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Estimating the value of employment in remote communities

Final Insights Report

National Indigenous Australians Agency

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Deloitte Access Economics

Contents

This Insights Report sets out the potential value associated with employment in remote communities. An accompanying data tool provides a basis for the NIAA to further estimate the returns to employment outcomes across remote contexts, over time.

* This report refers to remote employment outcomes for consistency with the naming of the *Remote Jobs and Economic Development* program. It is noted that when measuring the remoteness of populations in the CDP regions (using an ARIA concordance); the outcomes are primarily in remote and very remote areas, though others are in outer regions. Page 20 provides more detail about the regionality of *CDP Trials* participants.

Foreword: The value of employment outcomes in regional and remote communities(1/2)

This report estimates and describes the economic benefits that can flow from regional and remote job creation. This includes an estimate of the quantifiable benefits likely to be associated with employment in regional and remote communities; using the available outcomes from the *CDP Trials* to consider the potential value of the *Remote Jobs and Economic Development (RJED)* program.

But this project – and critically the RJED – is about much more than solving for short-term economic return. It is about outlining the way we might reimagine economic self-determination, community infrastructure, and meaningful employment opportunity. Speaking plainly, it is about understanding employment possibility for Indigenous communities from the ground up, rather than from government down.

In my culture, work means something.

It is measured in intrinsic reward as much as extrinsic. It is for community. It is meaningful.

It is not something measured only in income or time or position.

It is measured in the contribution to family and community and the system we share.

The normal metrics of economic frameworks are informative but ultimately too narrow to properly diagnose problems or generate systemic, structural, long-term solutions.

In this project we attempt to describe them more completely, using the sophisticated capability of Deloitte Access Economics and innovative frameworks of thinking about the way community wants to build, and wants to work. Reflecting on the jobs trial, this project considers how the RJED can create value by investing in community capability – so that services are *delivered **by** community rather than merely **to** community.*

This Insights Report provides a foundational framework and a new data tool to quantify benefits associated with employment placements in that program. While the TPRJ program consists of initiatives that support short and long-term remote employment objectives, our focus on evidential analysis and the truth of present data limitations, requires that this report primarily focused on what can be quantified in the near term using traditional measures of economic participation.

While considering financial returns to employment for individuals, government and businesses; through value associated with 13, 26 and (where transitions persist) 52-week placements, this report's modelling framework draws the implication that maximising returns from 52-week-placements would be achieved by directing placements to the highest earning industries (roles or occupations). It inherently focuses on what is termed **financial and produced capital.** Whether this approach maximises value over the long term depends on assumptions about whether placements across different industries are equally likely to endure as lasting employment, and whether those roles contribute to *systemic opportunity* and *scale*. That is, whether those roles add value to **social, human or cultural capital.**

For instance, research on employment benefits finds that outcomes rely on employment transitions being sustained and suitable for participants, suggesting a placement into the most culturally-suitable work may be more likely to be *sustained,* while systemically significant roles are more likely to contribute to whole community growth.

To inform how the NIAA uses these findings in an investment framework for the RJED, this report considers trade-offs in maximising program value, including:

- Whether a longer-term approach to maximising returns might direct focus toward the dimensions of **meaningful work** for participants and lead to enduring outcomes.
- The role of employment programs in **addressing systemic barriers** to economic participation, by investing in other employment-related supports (training programs, drivers licenses); a feature of many CDP trial trials. These activities may not generate immediate returns but can be essential preconditions to enduring employment.
- The **equitable distribution of placement opportunities** across the community; recognising that the demographics of program participants (age, gender, Indigeneity), and the accrual of benefits from that work to local community may vary across the industries or type of work supported, including whether that work is culturally appropriate, or located in proximity to community.

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Foreword: The value of employment outcomes in regional and remote communities (2/2)

The findings in this work reiterate the value of investments that can complement the RJED's focus on labour supply by **building the capacity, resilience and suitability of the demand side (local employers)**. This includes building the cultural competency of non-indigenous employers and the capacity of Indigenous business to benefit from engaging with public and private investors and measurement frameworks.

