



Australian Government

**Department of the
Prime Minister and Cabinet**

DISCUSSION PAPER: REMOTE EMPLOYMENT AND PARTICIPATION

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Remote Employment and Participation

1. Executive Summary

Remote communities offer unique challenges that mean mainstream employment and participation solutions have historically fallen short of community expectations. Remote communities feature weaker labour markets, geographic dispersion, language and cultural differences and service delivery challenges. Furthermore, Government payments are the main source of income in many communities.

The Minister for Indigenous Affairs is committed to designing an improved, tailored solution for remote Australia as demonstrated by his decision to transition the delivery of remote employment services to Indigenous or local community organisations.

The Minister's vision is for a new model that is based on a set of objectives and key design principles that reflect ongoing feedback from stakeholders and communities on what they want. Minister Scullion has been clear on his intention to bring back a 'wage based' model for remote Australia, while ensuring there is a more simplified system, relying less on a national welfare system, and more on local control and decision making.

The Minister seeks a new model that lifts the best parts from the CDP, past models such as the CDEP, and new thinking to ensure we not only maintain momentum, but also further improve outcomes for remote job seekers and communities.

The release of this Discussion Paper is the start of a formal consultation process that will seek input from a broad range of stakeholders over the coming months. While the Government is starting discussions on design principles and initial ideas on what any new model could look like, there are a number of options and approaches available. This paper outlines these options and also includes some guiding questions for stakeholders' consideration.

The Government wants to better understand which aspects people value, what outcomes communities would like to achieve and what will best suit remote Australia, to build a new model in partnership with Indigenous Australians.

2. What do we want to achieve?

Transition to increased local service delivery

There has been clear and consistent feedback that remote communities want increased local service delivery and decision making.

As the Minister announced in June 2017, his intention is for all future CDP services to be delivered by Indigenous or local organisations; either as majority owned and controlled Indigenous organisation or through Joint Ventures between organisations.

This transition is currently underway and existing providers who are not majority Indigenous owned and controlled are challenged to ensure that they have at least a 50 per cent Indigenous interest in either their organisation or partnership arrangements in place by 1 July 2018.

These changes will support future remote employment services to adopt local control and decision making through a more community based approach.

Further details regarding this process and transition arrangements can be found by contacting the Department of the Prime Minister and Cabinet.

Proposed objectives of a new approach

Any new approach will be designed to increase the prosperity of remote Australia and put job seekers on a pathway into employment. The Government believes this can be achieved by:

- growing the remote labour market by creating real subsidised jobs;
- providing incentives for job seekers to participate in their communities and move off welfare and into work, including through 'top-up' as an incentive;
- ensuring there is greater community control, with a focus on local decision making and less reliance on the national welfare system; and
- recognising that remote job seekers have varying capabilities and need support while they move along the pathway to work.

Design Principles

Any new model would adopt a tailored, community based approach, with greater local control and decision making.

The aim is to build skills, employability and opportunity; strengthen communities to achieve their goals and aspirations; enable greater community control and decision-making; and ensure good protections for job seekers.

It is envisaged that local community boards and community leaders, as key participants in the delivery of a new programme, would work closely with service providers. This includes involvement in setting activities, identifying priority industries for employment and advising on investment needs in enabling support services, such as literacy and numeracy. By encouraging community involvement, it is expected that services will be more responsive and better targeted, and the challenges and cost of remote service delivery will significantly reduce.

The Government is open to all ideas for a new approach but asks that you consider the following principles in thinking about options for reform, drawing on the positive elements of the CDEP, CDP and other models.

To deliver tangible and sustainable outcomes for remote communities, key principles to consider are:

A more simplified system, relying less on a national welfare system, and more on local control and decision making.

Removing the complexity around compliance and simplifying interactions with Centrelink to create a simpler, more flexible and tailored approach.

Reinvesting any efficiencies back into communities, for example through 'top up' arrangements for job seekers.

To create additional incentives for participation and ensure job seekers are not disadvantaged by taking up work.

A wage-based or 'wage-like' model providing weekly payments to job seekers.

To more closely align with work environments, and support budgeting and financial management.

Streaming jobseekers to enable tailored assistance according to need.

A tiered approach, based on individual capacity.

Improved access to locally delivered health services to ensure job seekers' barriers and capacity for work are properly identified and appropriate support is provided.

Job seekers need to access services locally that will address their barriers.

Establishing better arrangements for job training and a pathway to real employment.

Engaging job seekers in meaningful work or job training activities with the ultimate aim to transition to employment.

