Submission in Response to the ANAO Audit:

The Design and Implementation of the Community Development Programme

APRIL 2017
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1. Introduction

1.1 About Jobs Australia

Jobs Australia is the national peak body for non-profit organisations that assist unemployed people to prepare for and find employment. We help our members make the most effective use of their resources and promote the need for services that will help unemployed people to participate fully in society.

We provide an independent voice for members who range from large charitable organisations to small local community-based agencies. Jobs Australia is the largest network of employment and related service providers in Australia and is funded and owned by its members.

Jobs Australia members are non-profit organisations that help unemployed people to prepare for and find employment.

Typically, Jobs Australia members do some or all of the following:

- Deliver services under Commonwealth and/or State Government funded programs, such as *jobactive* (including Work for the Dole), Disability Employment Services, Community Development Program (formerly the Remote Jobs and Communities Program), Skills for Education and Employment, and similar State Government programs.
- Deliver accredited or non-accredited training for unemployed people as Registered Training Organisations, Group Training Organisations, apprenticeship centres, social enterprises and other non-profit training and education institutions.
- Deliver similar employment and training services to unemployed people without any government funding.

1.2 About this Submission

The views expressed in this submission are the views of Jobs Australia. While our views are informed by our consultations and meetings with CDP providers, they should not be taken to be the views of any particular provider or group of providers.
2. General Remarks

In mid-2016 concerning data\(^1\) began to emerge about the impacts of Australian Government policy intended to tackle high rates of unemployment in remote communities.

The data showed the number of financial penalties being applied to unemployed people in remote Australia was increasing at an alarming rate. Those affected were participants in the Community Development Program (CDP), which commenced in July 2015 with the implementation of reforms to the former Remote Jobs and Communities Program which commenced in July 2013. More than 80% of participants in CDP are Aboriginal and Torres Strait Islanders.

Probably the most defining and controversial feature of CDP is its reliance on “full-time” Work for the Dole, involving supervised, work-like activities. In CDP, participants aged 18-49, must attend Work for the Dole for 5 hours every day, 25 hours every week, for 46 weeks each year.

Work for the Dole isn’t unique to CDP, but the requirements are much more onerous and inflexible for participants than those which apply in non-remote areas.

So it came as no real surprise when the number of financial penalties being applied to participants rose rapidly because of non-attendance. CDP jobseekers represent fewer than 5% of the national total number of job seekers who are subject to income support penalties, but in the first 12 months of CDP they received more than half of all financial penalties applied to all job seekers nationally—higher even than the number of penalties applied to non-remote job seekers in the mainstream jobactive program.

In addition to onerous attendance requirements, another factor driving the higher rate of penalties is the CDP funding model, which links payments to providers with reporting participant attendance at Work for the Dole.

The high rates of financial penalties being incurred in CDP are having negative impacts for individuals, their children and families, and for their communities more broadly. Reports have emerged of families going without food and reduced food sales.

In August-September 2016, Jobs Australia ran a workshop with more than 30 stakeholder organisations, who were invited to identify the current challenges in CDP and imagine how things could be different and better. The principles for necessary reform\(^2\) (which were set out in a detailed report on this workshop prepared by Jobs Australia) which emerged included:

- Less onerous and fairer requirements, so most participants could meet them most of the time;
- Simpler administrative requirements for participants and providers;
- Participants having enough money to pay for necessities; and
- Communities being empowered to make decisions about how the program operates locally.

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A strong consensus emerged that:

- any future changes need to occur with the support of communities that are affected, based on building capacity and capability, rather than systems that undermine them.

- any new legislation needs to be very specific about consultation processes. It needs to allow for time, involve interpreters for Indigenous people who do not speak English well or at all, and meet requirements for free, prior and informed consent through their representative institutions.

