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Social security penalties applied to participants in the Community Development Programme to September 2017

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Key points

- In the September 2017 quarter, **54,758** penalties were applied to CDP participants, an increase from the previous quarter. **406,626** penalties have been applied to CDP participants from the beginning of the program to the end of September 2017
- Despite claims from Government that more people are engaging in Work for the Dole, penalties for non-attendance at Work for the Dole were higher than ever, at **46,258** in the quarter. These penalties are not waived or worked off.
- **8,259** serious 8 week penalties for 'persistent non compliance' were applied to CDP participants in this quarter, an increase from last quarter. CDP participants accounted for 79% of these penalties nationally.
- While it remains the case that these 8 week penalties can be 'worked off' the proportion fully working off the penalties appears to have declined. 92% of Indigenous people receiving 8 week penalties under CDP are Indigenous. **Nearly 3,500 Indigenous people have received 5 or more serious penalties in the first 2 years of CDP.**

While Indigenous people have received 92% of penalties, they have received only 68% of 26 week employment outcomes.

- Evidence has emerged that number of people accessing remote employment services has dropped since the establishment of CDP and it appears that this is unlikely to be explained by exits into employment.

Background

The CDP operates in remote parts of the NT, WA, Qld, SA & NSW. There are about 33,000 people in the program¹. About 82% are Indigenous-identified. From 1 July 2015 unemployed job seekers in the Community Development Programme (CDP) with full time work capacity have been required to Work for the Dole for 25 hours per week, scheduled over 5 days per week, throughout the year. This is substantially more onerous than the requirements of other jobseekers over the course of the year, for example those in the jobactive program.

The CDP was implemented via amendments to the RJCP program which operated in the same areas for two years from 1 July 2013 to 30 June 2015. That program also required activities (up to 20 hours per week), however there was substantially greater local flexibility over the choice of activity, its supervision and scheduling and whether penalties should be applied.

¹ PM&C submission to Senate Inquiry into CDP

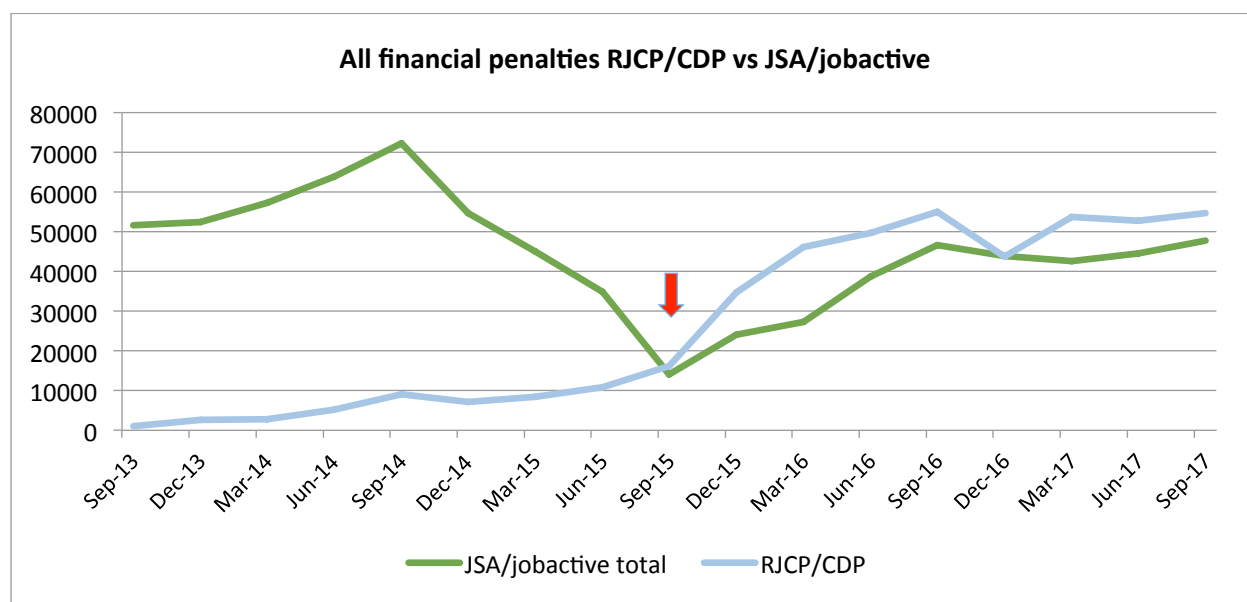
The Department of Jobs and Small Business releases [information about penalties](#) applied to unemployed income support recipients on a quarterly basis. This paper presents trends in the application of penalties using those reports, up to September 2017. It compares numbers of penalties applied under CDP with jobactive and with the former program – RJCP – which CDP replaced.