Encouraging businesses to hire and invest in local people.

Through wage subsidies to employers and outcome payments to providers.

Delivering subsidised labour for contracting opportunities, while not crowding out existing investment and jobs.

Providing opportunities for genuine employment and encouraging employers to engage CDP participants.

Increasing the number of Indigenous owned and controlled organisations providing services under CDP.

These organisations better understand their job seekers and the communities they serve.

Equipping Providers to work with local opportunities e.g. providing access to a region-by-region database on the pipeline of jobs available and establishing accreditations to improve understanding of the programme.

Ensuring providers can do their job well and fully understand the local labour market.

Supporting Indigenous enterprise development, particularly in the delivery of Commonwealth contracts.

Creating more job opportunities and local economic development through supporting Indigenous business.

Discussion on proposed objectives and design principles

Q: Do these objectives and design principles sound right? Is there anything else that a remote employment and participation model should aim to achieve?

3.Options for a Future Model

There are three potential options for the future delivery of employment and participation services in remote Australia which the Government is putting forward for consultation:

1. New Wage-Based Model
2. CDP Reform Bill 2015 - 'CDP 2'
3. Current CDP Model with programme improvements

They each encompass the design principles outlined above and the Government is seeking feedback on a preferred option. It is important that people consider each of these options in terms of how it will best meet the needs, goals and aspirations of job seekers and the communities in which it would be delivered.

Option 1 – New Wage-Based Model

The Government has developed a high level wage based model underpinned by three tiers of participation, for consideration alongside the options above. This model draws on elements of CDP, CDP 2 and CDEP, as well as the model proposed by the Aboriginal Peak Organisations of the Northern Territory (APO NT).

The primary focus is on incentivising and supporting job seekers along a genuine pathway to work, ensuring greater community control and decision making, and building the remote economy through subsidised jobs. The three tiers would be aligned to a job seeker's capacity to work, with opportunities for subsidised short and long-term employment as the job seeker is supported to progress through each tier.

An initial barrier assessment that is tailored to the circumstances of remote Australia would stream job seekers into the most appropriate tier, either:

1. **Tier 1 - Basic Services** – for highly vulnerable job seekers and those with low capacity to work.
 - These job seekers could continue to receive their existing income support payment and be serviced by the Department of Human Services, but with simplified interactions with Centrelink.
 - The focus would be to support people to assist in addressing their individual barriers and become actively engaged in the community, with a view to moving into training and work in the future, as appropriate.

- This ensures the model retains a 'safety net', while removing some of the pressure points associated with Centrelink servicing in remote locations.
- Regular reviews of a person's work capacity would prevent this tier becoming a destination.

2. **Tier 2 - Remote Job Training** – for job seekers with higher capacity.

- This could be an enhanced welfare payment or a training wage that is paid by Providers to job seekers who are capable of engaging in training and work experience to create a pathway to existing or future job opportunities.
- Activities could be designed by the community and the provider to improve skills and readiness to work.
- A 'show pay' system could operate like in work, where a job seeker gets paid for the hours they turn up, to allow them to substitute activities for part-time work when available.
- Any funding that does not flow to the job seeker could be reinvested back into the community.
- Flexibility will exist to enable the job seeker to mix remote job training with part-time work to maximise the benefits to the individual and community. For example, a job seeker could be trained as an interpreter and work with job seekers in Tier 1 to navigate the income support system.

3. **Tier 3 – Active short and long-term work**– through Government subsidised jobs (for Indigenous job seekers only), an independent job (for all job seekers) or economic development.

- This could be an active work stream where job-ready job seekers move into either a subsidised job (for Indigenous job seekers), the mainstream workforce or start up their own business.
- The individual employer would provide appropriate post-placement support and the Government would provide improved support for business development.
- The number of Indigenous-specific subsidised jobs could be carefully set to address the shortage of jobs and intermittent nature of work, and prevent undermining the creation of real jobs and business opportunities.

- A portion of subsidised jobs could be set aside for Indigenous youth, who could be supported to transition directly from school into work.
- Providers could be supported to establish a labour hire business and contract for work in the region, with a requirement that a certain level of profits goes back to participants as a form of 'top up'.
- Subsidised jobs could be made available for a maximum of 2 years and matched with unsubsidised jobs within the region to create a pool of skilled workers able to transition into these roles.

Job seekers would receive tailored assistance to overcome barriers and develop their skills, with the aim to graduate through the next tier. Under each tier, hours would be set to accurately match job seekers' capacity. To achieve this, Providers may recommend a job seeker undertake an in-depth capacity and behavioural assessment. This assessment would be specifically tailored for remote Australia and set the job seeker's hours of mutual obligations and appropriate activities.