- CDP is doing more harm than good. A new program is needed, developed through a genuine process of broad consultation and engagement with Aboriginal and Torres Strait Islander people.
3. Responses to the Audit Criteria

3.1 Whether sound analysis and advice informed the design of the Community Development Programme and transition from the Remote Jobs and Communities Programme.

3.1.1 Limited Consultation

To assess whether sound analysis and advice informed the design of CDP and transition from RJCP, it is useful to compare the extent to which providers and other stakeholders were consulted in the development of Remote Jobs and Community Programme (RJCP), in comparison with the creation and ongoing reform of CDP.

The initial RJCP program was developed after several rounds of community consultation. These included consultation in remote communities, opportunity for public submissions and with the advice of an Expert Panel comprising Indigenous leaders, employment services industry representatives and a representative from the Minerals Council. In 2012 DEEWR visited most major communities and talked to stakeholders including job seekers. The contracts were set at 5 years in recognition of the need for long term commitment in these communities. The Government supported providers by investing in their capacity to deliver.

RJCP began as a joint undertaking of Department of Education, Employment and Workplace Relations (DEEWR) and Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), with support from the Department of Human Services (DHS), led by a cross portfolio implementation steering committee.

Providers and peak bodies were also directly consulted. Between April and October of 2013, five monthly meetings of the RJCP Transition and Implementation Group (TIRG) were convened, which included representatives of RJCP providers, Jobs Australia, Disability Employment Australia, National Employment Services Association, National Disability Services and First Peoples Disability Network. The TIRG provided opportunities for consultation on matters such as the draft provider performance framework, draft operational guidelines and support for job seekers with a disability. The TIRG ceased after the Indigenous Affairs portfolio and responsibility for RJCP were centralised and transferred to PM&C.

In contrast, there were no transparent and formalised public consultations with communities prior to the design and rollout of CDP. Senator the Hon Nigel Scullion was appointed Minister for Indigenous Affairs in September 2013. In October, the new Minister declared that RJCP was in “crisis” and “a complete disaster”3. In late November 2013, five months after RJCP had commenced in July, Minister Scullion announced that immediate changes would be made to the program, which he described as “poorly designed and badly implemented”4. He signalled that the Community Development Fund would be used to fund participant activities, backed by “robust compliance measures”.

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A year later, in December 2014, Minister Scullion announced the major reforms that would lead to implementation of CDP in July 2015. These included Work for the Dole for five days a week, 12 months a year. At the time he said that the government would discuss the new program with communities on a community-by-community basis, to ensure it met their individual needs.

Basic information about a new fee structure was distributed by PM&C to providers at the end of January 2015, and about changes to the programme in mid-March. At this point, it became clear that the Government was proposing major changes to the financial structure of the contract. Details of the new contract, such as the definition of employment outcomes, were not available. This reduced opportunities for providers to respond or to comment authoritatively about the proposed changes.

In response to concerns from RJCP providers about forthcoming changes to the programme, Jobs Australia convened a meeting of providers in Alice Springs on 31 March – 1 April. Later PM&C organised a separate provider forum also in Alice Springs for 30-31 March 2015.

Providers were given more detail of forthcoming changes to RJCP at the PM&C forum. Hard copies of a new draft RJCP Deed were made available for collection by providers, but significant operational detail was not made available. For example, PM&C representatives were unable to provide clarity about whether payments to providers were linked to attendance at activities. At the forum it became apparent that significant changes were proposed for the funding model, including participant obligations, substantially different outcome payments and definitions, the abolition of the Participation Account and CDEP Wages and the restructuring of service fees. Changes to the new performance management framework were not discussed or considered. While PM&C had visited some communities in the weeks prior to the forum, it did not appear that the proposed changes had been discussed with participants, community leaders and/or peak bodies.

During his speech at the PM&C forum, Minister Scullion expressed dissatisfaction about how RJCP was going. He said the level of employment outcomes achieved was unacceptable, warning providers “if you can't do it, I’ll find someone else to do it” and they “must try harder”. It became clear to providers in attendance that the key elements of the new CDP had already been determined. Any subsequent consultation with providers would centre on how to implement the reforms, not what reforms to implement.