The findings in this report also highlight that some RJED employment outcomes might result in the displacement of some workers (where funding is used to fill existing local jobs). However, this aligns with the policy objective of local job creation where it is indicated that out-of-community workers are being replaced by in-community workers.

This finding also reiterates the relatively thin employment markets where the RJED operates, which in turn encourages a focus on maximising value by ensuring an investment in the economic development and capability of local economies over the long-term through public investment rather than the simpler targeting of net returns from job creation in the short-term,

Against that context, this work reinforces that a broader framework to understand value is essential to achieve those objectives in an enduring way – this report contributes the 'six capitals' framework to that discussion and concludes with a series of implications for future data collection and analysis to support that intent.

This framework points to the conclusion that in the absence of a net short-term return in employment terms, investments which build any of the capitals can support economic growth; because these endowments are predictive of economic advancement.

Professor Deen Sanders OAM
Worimi Man
Deloitte Access Economics Partner

Scope of this work

This report is designed to support the NIAA to better understand the potential value of regional employment outcomes, and thereby to aid the NIAA's understanding of the potential value of employment programs such as the CDP Trials, and in time, the RJED. Page 5 sets out the high-level approach, key findings and implications associated with the findings.

The findings presented in in this report present estimates of quantifiable benefits associated with regional employment outcomes, calibrated to the profile of an 'average' CDP Trials placement outcome, across regionality and industry. Considerable further data collection, analysis and evaluation would however be necessary to determine the net return on interventions such as RJED.

Interpreting the estimates

Importantly the figures outlined in this report do not represent estimates of the benefits associated with a specific employment program or trial. The estimates also do not reflect the application of a cost benefit analysis (CBA) framework to model the net effect of these programs. Rather, the analysis is highlighting the potential value of the intended outcomes under a number of necessary simplifying assumptions:

- Employment outcomes reflect employment for jobseekers in '**newly created jobs**'. In an alternative case where outcomes reflect employment in existing local jobs (or jobs that would have been created anyway), effects like the displacement of other workers would need to be accounted for. A sample of data on employment outcomes from the CDP trial trial suggests that the program is primarily resulting in newly-created jobs.
- This report's estimates do not include **the costs** associated with ongoing funding of remote employment programs. Nor does the estimation include other potential costs such as opportunity costs for businesses or individuals (including the cost of foregone leisure time).
- Employment outcomes are assumed to be achieved by **individuals who, in the absence of the employment programs, would be unemployed** and receiving income support payments.
- The downstream economic and social impacts have not been calculated in this work, though the literature review highlights several downstream benefits in qualitative terms. A net return estimation would require estimates of **downstream economic impacts and social benefits (both positive and potentially negative)**.

Key findings: summary of approach, findings and implications

This research explored the value that could be associated with employment outcomes in regional and remote communities, across individuals, society, business, and government, and highlights implications for considering long-term value.