Any new model would need to consider whether the current maximum hours of mutual obligations are set at the most appropriate level.

Key Design Features of a Wage-Based Model

- ❖ Streaming of job seekers based on their capacity, using a tiered approach, to enable Providers to deliver individual tailored assistance.
- ❖ Safety net (Tier one) for job seekers with significant barriers that sits within the national Income Support System and job Seeker Compliance Framework.
- ❖ Tier 2 and 3 sit outside the national Income Support System and Job Seeker Compliance Framework, with local community based services providers responsible for:
 - Payments
 - Initial assessment of job seekers
 - Compliance
- ❖ Weekly wage-based payments in Tier 2 for attending participation requirements.

- ❖ Show Pay arrangements in Tier 2, with payment based on hours of attendance.
- ❖ Top-up payments in Tier 2 and 3 to create additional incentives for participation.
- ❖ Employment opportunities (Tier 3) through labour hire services managed through local provider, placement into a job with local / regional employers or business development.
- ❖ Job pathway, with up to 20 hours engagement per week with top up payments for Tier 2 and Tier 3.

Discussion on a new wage based model

Q: The option of a 'three tiered' approach in a new model is designed to stream job seekers according to work capacity – will streaming assist in better servicing the caseload and moving people along a pathway to employment?

Q: Is there merit in moving elements of a new model outside the national income support and compliance system to ensure a simpler and more accessible system for job seekers? If so, which elements?

Q: How could we improve the job seeker assessment process to ensure job seekers are streamed appropriately, their strengths and aspirations are taken into account and their hours match their capacity to work? –

Q: How many (maximum) hours of required activity would be appropriate in each of the tiers? How should hours be structured (e.g. daily or monthly? Flexibility to schedule outside of business hours)?

Q: Should subsidised jobs only be available to Indigenous job seekers or all job seekers in remote Australia?

Q: The new model is based on a job seeker only being paid for the

Option 2 – CDP 2

In late 2015, the Government introduced the Social Security Legislation Amendment (Community Development Program) Bill 2015 into Parliament, with the aim of establishing a more direct and immediate income support and compliance system with stronger incentives to work for remote job seekers.

The proposed reforms sought to draw on the stronger elements of CDEP, including by introducing local control of payments and compliance and a form of 'top up' to create additional incentives to work. The amount of income support a jobseeker would have received would depend on their participation in CDP activities rather than complex thresholds and taper rates.

The Bill was not supported by the Parliament and lapsed when the Parliament was dissolved on 9 May 2016. The Bill's basic principles were embedding the value of work, increasing local control and tailoring remote employment services to the unique needs of remote Australia – remain relevant in overcoming the barriers that a national welfare system has created in remote communities.

The Government received feedback on this option in 2015 which will be taken into account, but further feedback is welcome in the current context.

Concerns raised include the continued reliance on a national income support system and Centrelink rather than a tailored wage-based approach, the level of appropriate protections for the job seeker, the need to support the service delivery capacity of organisations and the importance of greater community control.

The key design features of CDP 2, which differ from the CDP, to consider in your feedback are provided below:

CDP 2 Key Design Features

- ❖ Sits within the national Income Support System, with payments made by the local CDP Provider on the ground who has a direct relationship with the job seeker.
- ❖ Weekly payments to assist individuals to better manage their finances.
- ❖ Immediate No Show No Pay penalties to promote work-like behaviours.
- ❖ Provision for reasonable excuses for being absent, factoring in appropriate reasons such as illness and cultural business.
- ❖ Increasing income thresholds so individuals have a greater incentive to take-up casual or part time work, with the amount of income support dependant on participation in CDP activities.
- ❖ Phased implementation, on a region by region basis, to ensure provider capability and community willingness.

Discussion on CDP 2

Q: Should we move to the proposed CDP 2 model?

If no:

Q: Which aspects of the CDP Bill should and should not be considered in a new model?

Option 3 - Community Development Programme (CDP) with improvements

On 1 July 2015, the Minister for Indigenous Affairs announced the introduction of the CDP after careful consideration of available evidence and the feedback and views of people living and working in remote communities.

The primary objective of the policy design was to address disengagement in remote communities and to provide pathways to get remote job seekers into work and off welfare. The former Remote Jobs and Communities Programme (RJCP) was failing, with very small numbers of people finding employment lasting more than six months and many job seekers not engaged in structured participation activities. Passive welfare had returned as the norm, with Aboriginal and Torres Strait Islander people of working age living in remote areas more likely to be on welfare relative to other working age Australians.

