

August 2017

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

Supplementary information in relation to penalties under CDP

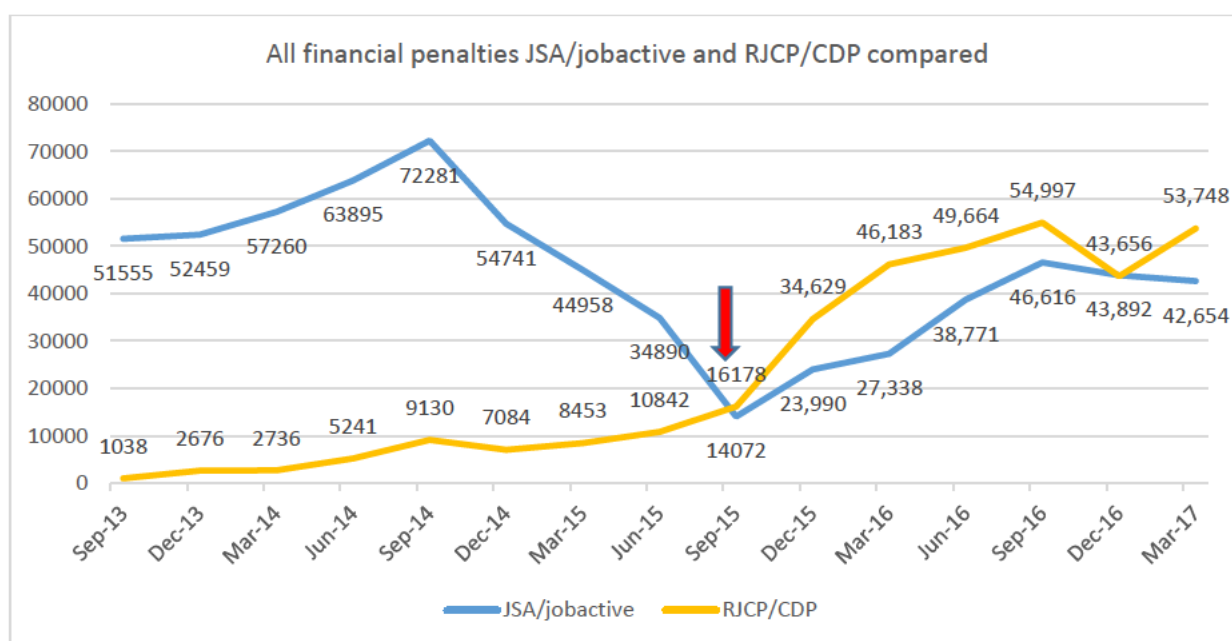
Lisa Fowkes, Research Scholar, Centre for Aboriginal Economic Policy Research, ANU

Since my submission to the Senate Inquiry in July, the Department of Employment has released new data about the application of social security penalties covering the period up to the end of March 2017. This updated information is provided for the benefit of the Committee, along with information provided by PM&C and DHS in response to Estimates questions.

Total financial penalties

Chart 1 shows the total number of financial penalties applied to CDP participants compared with the total number of financial penalties applied to jobactive participants. The red arrow shows the start of CDP. The CDP caseload is less than 1/20th the size of jobactive.

Chart 1 Total financial penalties in mainstream (JSA/jobactive) vs remote (RJCP/CDP) program