Providers were given two weeks to comment on the new draft funding deed, and Jobs Australia collated provider feedback to PM&C on the proposed reforms in April 2015. These concerns included:

- Peak bodies, community leaders and participants had not been given opportunities to express views on the proposals;
- An increase in financial penalties applied to people who fail to meet in the increased Work for the Dole requirements, leading to greater financial pressure on individuals and their families;
- Reduced demand for and potential displacement of paid labour;
- The high likelihood of inappropriate placement of people with significant non-vocational issues into Work for the Dole;
- The proposed funding deed and performance framework were unduly onerous, unclear and one-sided; and
- PM&C needed to work more closely with providers and communities.
A lack of transparent and formalised consultations with communities and providers has continued to be an ongoing issue with the development of CDP and proposals for further reforms. In December 2015, the Minister introduced a Bill to further reform CDP and Social Security arrangements in remote areas, but again there was no formal consultation process about the proposed changes beforehand. The key measures in the Social Security Legislation Amendment (Community Development Programme) Bill 2015 were:

1. New remote income support payments and weekly pay (with responsibility for paying income support transferred to CDP providers);
2. Delegating legislative power to the Minister to determine job seeker compliance arrangements for the remote income support payments; and
3. New tapering arrangements for the remote income support payments.

Jobs Australia opposed this Bill for a number of reasons, including:

- Concerns that providers will be more likely to apply financial penalties to engage participants than DHS staff, imposing greater financial hardship on vulnerable people;
- Concerns about increased safety risks for staff tasked with directly deciding on and applying financial penalties;
- Increased administrative costs for providers of taking on DHS functions;
- The proposed arrangements were likely to cause greater confusion;
- The new taper rates could have unintended consequences;
- Concerns that the proposal for a separate welfare system in remote Australia would be likely to discriminate against Indigenous people; and
- A lot of details were not in the Bill and would have been contained in Ministerial determinations. This would have allowed the Minister to change elements of social security law without prior approval from the Parliament.

In March 2016 a Senate inquiry into the CDP Bill found:

*The Committee does not doubt that the meetings and conferences that have taken place so far with CDP providers and stakeholders have been undertaken with the best intentions. However, the Committee has questions as to whether they have necessarily constituted proper consultation on the proposed reforms in the bill. Going forward, it is necessary for the Minister, and more particularly officers of PM&C, to work with communities and providers on measures to be included in the relevant legislative instruments.*

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6 The Senate, Finance and Public Administration Legislation Committee, Social Security Legislation Amendment (Community Development Program) Bill 2015
Minister Scullion continues to claim that he is consulting widely on the reforms, but there have not been broad consultations since submissions closed in May 2016 to the Changes to the Community Development Program CDP Consultation Paper. The Minister does not acknowledge that there are too many financial penalties being applied through CDP, despite the alarming statistics. The Minister seems to be committed to reintroducing a Bill to Parliament that would see Centrelink functions transferred to CDP providers, which risks further increasing the rate of penalties and represents a significant and worrying shift of legal decision-making on matters of social security law to contracted providers.

The consultations that do occur are usually by invitation only with a small number of selected providers. This process lacks transparency and limits the opportunities for sound analysis and advice to inform the development of the program.

3.1.2 Replacement of RJCP by CDP

Sufficient time was not given to enable RJCP to get up and effectively running before it was determined to be failing and in need of major change. The program had commenced in most regions in July 2013, and even later in other regions where the execution of contracts was delayed. By October, after only a very short time, the Minister was already condemning it.

New employment programs typically take time to be established, involving the leasing of premises, developing internal processes and IT infrastructure, hiring and training staff, and developing linkages with employers and other community stakeholders. These time-frames are much longer in the difficult circumstances of many, if not all, remote Australian communities. Formal evaluations of employment programs take considerably longer.