The CDP provides job seekers aged 18-49 with opportunities as part of their mutual obligations to participate in a broad range of community activities, pre-employment training and support or work experience. Employment incentives are available to organisations to encourage demand for remote workers, as well as funding for commercially sustainable Indigenous Enterprises to start up or expand in remote communities. Financial incentives for CDP providers have also been aligned to encourage providers to genuinely meet the needs of job seekers.

Since the introduction of the CDP there has been a significant increase in the number of job seekers engaged in activities. CDP activities are designed in collaboration with communities to meet the aspirations, capacity and needs of individuals, and wherever possible, community priorities. Support services such as language, literacy and numeracy programs are available to assist the job seeker to overcome vocational and non-vocational barriers to employment. This support can include individual and group activities, as well as hosted placements in real workplaces.

The CDP was designed as a community oriented programme with funding focused on job seekers attending activities, developing skills and transitioning to employment while contributing to the goals of their communities. It provides opportunities for all job seekers – Indigenous and non-Indigenous – to participate in work like activities for five days a week, 12 months a year, with leave provisions and a range of exemptions available.

Under the CDP remote job seekers are engaged in daily activities and, like mainstream job seekers, are subject to a national compliance framework with No Show No Pay conditions.

While the CDP has been making progress with more remote job seekers actively engaged and finding real and meaningful work, feedback from some remote communities and providers is that more needs to be done to meet the local needs of job seekers and their communities. Concerns raised include issues around administration of the compliance framework, the 25 hour a week 'Work for the Dole' obligations, application of penalties and a perceived lack of community control. A key message has been that the programme requires more flexibility and the ability to implement local responses to the specific social and economic needs of communities.

There are some areas where short term improvements can be made to the current CDP model. These might include:

More tailored, remote-specific job seeker assessment processes.

Making job seeker assessments more accurate, to reflect the remote environment, and taking into account provider knowledge of the situation on the ground.

Reduced participation hours

Reduced hours to provide greater flexibility for job seekers, while retaining the need for daily participation.

Expanding the definition of activities.

Consistent advice and application of activities, in particular cultural work, and greater community involvement in setting relevant activities.

Enhance economic development in remote regions.

Enhance employer use of the Employer Incentive Funding (EIF), consider changing the operation of Activity Generated Income (AGI) and further possible jobs subsidies.

Review the provider payment model.

Consistent with the ANAO's recommendation, review the payment model to ensure it is weighted and balanced appropriately, and that there are no disincentives to job seekers being placed into work.

The key design features of the current programme to consider in your feedback are provided below:

CDP Key Design Features

- ❖ Sits within the national Income Support System and Jobseeker Compliance Framework, with job seekers interacting with Centrelink for :
 - Payments,
 - Assessments
 - Compliance
- ❖ Fortnightly income support payments
- ❖ Up to 25 hours a week Mutual Obligation Requirements
- ❖ No Show No Pay arrangements
- ❖ Flexibility and tailoring of activities to meet community and individual needs
- ❖ Hosted placements and employer incentives
- ❖ Outcomes based payments for Providers

Discussion on the current CDP with improvements

Q: Should we retain the current CDP model?

If yes:

Q: What aspects of the CDP are working and which parts would benefit from reform?

Q: Do the suggested improvements capture the biggest issues with the current model?

Q: Are there other short-term/small scale changes which we could make to improve the operation of the CDP?

Q: Is there merit in staying within a national income support and compliance system?

Q: How can current interactions with the Department of Human Services and/or CDP providers be improved and simplified?

Discussion on proposed options for a future model

Q: Which of the model options best suit the needs of remote communities?

Q: Is there another option or additional design features than need to be considered?

Q: How could a new model better take into account community, family and cultural responsibilities?

Q: How do we ensure greater accountability to community and stronger cultural authority?

Q: Does Government have a jobs creation role in remote? If so, how do we ensure subsidised jobs don't become a destination?

Q: How can we further stimulate the local job market, beyond the inclusion of subsidised jobs in a new model, to incentivise employers to hire local people and support them to stay in work?

Q: How do we create incentives and better connections within a remote employment model to support the establishment and growth of Indigenous businesses?