	1 What are the potential benefits associated with regional and remote employment outcomes?	2 What value is quantifiable with respect to regional and remote employment outcomes?	3 What is the distinct value of outcomes in the regions, and what does this imply for the objectives of the RJED?
Rationale	A literature review was undertaken to identify a longlist of benefits and benefit types within the constructs of the ***'Six Capitals Framework'***. **Financial** · **Human** · **Social** · **Produced** · **Cultural** · **Natural** · **Collective capital**	Seven categories across three stakeholder groups, including: **Individual**: Employment outcomes; Health & wellbeing **Businesses**: Business revenue **Government**: Income tax revenue; Income support payment savings; Corporate tax receipts; Social support savings	Maximising wage uplift for program participants (relative to their previous employment state) stands to heighten the immediate quantifiable returns to employment. However, pursuing placements in high wage industries may not maximise value in the long term, if the retention rate across placements in different industries is not consistent.
Key findings	Deloitte Access Economics identified **nine benefit types** across three stakeholder groups, individuals and families (I), local community (C) and Government (G), including: Reduced risk of long-term unemployment (I) Avoided social costs of unemployment (G) Avoided wage scarring (I) Improved social cohesion (C)	For each new 52-week part time job created, and relative to JobSeeker participation, this report estimates an uplift of: **$14,910** to individuals through income and wellbeing associated with employmentt **$9,740** in business revenue through increased production **$25,270** to government through savings associated with unemployment and increased tax revenue	Other objectives may drive long term value; including • whether work is **meaningful and relevant** (in terms of social and cultural capital) for participants • how programs can address systematic **barriers to economic participation**, through training and other supports • whether opportunities are spread **equitably** across the community; and the diversity of employment opportunities provided.
Implications for the RJED	While there is some evidence of returns to employment placements, those benefits are typically contained to individuals in the short-term. The literature often notes that **sustainability (quality and duration) is important to unlocking larger benefits** including breaking cycles of disadvantage. Economic self-determination is typically measured through traditional western measures which primarily capture financial and economic wealth. To better understand the holistic return on investment of employment models, the NIAA need to **consider additional measures which consider economic self-determination in an Indigenous context.**	The values above vary by employment status (FT/PT/casual) and outcome duration. The NIAA can apply this figure to: • (i) total program outcomes to illustrate overall program value in this sense, and • (ii) start to estimate return on investment (ROI) by comparing the average annual benefit to the cost of achieving those outcomes (including direct to government) , acknowledging what is not captured in those measures as it relates to ROI more broadly. The NIAA should seek to **refine and add to the quantifiable benefits** over time, particularly in estimating downstream economic impacts and social benefits, as more data becomes available/is created. See Appendix B for further details.	**In keeping with the purpose of this program, it is essential to deepen our understanding of the features of outcomes that systematically endure in a remote context.** The design of the RJED should progressively **consider any potential tradeoffs as new evidence of differences in outcomes emerge,** including how the **balance of objectives may inform investment decisions.** As part of this the design should also be considering how to instill **Indigenous concepts of work and community** in the program's approach, to ensure employment programs achieve culturally-suitable, culturally-enriching work and sustainable outcomes.

Key findings: the value of employment outcomes

A part time job created per annum in remote Australia is estimated to represent – on average – a contribution of $18,900 to regional income prior to any downstream economic impacts.[a]

- This contribution reflects the scenario in which a newly employed community member receives an annual income that is on average $6,160 higher than income support payments. This uplift in individual income (and change in employment status) is associated with a wellbeing and social benefit of economic participation, estimated to be valued at $8,750 to the individual.*
- For government, average benefit associated with this transition includes savings on social services ($2,660 per person), tax revenue on incomes ($1,940 per person) and on business revenue ($1,060), while avoided costs of income support payments could exceed $20,000 per person.
- The return to investment in creating jobs will depend on how and whether they endure and the downstream economic and social impacts (positive and negative) that are generated within communities.

The benefit of a wage uplift

An average part time employment outcome in remote Australia[b] – calibrated to reflect the likely wages of entry level roles in industries supported by the NIAA's remote employment programs – is associated with average earnings of $550 per week, and an increase of $160 per week relative to estimated (standard) JobSeeker payments. Where this total income ($28,410 over 52 weeks) results from local production, 34 cents per dollar (of wage uplift) is estimated to translate to additional business income in the local economy ($9,740 in total). Separately, for every dollar of wage uplift, an estimated 20 cents of net revenue is generated for government through additional tax and savings from avoided health and justice costs.[c]

Potential downstream benefits

The literature on the economic and social returns to employment suggest the downstream effects of employment outcomes in regional communities can include:

- Avoided wage scarring through providing a circuit breaker to long-term unemployment (through work experience and/or training)
- Improved health and wellbeing resulting from job security
- Improved social cohesion reliant on greater connection to community
- General equilibrium economic impacts, that could affect the overall economic benefits

Some of these wellbeing and social benefits can be quantified. This work finds that on average per person, individuals' improvement in wellbeing associated with participation in employment is estimated as worth $8,750. Average government savings from avoided social services costs are estimated at $2,660 per person.