The performance of employment services providers in Australia is determined largely by their ability to help job seekers get sustained employment outcomes. In the case of jobactive and Disability Employment Services (DES), the relative performance of providers is measured using Star Ratings. This calculation takes time to be able to be calculated, because it involves measuring how many job seekers with each provider have achieved employment outcomes over 13 and 26 week periods. Star Ratings of provider performance are not publically released for at least 12 months, or even later if a minimum number of outcomes are required to be achieved. The key point here is that there is usually no rush to judge the performance of providers after the commencement of a new contract or program.

In the case of RJCP, by October 2013 not enough evidence had been collected to be able to evaluate its performance. The program was still in its early stages of implementation. It also represented a new and ambitious approach to remote employment services, because it drew together the previous programmes of Jobs Services Australia, DES and CDEP into one program and a single contract in each remote region. Many organisations became new employment service providers, and many existing providers were required to deliver services to new participant cohorts for the first time. Some organisations were approached by Government after the close of the commissioning process and asked to partner with other organisations to deliver RJCP, which they felt compelled to do in order to win a contract. Further, many providers felt they had not been given enough notice of winning a RJCP contract, while others had issues with IT, training staff in new systems and program requirements, finding adequate housing for staff and staff turnover.
3.1.3 Abolition of the Community Development Fund

The decision to roll the Community Development Fund (CDF) funding into the Indigenous Advancement Strategy (IAS) reduced the focus on supporting employment, participation and community development opportunities that had been identified locally. These opportunities were set out in Community Action Plans (CAPs), which had been negotiated by RJCP providers with their communities. The impact of this decision was reduced local input and a more centralised approach to decision making about funding priorities.
3.2 Whether performance is appropriately monitored and outcomes are measured, reviewed and reported to the Minister.

3.2.1 Performance Management Framework

In June 2013, DEEWR released a draft performance management framework (PMF) online and invited written submissions from all interested parties. While the draft framework sought to assess RJCP provider performance on a nationally consistent basis, it was intended to:

- be flexible enough to acknowledge significant differences across the remote regions including labour market opportunity, job seeker disadvantage, the geographic size of regions, community priorities and the concentration of job seekers in communities.
- Where relevant, performance targets and the assessment of qualitative performance measures will reflect community priorities identified in Community Action Plans, projects funded by the Community Development Fund and the Workforce Development Strategy for a region.

Flexibility was a guiding principle, with quantitative targets to be individually negotiated but able to be changed over time, to take account of changes in employment opportunities and provider experience of delivering employment services. The RJCP TIRG agreed in August that no significant changes were required, and that the framework should commence on 1 October 2013. However, the Coalition Government was elected in September, RJCP was transferred to PM&C, and the draft performance framework was never formally implemented. This meant targets were never jointly negotiated with providers as originally intended.

PM&C released a draft Remote Employment Programme Delivery Framework for consultation in March 2015. The draft was distributed in hard copy only at the PM&C provider conference, but many providers did not receive a copy and were not aware of the document’s existence. This raised questions about commitments made to informing and consulting providers about its proposed changes.

Key differences between the draft and the previous DEEWR PMF were:

- regional employment targets would not be individually negotiated with providers;
- job placement measures and 7 and 13 week outcomes were abolished; and
- a strong focus on measuring new full-time WfD attendance was introduced.

In our feedback on the draft PMF, Job Australia called for realistic and achievable KPIs and performance measures, developed in consultation with providers and communities and reviewed every six months. When the final RJCP Programme Management Framework was released in May, the key changes listed above remained in place.

A major impact of the new PMF was an increase in administration. The new emphasis on daily reporting of WfD attendance and submitting participation reports through the PM&C IT system led providers to recruit more people with high level administration skills and experience. Some

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providers even found it necessary to employ people in non-remote areas to perform these administrative functions, in areas of good internet connectivity and where the required skills could be found.