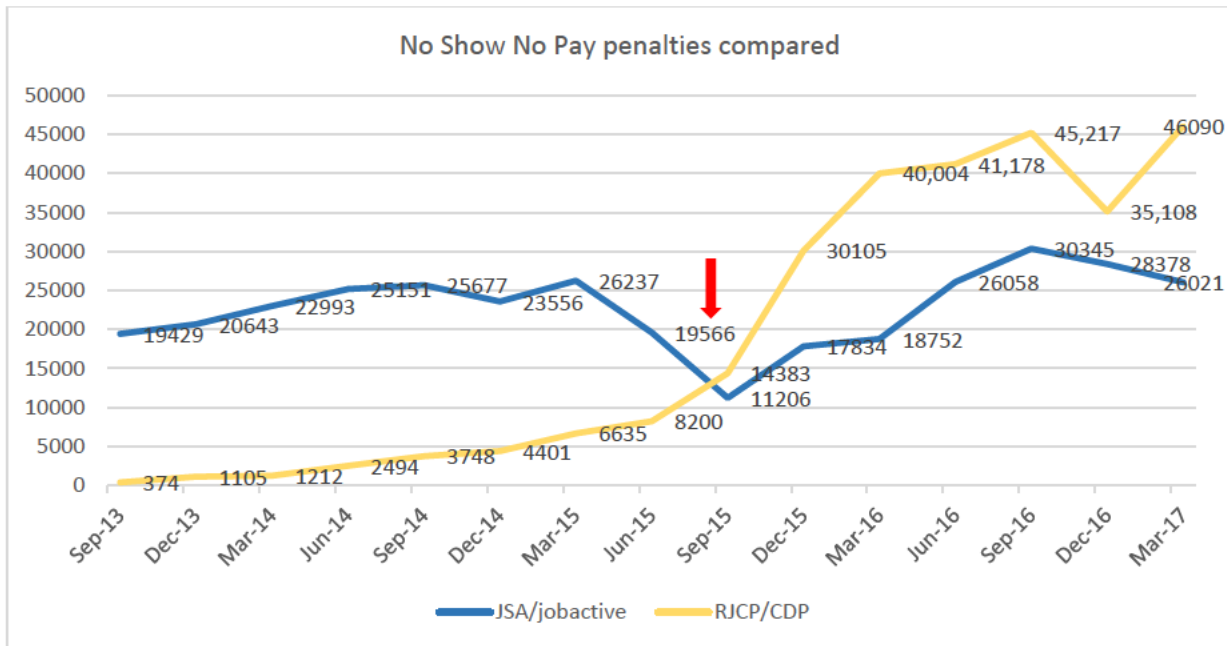
From 1 July 2015 to the end of March 2017, 299,055 financial penalties were applied to CDP participants. Over the same period, 237,333 financial penalties were applied to jobactive participants. Over the last 9 months DHS has averaged nearly 48,000 penalty investigations in relation to CDP participants every month¹.

Penalties applied for failing to attend Work for the Dole

Chart 2 shows the number of penalties applied for non-attendance in Work for the Dole activities. Each of these No Show No Pay penalties means the loss of 1/10th of fortnightly income support – income which is not backpaid.

¹ Budget Estimates 1/6/2017 - Answer to Question on notice HS 2 (SQ17-000083)

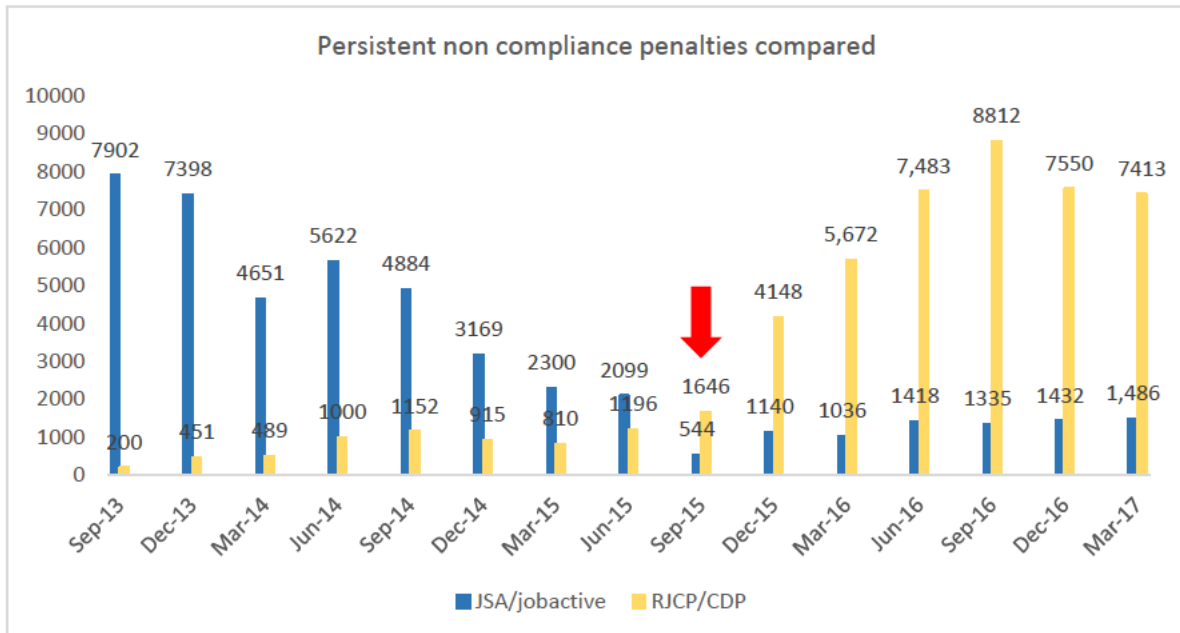
Chart 2 No show no pay penalties JSA/jobactive and RJCP/CDP compared