Limitations to these estimates

Note that this work has set out to value the benefits associated with notional remote employment outcomes – and is not intended to make a statement about the likelihood of net financial gains to the Remote Jobs and Economic Development (RJED) program. Rather, it highlights the potential value associated with employment outcomes; and identifying broader drivers of value that can be created through well-targeted investment in the endowments available to remote communities.

For each 52-week part time job created relative to JobSeeker participation:

$14,910 to individuals through income and wellbeing improvements associated with employment

$25,270 to government through savings associated with unemployment and increased tax revenue

$9,740 in business revenue through increased production

Progress of the CDP trials:

2,805 participants as of 31 May 2024 — *~20% of participants*

559 13-week outcomes

274 26-week outcomes

69 *potential* 52-week outcomes**

Unemployed participants develop skills and transition to employment

Greater total income from employment — **$6,160** in income (excl tax) relative to average individual income support = **Individual earnings**

$1,940 income tax revenue — **$20,300** savings from avoided income support payments = **Government savings**

Income tax revenue is only realised for a part time worker when a 52-week outcome is achieved

Business production

Higher business production from larger workforce — **$9,740** surplus for businesses = **Business production**

Higher business revenue — **$1,060** corporate tax revenue = **Government savings**

Benefits to the broader economy

Increased wellbeing from employment — **$8,750** value from avoided wellbeing loss = **Individual wellbeing**

Better health and justice outcomes from employment — **$2,660** savings from avoided health and justice costs = **Government savings**

**The wellbeing and social benefit is calculated based on the number of wellbeing years (WELLBY), converted into dollar terms, generated through avoided unemployment.*

*** In the absence of a parameter from the CDP Trial outcomes, the assumed probability of transition from a 26-week outcome to 52-week outcome (24.8%) is based on findings from a Senate Standing Committee review of employment-for-income support ('work for the dole') program undertaken in 2020.[2] All results reported are yearly for a part time employed worker who is assumed to worked 19.2 hours per week.*

(a) This regional income figure is estimated to comprise *the value of higher business production, increased corporate and income tax revenue, and post-tax income uplift*

(b) This document uses the phrase 'remote outcomes' to describe the average characteristic of a participant for the CDP Trials program, noting that in ARIA terms, participants reside across Remote or Very Remote Australia, with 1% in Outer Regional areas.

(c) This estimate does not include any assumed savings in JobSeeker payments; given the assumption that funding to sustain the RJED may require commensurate and ongoing public investment.

Background and context

Context to this work

The project scope was aligned with the aim of providing insights into the potential value of the *Remote Jobs and Economic Development program* through an assessment of the *CDP Trials* program outcomes to date.

Contextual overview

Analysis of Models for Real Jobs in Remote Australia

In September 2023, Deloitte Access Economics was engaged by the National Indigenous Australians Agency (NIAA) to quantify the current cost profile of remote service delivery jobs and sectors and identify the costs (and potential costs savings) associated with alternative employment models that could create real jobs under the Australian Government's *Community Development Program (CDP) Trials* remote employment agenda.

This first phase of work, encompassing the design of several conceptual frameworks and assessment of employment services and costing of alternate employment models, occurred in the context of the potential redesign of employment services and support in remote communities and the broader work to replace the Community Development Program (CDP). Following the delivery of an interim report, the project was paused in November 2023 to allow further policy deliberation and processes to take place.