The new PMF moved the focus away from building relationships with participants, communities and employers and towards transactions that can be measured and quantified.

The Regional Employment Targets (RETS) have a major impact on the measurement of provider performance under the PMF, but many providers report that they are often unrealistic and unachievable. The processes for determining the targets are centralised in Canberra and are not transparent. The RETS do not reflect historical performance and local labour market issues and opportunities. They have not been set and made available to providers prior to each related performance period, undermining their capacity to achieve them. Most providers are judged to be underperforming. Almost every provider is on a Performance Improvement Plan (PIP) because they haven’t achieved a satisfactory overall rating, supporting the contention that the RETs are set too high.

3.2.2 Payments to Providers

Many providers have reported to Jobs Australia that they have struggled to understand how Work for the Dole activity payments to them are calculated and linked to performance. Work for the Dole Payments are linked to attendance and compliance action and re-engagement of non-attending participants with an Invalid reason. Part of the confusion is due to Centrelink suspensions of participants’ mutual obligation requirements, which impacts upon the level of payments to providers. Another reason is that the IT system was never originally intended to pay providers according to WfD attendance, and it strained under the huge upsurge in administrative resources needed to meticulously record attendance or submit a participation report to DHS.

The reports that providers have access to are different from those that PM&C actually use to calculate payments. They contain many discrepancies which make it difficult for providers to trust the data used as the basis for payments. This lack of trust is of even greater concern given that it underpins the measurement of provider performance under the PMF.

3.2.3 Attendance at Activities

It is difficult to determine the impact of CDP on attendance at activities. The government consistently claims that engagement and actual attendance at activities has significantly improved since CDP was implemented in July 2015. A problem with comparisons of this sort is that providers were not previously required to record attendance in the IT system. This means that engagement and actual attendance were not accurately measured prior to the implementation of CDP, making accurate before and after comparisons of attendance very difficult to measure.

Some providers report that actual attendance has not changed at all since CDP was implemented, despite the increase in the application of financial penalties.

3.2.4 Employment Outcomes

As with attendance, it is difficult to assess the impact on employment outcomes of the introduction of CDP. Data to enable comparisons of 26 Week employment outcomes achieved under RJCP and now CDP has not been released. Part of the problem in making comparisons is that the definition of
26 week employment outcomes changed with the introduction of CDP. Under RJCP, a 26 week outcome could be achieved by working 26 weeks over a 52 week period, which took account of weak labour markets. In remote areas, long-term full time work is scarce while short term seasonal and contract work often provides the best opportunities for employment. The change to CDP made it harder for providers to achieve employment outcomes.

3.2.5 Quality of Activities

During the transition to CDP, providers were able to secure upfront access to the Participation Account to fund quality activities. Under the new funding model, payments for activities are tied to engagement and attendance of individual job participants. The reduction in funding certainty has meant that some providers have found it more difficult to offer quality activities. Many activities are run on shoe string budgets, which impact upon their quality. For providers that are maximising their Work for the Dole payments, activity quality is improving, but for providers still struggling with the funding model, they are less able to invest in quality activities. This is particularly the case with activities that involve training embedded within them.
3.3 Whether the Community Development Programme is effectively and efficiently administered.

3.3.1 Responsiveness of PM&C

In overall terms, providers report that PM&C has not generally been responsive in promptly resolving CDP implementation and policy issues. While providers often report good working relationships with PM&C in the regional network, they report that they have often experienced delays when dealing with Canberra to seek resolution of issues or answers to questions. Providers report that regional PM&C staff are often not able to promptly resolve issues such as those relating to the IT system or questions of policy.

While many of the challenges and questions that have emerged are to have been expected in the implementation of CDP, providers report reduced opportunities for policy and operational issues to be influenced by people with local experience, including those most affected by the implementation of CDP in remote Indigenous communities.