

Human capital and social Investment: making the case for a trial of Community Based Income in North-West Tasmania February 2025

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Introduction

The aim of this report is to present the case for a trial of Community Based Income (CBI) in North-West Tasmania. CBI is a liveable wage paid to those who provide a good or service deemed to be directly or indirectly of benefit to society, including providing caring services, engaging in education and training, and in community projects that can both increase individual health and wellbeing and that benefits the community. CBI aims to address four problems in the short to medium term:

1. unemployment
2. financial insecurity, particularly inter-generational poverty, and rising costs of living
3. an ineffective welfare system
4. the lack of work that could be happening in our communities that can provide multiple benefits from the micro to the macro scale

A focus of the CBI is in being trauma informed, recognising that there are deeper barriers to employment beyond the commonly stated barriers of low education, inter-generational poverty, poor housing etc. An important assumption is that unless the deeper issues are recognised and accounted for, the costs of the welfare system will continue to increase.

Hence the focus is on building human capital, and social investment. Social investment has been described as “the act of investing in people and the community, and considering the social impact of investments”. Person-centred care and co-design are also key principles of this project, including that the community in effect decides how participants are deemed eligible for the income.

A particular strength of the CBI is its potential for value adding, and to provide a high return on investment. Much of the return on investment is due to the capacity of the CBI to prevent some of the increasing costs that are occurring particularly in the welfare system, the health system, the education system, and the criminal justice system.

CBI is a form of basic income that could be called a ‘productive basic income’, that is, it has a focus on productivity, recognising that although there may not be enough suitable jobs for all in the ‘normal’ economy, there is a lot of meaningful work that aligns with the notion of productive work. It is also productive in the sense that it aims to increase peoples’ skills which not only increases personal self-esteem, it is also of benefit to the wider community, which refers again to building human capital and social investment.

The report released on the 11th of March 2025 by the Economic Inclusion Advisory Committee again called for major reform of the employment services (Workforce Australia) system, noting that “despite being the strongest lever we possess to increase economic inclusion, many policy experts, including the committee, believe the current employment services system to be fundamentally broken”¹.

Why a trial?

The recent (2023) Inquiry into Workforce Australia Employment Services stated that in regard to reforming the welfare system that “[r]eform will require sustained political leadership, a major change in culture led by the bureaucracy and ongoing engagement by all levels of government”, and that “rebuilding any human service system is a fiendishly difficult thing to do”.

This is a main reason of why a trial is proposed, to test our hypothesis that the relative simplicity of the concept of CBI can help address the concerns of extreme complexity of our welfare system expressed in the previous comments, and which can save valuable resources in the longer term.

Features of our proposal

We plan by the end of 2025 to have successfully lobbied and received funding for a staged implementation of the CBI Project in the Waratah Wynyard Municipality commencing in 2026 with 75 participants, with a doubling of participants every year until achieving full

¹ Economic Inclusion Advisory Committee. (2025). Economic Inclusion Advisory Committee 2025 report to Government Retrieved on 12th March 2025, from <https://www.dss.gov.au/system/files/documents/2025-03/eiac-2025-report.pdf>.

implementation by 2030 of 600 participants, and to research and publish all aspects of the CBI Project by December 2030.

Our 2025 goals include:

- Engage with all North-West Tasmanian Councils to increase awareness and gain support for the campaign
- Gain agreement from the Cradle Coast Authority² to formally support the trial, and assist where possible with seeking Federal funding for the trial
- Continue to take all opportunities to promote the campaign, including the making of video's
- Commence a petition calling for the Federal Government to fund the trial
- Gain agreement from the Federal Department of Social Security to provide funding to at least the level as stated in Appendix 2

Our 2026 goals include:

- Finalise agreement on the details of the trial, including payment rates, hours to be worked, composition of the Coordinating Team who will oversee the trial, how the participants payments will be made through Services Australia, how many participants shall be assigned to each Community Work Connector, and the details of a control site/s.
- Set up the administrative structures and appoint staff
- Provide professional learning for Community Work Connectors
- Work with Services Australia to recruit the first 75 participants
- Match participants to Community Work Connectors
- Engage community in providing work/skill building opportunities for participants
- Set personal goals with participants to cover 25 hours engagement per week..
- Set up control site as required

Other benefits

We agree that the following features of the model of the Liveable Income Guarantee (see below) should also occur for the CBI:

- The receipt of eligibility for CBI will not affect the eligibility for other transfer payments and family tax benefits.
- Rental assistance is an important feature of the current benefit system and therefore must be available for CBI participants
- Both family tax benefits A & B should continue to ensure that single parent households are not put at a disadvantage.