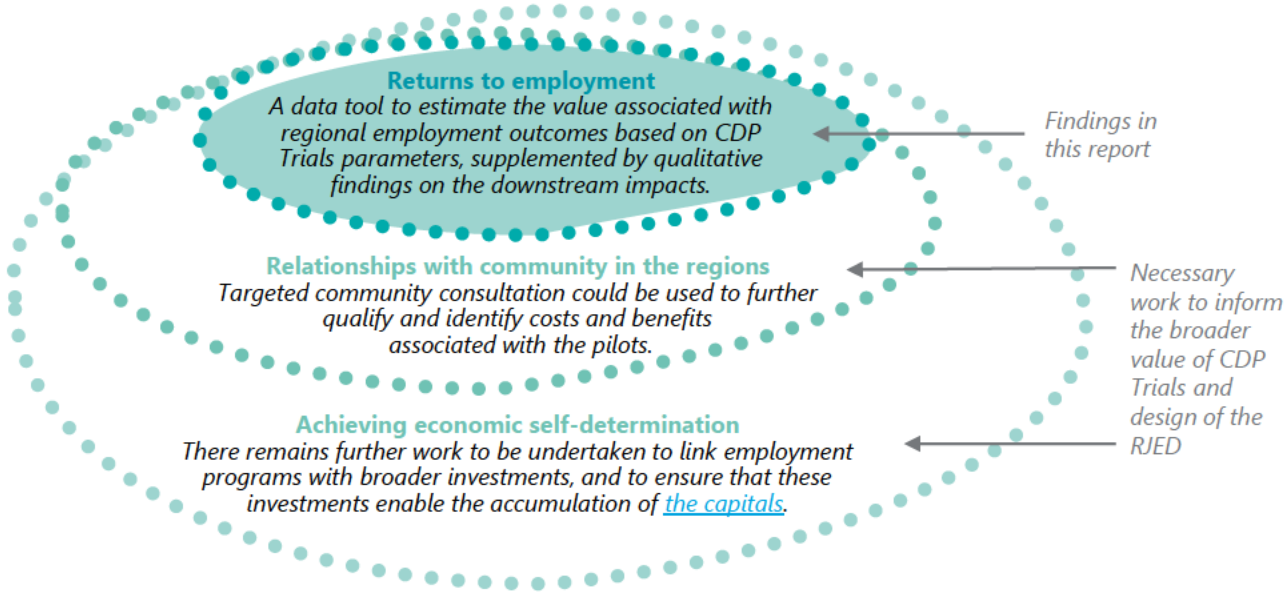
In February 2024, the Australian Government announced a $770 million investment to deliver a new Remote Jobs and Economic Development Program (RJED) which aims to create 3,000 new jobs in remote Australia. The RJED program is due to commence in the second half of 2024.[1]

Phase two of this project

With a scope updated following the RJED announcement, this Final Insights Report is designed to support the NIAA to understand the potential value of regional employment outcomes, to aid the NIAA's understanding of the potential value of the CDP Trials, and in time the RJED. As shown in Figure 1, a data tool accompanies this report, to support the NIAA to estimate some of the financial, human and social benefits associated with regional employment outcomes. The findings in this report present an estimate of the quantifiable value associated with regional employment outcomes, calibrated to the profile of an 'average' CDP Trials placement outcome, across regionality and industries.

Whilst out-of-scope for this project, targeted community consultation and further data collection and analysis is necessary to inform the broader value of employment programs such as the CDP Trials and RJED programs (Figure 1).

Figure 1: The role of this project in supporting RJED implementation



Source: Deloitte Access Economics (2024)

Box 1: Community Development Program (CDP) Trials

To inform the RJED program, the NIAA is facilitating three job trials to test new approaches to remote employment. This includes the Community Development Program Trial, which enables current CDP providers to redirect around 25 per cent of their funding to trial new approaches to securing real jobs for participants in remote Australia.[2]

The two-phase trial, the Trialling Pathways to Real Jobs program, consists of initiatives seeking to[3]:

- remove barriers to employment in remote Australia and improve job outcomes,
- provide support to access job opportunities available in remote communities,
- increase the number of jobs filled by local job seekers in remote communities,
- grow local industry, enterprises or self-employment, and
- re-engage jobseekers with the program.

The Capitals Framework

The concept of 'six capitals' offers a more holistic means of measuring (and driving) the benefits associated with employment outcomes in remote and Indigenous contexts.