Serious penalties

Persistent non-compliance penalties are applied when there have been 3 minor penalties in the previous six months (or since the last 'serious failure'), and DHS finds that the non-compliance is deliberate. Serious penalties mean up to 8 weeks without income support. Chart 3 shows the number of these penalties for applied to CDP participants compared with the number applied to jobactive participants.

Chart 3 Penalties for persistent non compliance compared



When 8 week penalties are applied, jobseekers are given the option of 'working off' their 8 week penalty by doing a compliance activity – generally 25 hours per week Work for the Dole. In the most recent quarter, 87% of 8 week penalties were partly or fully 'worked off' (all jobseekers). The following table (Table 1) is calculated from information given in Senate Estimates for the 2015/16 financial year:

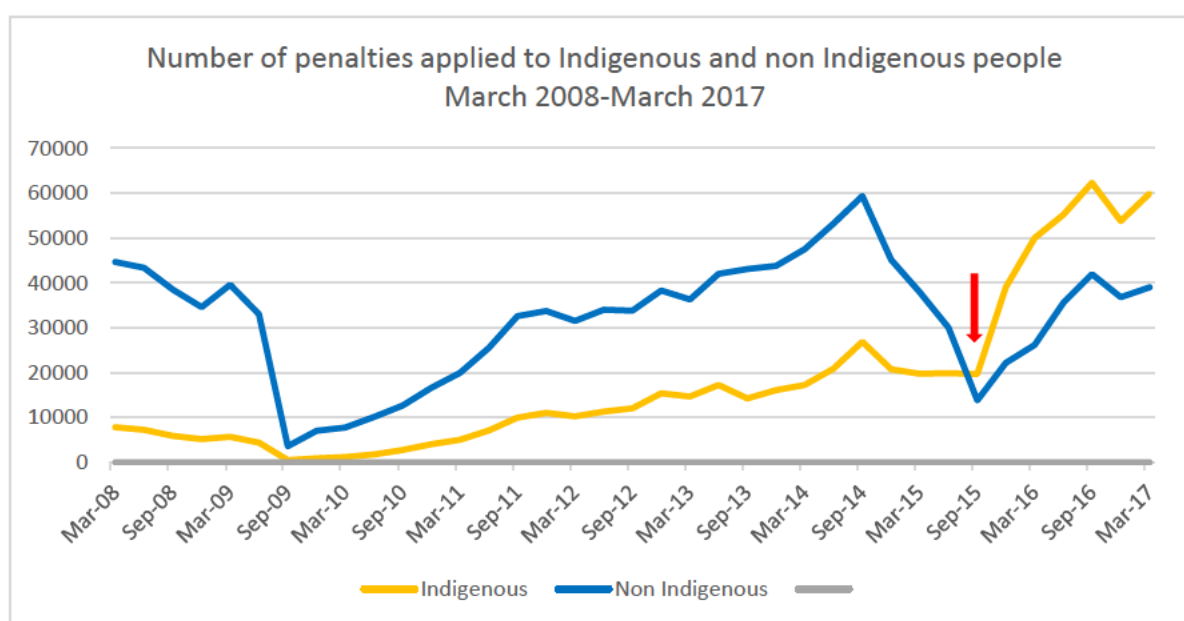
Table 1

Serious penalties applied to CDP participants in 2015/16	
	Number
Fully 'worked off'	12,987
Partially 'worked off' (average 2.4 weeks penalty)	3958
Fully served (8 weeks penalty)	1053
Total	17,908