Case management

It is recognised those needing income support exist on a spectrum from low barriers to employment and a low need for support to high barriers to employment and a high need for support. The latter are sometimes considered the 'furthest from the labour market', and need

² The Cradle Coast Authority (CCA) is jointly owned by eight Councils in North-West Tasmania, with the purpose of building a stronger and more resilient region

in-depth and wrap around support, including pre-vocational versus pre-employment skill development: the CBI aims to include both.

what we have done so far

Meetings have been had during 2023 and 2024 with local politicians from both major political parties (Labor and Liberal) as well as some Independents to explain what the CBI is, to gain feedback on the proposal, and to source other relevant contacts. Presentations have also been given at local social service provider meetings and at the University of Tasmania. The feedback from these meetings and presentations has all been extremely positive, particularly in terms of the potential of CBI to promote community projects. Community projects are any initiatives that provide benefit to either specific (often disadvantaged) groups, or the community more broadly.

Most recently we have been working with the Cradle Coast Authority (CCA), as well as individual councils in North-West Tasmania. The main elements the CCA promotes is strategic collaboration, the fostering of regional development, and facilitating a collective voice towards the vision of a stronger and more vibrant region. Two presentations have been made to date regarding CBI to the CCA Council representative group (comprised of Mayors, Deputy Mayors and General Managers of each of the eight councils) and the CCA Regional Economic Development Committee

Social Activation (SAP) Mini-Trial

Live Well Tasmania received funding from the Community Support Fund, administered by the Tasmanian Department of Premier and Cabinet, in 2024 for a mini-trial and 'proof of concept'. To date this project has been successful, firstly in engaging four young job seekers who have shown high levels of commitment during the project, and secondly in engaging the broader community in identifying community projects that benefit both the participants and the broader community. The SAP participants to date have been engaged in assisting the ROC Community Food Hub in Wynyard, the Lobster Pond in Flowerdale (including setting up systems for collecting animal welfare statistics), and they are planning an event for Youth Week focused on youth mental wellbeing.

Precedents for a productive basic income

There is both an actual precedent in Australia, the Community Development Employment Program (CDEP)³ which ran from 1977 to 2005 focussing on Aboriginal and Torres Strait Islanders: by 2004 there were over 35,000 Indigenous people participating, 70 percent of which lived in remote Australia. The CDEP was initially widely applauded for providing economic security, flexible definitions of work, community control and a means to establish community development initiatives. An inability to envision CDEP as productive basic income was a major reasons for its demise. A much more recent similar proposal comes from John Quiggin, called

³ Altman, J., & Klein, E. (2018). Lessons from a basic income programme for Indigenous Australians. *Oxford Development Studies* 46(1), 132-146.

the Liveable Income Guarantee (LIG), an economist from the University of Queensland and other academics.

The LIG is related to the concept of a participation income⁴ and is based on the principle that everyone has a right to a liveable income, to a basic level of financial security, and an opportunity to contribute to society. See Appendix 5 for further information.

The CBI is essentially the same model as both the CDEP and the LIG; both latter concepts indicate both the political feasibility and the effectiveness of the basic model.

Inquiry into Workforce Australia Employment Services

CBI is also aligned closely with the recommendations from the inquiry into Workforce Australia Employment Services, the report for which was tabled in 2023. The Select Committee on Workforce Australia Employment Services was tasked with examining the implementation, performance, and appropriateness of the system to support jobseekers into secure work, and review pre-employment and complementary programs, such as the ParentsNext program, to provide early intervention services to parents and carers.