Total financial penalties

Figure 1 shows the total number of financial penalties applied to CDP participants (and RJCP prior to 1 July 2015) compared with the total number of financial penalties applied to jobactive participants (formerly JSA). It does not include income support suspensions. The dip in December 2016 is explained by the holiday period. The red arrow marks the start of CDP.

There are approximately 33,000 jobseekers in CDP, compared to around 760,000 in jobactive – it is less than 1/20th the size of the larger program. Yet in every quarter but one since the CDP started, more penalties have been applied to CDP participants. 406,626 penalties have been applied to CDP participants from the beginning of the program to end September 2017

Figure 1 All financial penalties CDP vs jobactive



Quarter ending	CDP	jobactive
September 2017	54758	47729
June 2017	52813	44593
March-17	53748	42654
Dec-16	43656	43892
Sep-16	54997	46616
Jun-16	49664	38771
Mar-16	46183	27338
Dec-15	34629	23990
Sep-15	16178	14072
TOTAL	406626	329655

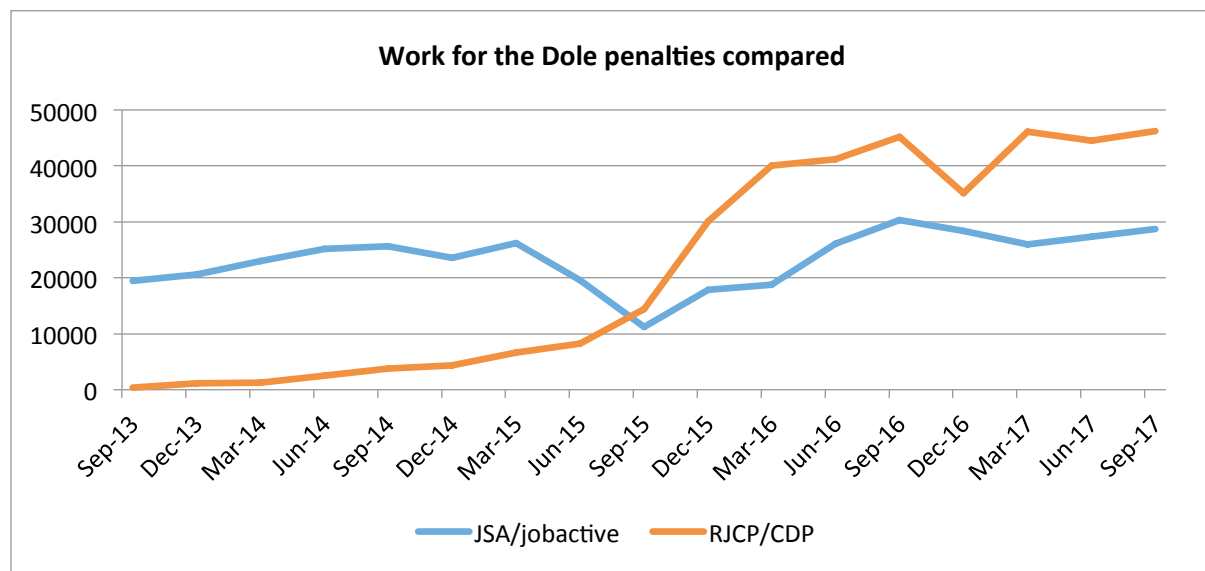
Over the period from 1st July 2016 – 31st March 2017 (that is 9 months) providers recommended 431,150 penalties to DHS in relation to CDP participants, nearly 50,000 per month². Only 128,504 of these penalties were applied following the DHS checking process. The most common reason given by DHS was that, at the time the penalty was recommended, the individual concern was awaiting assessment through CCA process³. Other reasons included procedural errors by providers, medical issues and bereavement. Had the existing DHS checks and balances not been in place, penalties applied to CDP participants would have been far higher – likely more than double.

Penalties applied for failing to attend Work for the Dole

The CDP funding model links provider fees to Work for the Dole attendance. This means that in order for the provider to get paid service fees for a particular jobseeker who is eligible for WfD, that person must either attend their Work for the Dole activity, provide a ‘valid excuse’ for non-attendance, or the provider must recommend that a penalty be imposed and then re-engage them in Work for the Dole within 2 weeks. CDP providers who choose approaches other than breaching are themselves penalised financially. This arrangement *does not apply in any other employment program*, including jobactive. This, along with more onerous mutual obligation requirements, is reflected in the penalties incurred for failing to attend Work for the Dole.