4. Implementation and transition arrangements

Based on feedback received from the transition from the Remote Jobs and Communities Programme (RJCP), there is a need to phase the roll out of any new remote model to reduce risk and better support the transition to this large-scale reform. The Government is interested in working with willing Indigenous or Indigenous focused providers to trial the new model in a number of locations, following the passage of any legislation through the Parliament.

The Government is very aware of the importance of ensuring that Providers have the capability, capacity and willingness to deliver reforms to the programme. The design of any new model will involve broad consultation with a range of stakeholders to fully understand what systems, skills and training will be required for implementation. The Government is seeking a smooth transition to any new arrangement and will ensure the implementation of a new model will not proceed without the necessary supports for job seekers, communities and providers. Decision-making, reviews and appeals processes will maintain the substantive protections and safeguards available to job seekers under the current system.

Discussion on implementation and transition arrangements

Q: What supports do providers, communities and job seekers need to effectively transition to a new approach?

Q: How should implementation be staged?

5. Consultation Process

The Government plans to consult with a range of stakeholders and remote communities on any new model through a number of different channels including:

- A public consultation paper.
- Target community consultations.
- CDP provider consultations.
- An expert working group.

The design of a new model will also incorporate the findings of current reviews and Inquiries into CDP, including: the Senate Inquiry on the ‘appropriateness and effectiveness of the objectives, design, implementation and evaluation of the CDP’; the Australian National Audit Office’s recommendations; and the Government’s separate evaluation into the programme.

Interested parties, including remote job seekers and communities, are invited to make a submission on a new employment and participation model. The discussion paper is available at www.dpmc.gov.au/cdp.

Electronic lodgement of submissions is preferred by emailing cdpconsultation@pmc.gov.au.

Should you wish to return your submission by post, written submissions should be sent to:

The First Assistant Secretary
Community and Economic Development Division
Department of the Prime Minister and Cabinet
PO Box 6500
Canberra ACT 2600

All views and comments are welcome, your submission does not need to respond to the questions raised in this paper – they have been included to start the discussion. The closing date for submissions is **5:00pm EST Friday 9 February 2018**. No late submissions will be accepted.

All submissions received will be published on the Department of the Prime Minister and Cabinet’s website. You can request your submission not be published. You need to advise us of this when lodging your submission.

If you have questions about how to complete a submission please email CDPConsultation@pmc.gov.au.

Appendix A – Discussion Questions

Proposed objectives and design principles

- Do the objectives and design principles outlined sound right? Is there anything else that a remote employment and participation model should aim to achieve?

New wage based model

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- Is there merit in moving elements of a new model outside the national income support and compliance system to ensure a simpler and more accessible system for job seekers? If so, which elements?
- How could we improve the job seeker assessment process to ensure job seekers are streamed appropriately, their strengths and aspirations are taken into account and their hours match their capacity to work? –
- How many (maximum) hours of required activity would be appropriate in each of the tiers? How should hours be structured (e.g. daily or monthly? Flexibility to schedule outside of business hours)?
- Should subsidised jobs only be available to Indigenous job seekers or all job seekers in remote Australia?
- The new model is based on a job seeker only being paid for the hours they turn up when engaging in more ‘work-like activities (a ‘show pay’ system)’ – will this provide an adequate incentive for a job seeker to engage? What does a more incentives-based model look like? How should a model deal with persistent non-compliance (people who are able but unwilling)?

CDP2

- Should we move to the proposed CDP 2 model?

If no:

- Which aspects of the CDP Bill should and should not be considered in a new model?

Current CDP with improvements

- Should we retain the current CDP model?

If yes:

- What aspects of the CDP are working and which parts would benefit from reform?
- Do the suggested improvements capture the biggest issues with the current model?
- Are there other short-term/small scale changes which we could make to improve the operation of the CDP?
- Is there merit in staying within a national income support and compliance system?
- How can current interactions with the Department of Human Services and/or CDP providers be improved and simplified?

Proposed options for a future model

- Which of the model options best suit the needs of remote communities?
- Is there another option or additional design features than need to be considered?
- How could a new model better take into account community, family and cultural responsibilities?
- How do we ensure greater accountability to community and stronger cultural authority?
- Does Government have a jobs creation role in remote? If so, how do we ensure subsidised jobs don't become a destination?
- How can we further stimulate the local job market, beyond the inclusion of subsidised jobs in a new model, to incentivise employers to hire local people and support them to stay in work?
- How do we create incentives and better connections within a remote employment model to support the establishment and growth of Indigenous businesses?

Implementation and transition arrangements

- What supports do providers, communities and job seekers need to effectively transition to a new approach?
- How should implementation be staged?