Included in the recommendations from the inquiry are as follows:

- Participation requirements should continue to be a part of Australia’s system. People will be expected to show commitment and make reasonable efforts to secure work or to increase their social or economic participation while receiving income support.
- The development of a new regulatory culture and a more relational contracting model is urgently needed, focussed on partnerships and building quality services
- A simplified commissioning process is recommended, with greater weighting given to service partners who demonstrate strong community connections
- Social and community participation options are important for people who are unlikely to benefit from employment assistance as employment is not a realistic short to medium term goal
- A major conclusion was that a guiding vision of a reformed system should be to enable all people in Australia to enjoy decent employment and to participate in economic and social life regardless of who they are or where they live. This means broader service eligibility.

A final highly relevant comment is:

“While cognisant that community work programs and other public sector job creation initiatives come with inherent risks, the Committee considers that such programs should be trialled in some regions for clients who are not able to succeed on the open labour market. A ‘Work in the Community’ program should be capped and tightly targeted and must include (among other elements): labour market attachment; a definition of ‘success’ which does not focus on narrow employment outcomes; voluntary participation; opportunities for training and skills development; various projects and roles based on community need; and measures to ensure participants are

⁴ Hilamo, H., & Komp, K. (2018). The Case for a Participation Income: Acknowledging and Valuing the Diversity of Social Participation. *The Political Quarterly*, 89(2), 256-261.

able to earn at least minimum wage. There would also need to be enabling infrastructure in regions where the program is trialled”.

Again CBI is very much based on these elements. See Appendix 1 for more details of findings from the inquiry.

Welfare system costs

As stated by Quiggin, the total social security and welfare expenditure in Australia was around \$42.0 billion in 1993–94 and is estimated at \$250.3 billion in 2023–24 (nominal dollars, not adjusted for inflation). As a proportion of total government expenditure, it was approximately 34.4 per cent in 1993–94 and is estimated at 36.6 per cent in 2023–24. Our welfare system needs to prove this investment is value for money.

The CBI trial aims to show that a system that helps reintegrate those excluded from participating in society, and also increases intrinsic motivation of both administrators and participants due to the positive vision of the CBI can save significant resources particularly due to greater efficiency of the use of resources.

Bipartisan support for conditional income

There is already bipartisan support for the model of a conditional income. The Inquiry into Workforce Australia Employment Services clearly demonstrated this bipartisanship, with the comment being made in the recommendations that “[p]articipation requirements should continue to be a part of Australia’s system. People will be expected to show commitment and make reasonable efforts to secure work or to increase their social or economic participation while receiving income support”. This is supported by the Liberal-National Coalition also stated in their submission to the Inquiry that “the best form of welfare is a job. The underlying rationale is that those who are otherwise fit to work but receiving unemployment benefits should be doing something in return to continue receiving payments”.

Appendix 1: Inquiry into Workforce Australia Employment Services

The report of the Inquiry into Workforce Australia Employment Services made 75 recommendations, was informed by over 300 submissions, more than 60 hours of witness testimony, over 50 meetings and site visits including with jobseekers, employers, employment service providers, academics, social enterprises, local and state governments, social welfare groups, training providers and other human services in every state and territory, plus direct engagement with OECD experts and over 10 other nations.

The current system has high levels of service saturation, fragmentation, and duplication but without specialisation or localisation. The report stated that employment services should act as a gateway to the broader human services system, especially for more than 150,000 people who have been in the system for over five years. There is substantial unmet demand in the Australian labour market, yet too many people have not been skilled and prepared for the available jobs, as the Employment White Paper made clear. Effective services need to leverage

local social capital, relationships with employers, and other human services. Yet the system places little value on connections in local communities and labour markets

See <https://www.clc.org.au/wp-content/uploads/2021/03/CLC-Proposal-for-Remote-Development-and-Employment-Scheme-Summary.pdf>

Appendix 2: Estimated trial costs

Indicative costings for the first three years of the trial are given below.

Year 1

Top up rate per week	\$183
Participants – 75 x top up rate	\$713,700
Project Manager & Assistant 20 hours/wk	\$91,520
8 Community Work Connectors x 25 hours/week ¹	\$416,000
Community projects eg materials	\$100,000
Total:	<u>\$1,321,220</u>

Year 2

Top up rate per week	\$183
Participants – 150 x top up rate	\$1,427,400
Project Manager & Assistant 30 hours/wk	\$137,280
15 Community Work Connectors x 25 hours/week ¹	\$780,000
Community projects eg materials	\$140,000
Total:	<u>\$2,484,680</u>

