 There is need for realistic administrative and capital financial support to be provided to underwrite local development initiatives. This can be provided on a per participant basis

as with CDEP and/or in response to development proposals for projects that will generate local activity in commercial or social enterprises that enhance local livelihoods.

Beyond these technical requirements it is also my strongly held view that all CDP participants should be treated with the dignity they deserve, especially in situations where they engage in important nation-building work in remote regions. All too often there is the temptation by those with authority to treat people as inferior because of difficulty in cross-cultural communication or because they represent an administrative challenge. There are also some working with CDP participants who adhere to governmental views that those on income support and jobless are to blame for their circumstances and require behavioural modification. This was a message that was pushed strongly by the Forrest Review *Creating Parity* and used as part of the justification for compulsory work for the dole: joblessness is conflated with idleness and income support with the erosion of social norms. Such thinking is clearly reflected in the offensive language and spurious behavioural observations in the appended Programme Logic Model.

The serious policy challenge is to establish a framework that creates livelihood opportunity for all and not to blame people for living for a wide range of historical, structural and cultural reasons in locations that lack adequate labour markets.

9 Any other related matters

This is not the place to provide a comprehensive critique of the overall Indigenous policy framework of the last decade, suffice to say that nine annual Closing the Gap Prime Ministerial Reports 2009 to 2017 document the failure of successive governments to meet their own goals to Close the Gap. What I do want to highlight is that if the Indigenous Advancement Strategy policy framework is failing Indigenous Australia nationally, it is failing even more dramatically in remote and very remote Australia. I want to end by emphasising that while there is no quick fix to the dire livelihood circumstances experienced by many Indigenous people in remote Australia, a more developmental approach as coincidentally recommended over 30 years ago by the Miller Inquiry into Aboriginal Employment and Training Programs will be an essential first step in constructively addressing this difficult policy challenge.

The focus of this Senate Inquiry on the CDP is illustrative of one of many negative directions that Indigenous policy has taken in last decade or so. So it is important that the CDP is not analysed in isolation from the overarching Indigenous policy framework and the broad change in direction that in my view has been highly destructive owing to an overzealous critique of the self-determination era.

In evidence to an earlier Senate Inquiry on 19 February 2016 I noted commentary by the then chair Senator Bernardi from Hansard on 13 August 2007 that stated 'Let us be frank about this: the self-determination of Aboriginal communities simply has not worked'. I noted with dismay that 'nearly 10 years on, we can sadly state unequivocally that what has followed, at least in terms of Indigenous employment programs, has worked far less effectively than key institutions from the self-determination era, like the CDEP scheme, that first the RJCP—Remote Jobs and Communities Program—and now the Community Development Program are supposed to have replaced and improved. Sometimes I am at a loss to understand how, in the name of employment improvement, successive Australian governments have managed to so effectively move remote-living Indigenous people from work to welfare'.

I return to this observation because in my view the CDP is one of a number of inter-linked and expensive programs that are based on what can be termed punitive neoliberalism including income management and the School Enrolment and Attendance Measure and Remote Schools Attendance

Strategy that are failing. A number of these measures were established by the Northern Territory Intervention initially targeting Indigenous people only and then in its aftermath extending coverage beyond the Northern Territory and beyond Indigenous Australians only to avoid any accusation or legal risk of being found racially discriminatory.

In my view all this punitive architecture based on demeaning assumptions about the norms and values of remote living Indigenous people and the need for behavioural change that will see the adoption of some imagined form of western neoliberal subjectivity needs to be dismantled. But I can also see that in the short term it is the governmental control over people that welfare provides that is perceived by the Australian government as the means to alter the work habits and expenditure patterns of Indigenous people and the school attendance levels of their children, despite the fact that there is no evidence that any of this is actually working. In this important way I am concerned that the Australian government faces a form of moral hazard, at once it has a goal to move people from welfare to employment, but at the same time once people are employed government loses important disciplinary tools that it is currently deploying. And so there may be some resistance by the current Australian government to implement the radical reform of the CDP that is required because it is a key domino in a broader set of programs that have been allocated additional support in the 2017 Budget. In my view there is a need for a fundamental shift in policy approach to one that again embraces perhaps more fulsomely the principles of self-determination and self-management but I can see that here I might be straying way beyond the brief for this Inquiry.

I want to end on a constructive note by paraphrasing from some recommendations that I made in 2010 to the formation of an Indigenous Economic Development Strategy 2011–2018. I believe that as principles they might assist this Committee in its deliberations. I return to these recommendations because the fundamental base for generating the productive activity as well as formal employment is appropriate forms of economic development:

- 1 An economic development strategy needs to define and engage with the notion of economic development as a negotiated process to enhance wellbeing.
- 2 An economic development strategy needs to recognise the diverse forms of contemporary Indigenous economies, including the value of customary activity, and the intercultural mix of norms that informs decision making.
- 3 To be effective, a strategy needs to be clear on how development assistance will be targeted given the reality of Indigenous demographics and patterns of residence. In remote Australia discrete communities are easy to identify but there are limited mainstream options.
- 4 Any development strategy needs to acknowledge that poverty is a symptom of powerlessness; the politico-economic, the structural source of inequality, needs to be addressed. Strengthening Indigenous property rights in commercially valuable resources is essential if economic and power imbalances are to be realigned.
- 5 The proper role of the state is to get institutional settings right for economic development in all its diverse forms rather than promoting any preconceived notion of what form (jobs and business) development might take.
- 6 Policy making processes must get beyond token consultation to seriously consider diverse Indigenous views of development and the diversity of Indigenous circumstances and development possibilities.

I end by acknowledging the difficult task facing this Senate Committee in its deliberations and indicate a willingness to provide further assistance on this most important set of issues under consideration.