Figure 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*. In the quarter to end September 2017, 46,258 of these penalties were applied to CDP participants, while 28,755 of these penalties were applied to their counterparts in jobactive. It is difficult to reconcile the continuing increase in these penalties with Government claims that engagement in the program has improved dramatically.

Figure 2 Work for the Dole penalties compared



No Show No Pay penalties (fail to attend activity)

² Senate Community Affairs Legislation Committee, BUDGET ESTIMATES – 1 JUNE 2017, ANSWER TO QUESTION ON NOTICE, Department of Human Service Ref HS 3 (SQ17-000084)

³ Senate Community Affairs Legislation Committee, BUDGET ESTIMATES – 1 JUNE 2017, ANSWER TO QUESTION ON NOTICE, Department of Human Services Ref HS 54 (SQ17-000135)

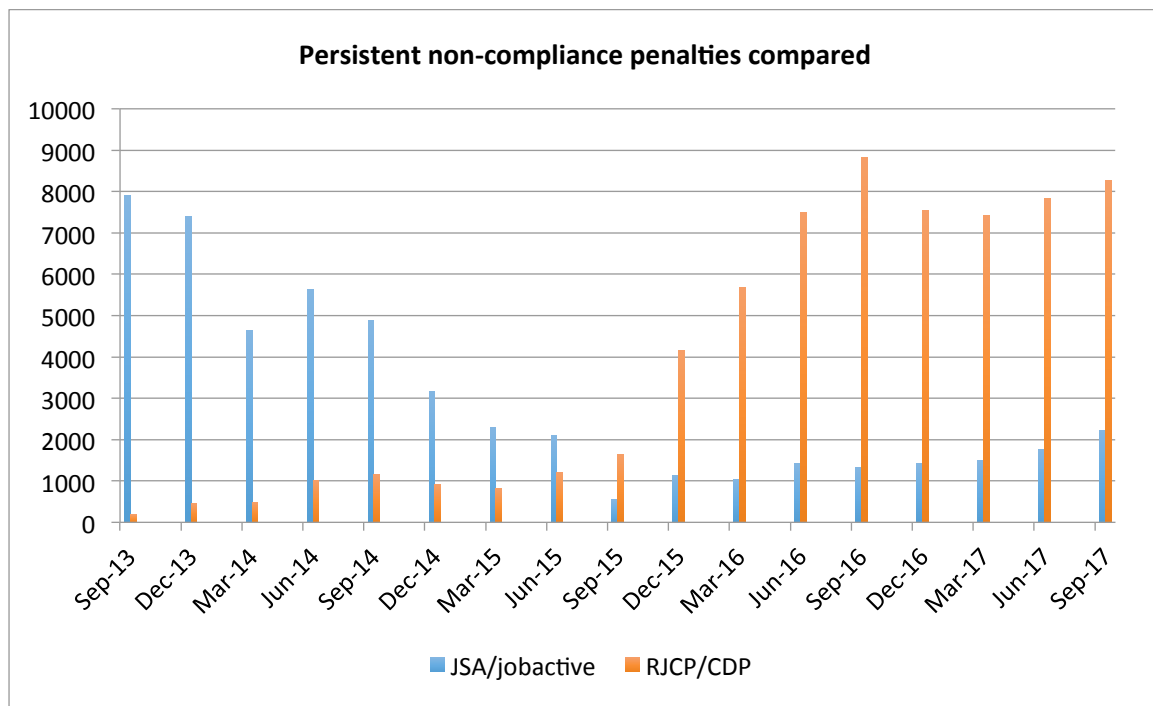
Quarter ending	jobactive	CDP
Sep-17	28755	46258
Jun-17	27384	44451
Mar-17	26021	46090
Dec-16	28378	35108
Sep-16	30345	45217
Jun-16	26058	41178
Mar-16	18752	40004
Dec-15	17834	30105
Sep-15	11206	14383
TOTAL	214,733	342,794

Serious penalties

Serious penalties can be either work related (eg refusing suitable work, causing unemployment by own actions) or as a result of ‘persistent non compliance’ with mutual obligation (ie program) requirements. Under CDP almost all serious penalties relate to program requirements.

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 can mean up to 8 weeks without income support. Figure 3 shows the number of penalties for ‘persistent non-compliance’ applied to CDP participants compared with the number applied to jobactive participants. It shows that CDP participants are still grossly overrepresented amongst those incurring serious penalties. PM&C recently advised the Senate Finance and Public Administration Committee that these penalties appeared to be ‘gradually reducing’, but this is the third quarter in a row in which they have increased.