Year 3

Top up rate per week	\$183
Participants – 300 x top up rate	\$2,854,800
Project Manager 38 hours/wk	\$86,944
25 Community Work Connectors x 20 hours/week ¹	\$1,300,000
Community projects eg materials	\$180,000
Total:	<u>\$4,421,744</u>

1. Note Community Work Connectors (in other words Case Managers/Support Workers) and the Project Staff could be paid the CBI, perhaps with a top up rate

Appendix 3: Pre-vocational vs pre-employment programmes

The Inquiry into Workforce Australia Employment Services included a discussion of pre-vocational versus pre-employment programmes. Support was given for the former, in terms of it being a more effective, appropriate means of supporting parents into secure, paid employment and improving families' financial positions. A pre-vocational program involves 'taking a step back from pre-employment' to focus on the participant's circumstances and individual needs, as well as their right to parent young children. ACOSS expressed support for this or a similar service, stating that: "[E]ach individual who engages in [the service] needs to

be part of [the] planning, so they need to decide what goes into their plans. [The service] needs to be individualised and personalised according to [the] person's own views of where they want to go—if they're going to go back into work or go into the labour market later on”.

Pre-employment programs however also can perform an important function in addressing barriers to labour force participation, supporting financial independence, and breaking cycles of intergenerational disadvantage. Many of the barriers faced by parents are not adequately addressed by ‘mainstream’ employment services.

Such a program should offer:

- coaching to build confidence and self-esteem and to realise employment goals
- empowerment pathways support
- access to literacy and numeracy support
- career guidance to expand participants’ understanding of employment, education and training in sectors of interest, as well as job prospects in these sectors; networking opportunities with employers and social activities with other parents to build social capital and connections
- job preparation workshops and support with digital skills
- support to navigate pathways from pre-accredited to accredited training
- information on and connection to relevant accredited courses/training institutions
- curated work taster and work experience opportunities
- interview preparation and résumé writing services
- finding local jobs, job placements and connections to local employers or agencies;
- post-placement support; and flexible funds to provide childcare and education
- subsidies that enable parents to take up study and employment opportunities.

Generally flexibility of service delivery, limited compliance and compulsion, and wrap-around service models are deemed to be beneficial, as is helping build parents’ aspirations to engage in and return to work, as well as their confidence to do so. One recommendation was that the program should: ...paint a picture of a better life through providing information about the improved financial position, for the household, of paid work as opposed to reliance on income support. including by providing clear and simple information about how...paid work will interact with taxes, concessions, and benefits. It should [also] help with career counselling and understanding of the types of work that will likely be available, locally, when the person is ready to return to work”

Appendix 4: Precedents for a productive basic income

The Community Development Employment Program (CDEP)⁵ which ran from 1977 to 2005 focussing on Aboriginal and Torres Strait Islanders: by 2004 there were over 35,000 Indigenous people participating, 70 percent of which lived in remote Australia. The CDEP was initially widely applauded for providing economic security, flexible definitions of work, community control and a means to establish community development initiatives. A much more recent

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similar proposal comes from John Quiggin (the Liveable Income Guarantee), and economist from the University of Queensland and other academics.

The LIG is related to the concept of a participation income⁶ and is based on the principle that everyone has a right to a liveable income, to a basic level of financial security, and an opportunity to contribute to society. Quiggin and colleagues discussion paper was released soon after the COVID-19 pandemic, and it maintained that there is an urgent need for a sustained approach to employment and income support policy, one that supports the very foundations of our economy to enable a comprehensive, community-based recovery, and to ensure we are better prepared for any future disruptions.

The CBI is in effect the same model as both the CDEP and the LIG, both of which have demonstrated good levels of support.

Under the LIG the activities that would be meet the eligibility criterion for receiving the income include:

- Care of children, the elderly, and other care work currently unpaid,
- Volunteering in support of organisations and causes, which might include firefighting and surf lifesaving, women's refuges, or major public events like the Commonwealth games,
- Work on grant-funded community projects,
- Support for starting a small business,
- Ecological care projects,
- Artistic and creative activity,
- Full-time study.

⁶ Hilamo, H., & Komp, K. (2018). The Case for a Participation Income: Acknowledging and Valuing the Diversity of Social Participation. *The Political Quarterly*, 89(2), 256-261.