Conceptual underpinnings of phase two

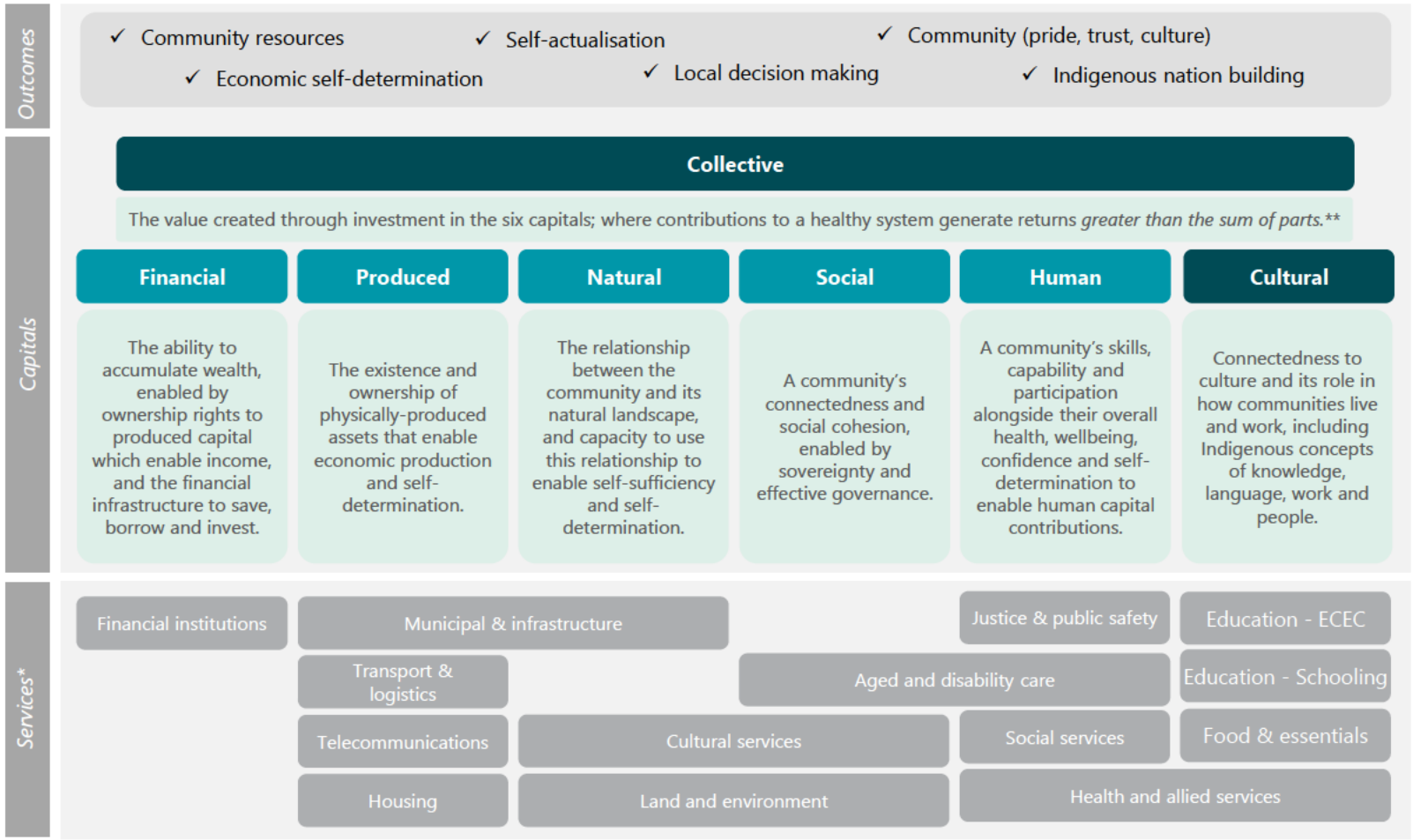
In the initial phase of work, the Five Capitals Framework was utilised to identify the capitals contributing to a sustainable service delivery model. While the Five Capitals Framework provides a useful basis for understanding sustainability in terms of the economic concept of wealth creation or 'capital', it does not adequately capture the Indigenous aspects of capital creation that are central to this work. Consequently, a sixth capital was introduced to inform this work – Cultural Capital (Figure 2).