Disproportionate impact on Indigenous people

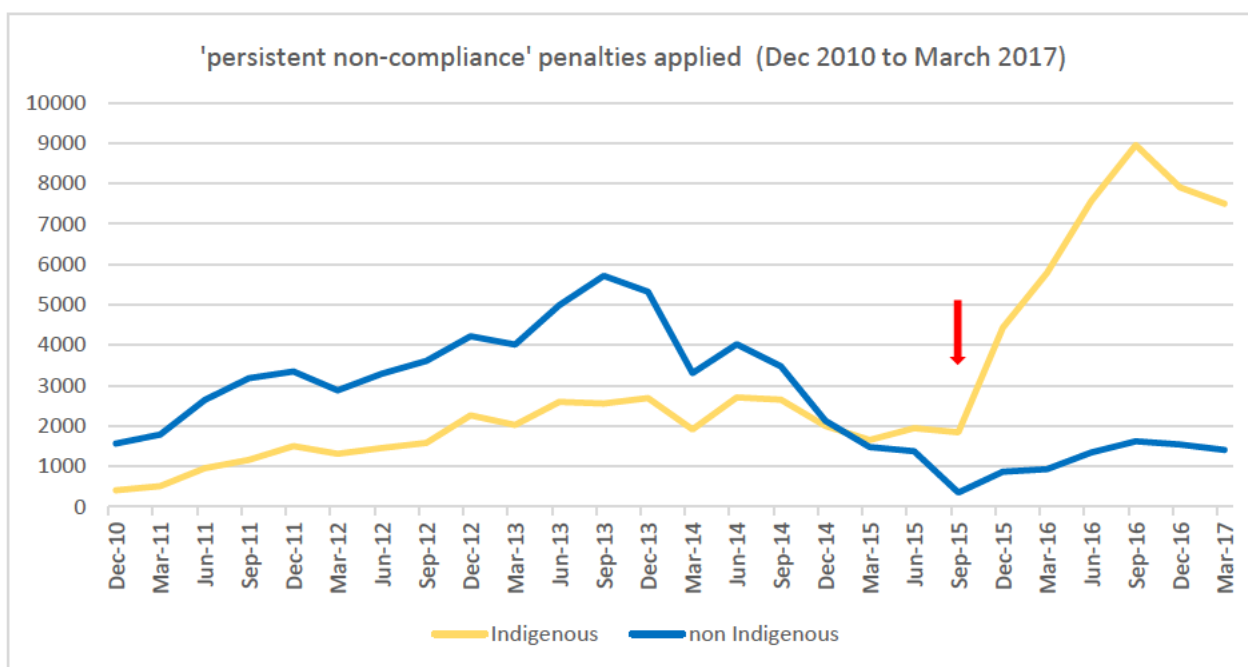
The CDP has meant that, overall, Indigenous people receive more financial penalties than their non-Indigenous counterparts in the social security system as a whole (Chart 4 – red arrow marks start of CDP).

Chart 4 Social security penalties applied to Indigenous and non Indigenous people from 2008



The difference is most pronounced in the application of 8 week penalties for persistent non-compliance, of which 84% are applied to Indigenous people (Chart 5). Protections designed to ensure that people with significant health or issues that affect their ability to comply are failing Indigenous people.

Chart 5 Persistent non compliance penalties Indigenous vs non-Indigenous



Employment outcomes

While around 83% of CDP participants are Indigenous, fewer than 70% of claimed employment outcomes are in relation to Indigenous participants. Table 2 shows employment outcomes from the start of the program by duration and whether they are full outcomes – that is, involve the participant full time or to their maximum requirement.

Over the first 22 months of the CDP, 2576 full employment outcomes lasting at least 26 weeks have been claimed for Indigenous people in the CDP scheme.

Employment outcomes from 1 July 2015 – 30 April 2017			
	Indigenous caseload and outcomes	Total caseload and outcomes	Indigenous as % of total
Point in time caseload (June 2015)	30498	36803	82.9%
Number of 13 week outcomes	4769	6931	68.8%
Number of full outcomes achieved (13 weeks)	3006	4525	66.4%
Proportion of 13 week outcomes that are full time	63%	65.3%	
Number of 26 week outcomes	3449	5084	67.8%
Number of full outcomes achieved (26 weeks)	2576	3883	66.3%
Proportion of 26 week outcomes that are full time	74.6%	76%	

Source: Senate Finance and Public Administration Legislation Committee, Budget Estimates 2017-18, Answers to Questions on Notice No 126, July 2017 (Sen Siewart)