Figure 3 Persistent non compliance penalties 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 two quarters, 87% of 8 week penalties were partly or fully 'worked off' (all jobseekers). This was a drop from previous quarters. In a recent answer to Estimates questions on notice PM&C advised that there had been a decline in the number of 8 week penalties that had been fully worked off from 77.9% in 2015-16 to 69.4% in 2016-17 ⁴.

PM&C also advised the Senate Committee that 15,127 individuals had a serious penalty applied in the two year period from the beginning of CDP, of whom 92% (13,964) were Indigenous (see table below). One quarter of Indigenous people who had received a serious penalty (3,493) had received 5 or more penalties over the two years.

Count of job seekers who have had 1 or more Serious Failures applied 1 July 2015 - 30 June 2017						
	1 event	2 events	3 events	4 events	5+ events	Total job seekers
Indigenous	4,450	2,788	1,870	1,363	3,493	13,964
Non Indigenous	498	238	126	92	209	1,163
Total	4,948	3,026	1,996	1,455	3,702	15,127
Percent Indigenous	90%	92%	94%	94%	94%	92%

Source: Senate Finance and Public Administration Legislation Committee, Supplementary Estimates 2017-18, Answers to Questions on Notice No 215, Oct 2017 (Sen Dodson)

Employment outcomes

In December 2017 the Government released information about employment outcomes in response to a question in Estimates.

1 July 2015-30 September 2017				
26 week outcomes	Number of outcomes	Percent of total	Individual Jobseekers	Percent of total
Total	6202		5958	
Indigenous	4212	68%	4031	68%
Non-Indigenous	1990	32%	1927	32%
Full Outcome	4720	76%	4598	77%
Part Outcome	1482	24%	1451	24%

Source: Source: Senate Finance and Public Administration Legislation Committee, Supplementary Estimates 2017-18, Answers to Questions on Notice No 214, Oct 2017 (Sen Dodson)

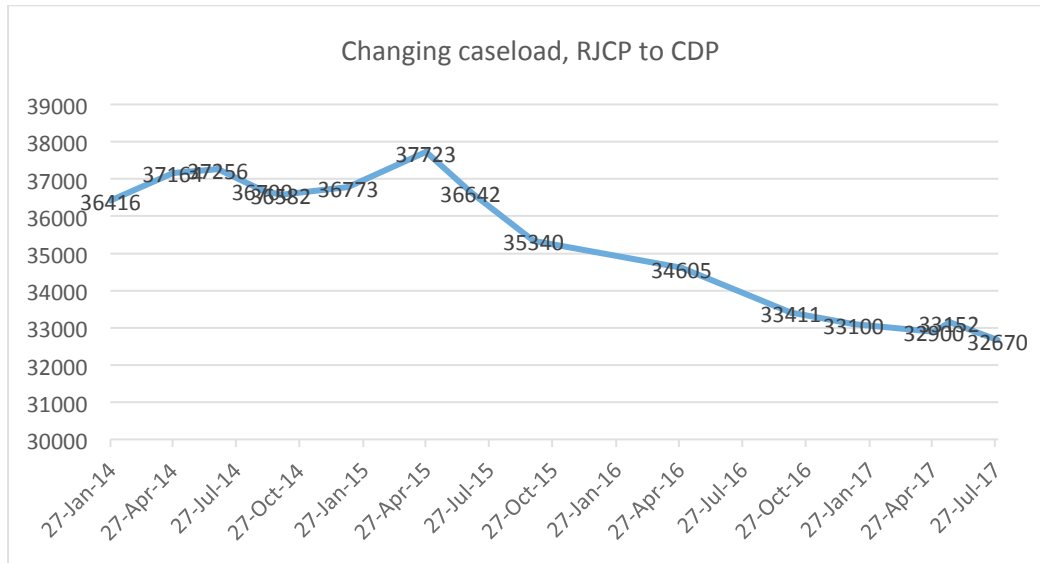
Declining caseload

There have long been reports of people in remote Indigenous communities living without any form of income or income support. Providers and Indigenous organisations have reported that this has been exacerbated by CDP.

Statistics released under FOI appear to confirm that increased Work for the Dole requirements and the loss of CDEP wages are contributing to people either leaving, or failing to enrol, in the program (Figure 2). On 1 July 2015 – the first day of CDP - there were 36,642 people in the program. The average reported caseload over 2017 has been 32,670 – a drop of nearly 4,000.

⁴ Senate Finance and Public Administration Legislation Committee, Supplementary Estimates 2017-18, Answers to Questions on Notice No 215, Oct 2017 (Sen Dodson) .

Figure 2 Caseload decline



Let me know if you have any questions/comments.

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