This final insights report continues to apply the conceptual underpinnings of the Six Capitals Framework to identify the potential benefits associated with regional employment outcomes (and how they are achieved). This lens has been applied to the data tool, where **the principles of financial, human and social capital are used to identify and estimate the benefits associated with regional employment outcomes.**

The framework identified the other forms of capital associated with employment outcomes in remote and Indigenous contexts which are not able to be quantified with the available data, but which are acknowledged qualitatively through the literature review.

Utilising the 'Six Capitals Framework', a more comprehensive understanding of the broader value associated with employment can be achieved. So, the Framework is not only intended as an organising framework for this report, but as a tool for the NIAA to consider the opportunity to collate and collect data on those broader outcomes to understand and drive the effectiveness and value of remote employment models across many dimensions.

Figure 2: The 'Six Capitals Framework' developed in phase one of the project



** The capitals support service delivery in key industries. This relationship has informed the selection of priority industries modelled in the data tool.*

*** In this work we consider a seventh capital (systemic capital) that is the additional value resulting from the six capitals measured collectively and accounting for scale benefits, efficiencies and cross capital synergies.*

Source: Deloitte Access Economics (2024)

Scope of our work

A literature review and data tool (conceptually underpinned by the 'Six Capitals Framework') are the core analytical approaches used to assess the potential value associated with regional employment outcomes.

Scope of work

Phase two of the project was rescoped to support the RJED program implementation.

The key outputs of this phase include:

- A **data tool** which has been developed to estimate a *per program outcome* value, representing the potential value associated with employment outcomes. The NIAA can use the data tool as a basis to estimate the potential returns to the CDP Trials program and in time, the RJED program. The data tool can be updated as new (actuals) data becomes available.
- **A final insights report** (this report) which includes an overview of the approach, results from the data tool, implications for the RJED and guidance on how to update and refine the tool in the future.

Analytic components

The second phase of this project aims to provide the NIAA with an input to understand and estimate the potential returns to the CDP Trials program and in time, the RJED programs. It involves three analytical components:

1 What are the potential benefits associated with regional and remote employment outcomes?

The six capitals framework provides a holistic frame to identify and assess the value associated with employment in regional and remote areas, and for First Nations communities. It identifies the quantifiable benefits as well as qualitative benefits which cannot be feasibility quantified in the data tool. The literature review reveals many dimensions of value – including the role of employment in supporting accumulation of **financial, social, produced and human capital.** The research highlights the many beneficiaries of this value, noting the (i) the returns associated with employment outcomes for individuals, (ii) intergenerational and broader value associated with employment outcomes, and (iii) the value of employment outcomes for Government.

2 What value is quantifiable with respect to regional and remote employment outcomes?

A data tool has been developed to estimate the immediate quantifiable value associated with regional employment outcomes. The benefits are modelled and reported on *a per program outcome* basis, such that the NIAA can apply these estimates to the CDP Trials program and other programs in the future. Data suppression necessitated this per program outcome estimate which is based on the average CDP Trials participant working part-time (19.2 hours per week) over a 52-week placement duration.

The '*per program outcome*' estimate is built up from a weekly outcome. The estimated value of the employment outcome each week is comprised of seven quantified benefits (with value created for individuals, government and businesses). The estimated benefits associated with employment for the individual capture variation in incomes by regionality (ARIA), industry of employment, employment status (full time, part time and casual) and duration of outcome (13-, 26- or 52-weeks).

This modelling framework focuses on **financial capital**. That is, the modelling focuses on income uplifts, with the assumption that returns to employment will be maximised through increased wages and the subsequent flow on outcomes such as increased government tax revenue.

3 What is the distinct value of outcomes in the regions, and what does this imply for the objectives of the RJED?

While immediate returns to employment can be maximised through wage uplift, Deloitte Access Economics has identified three other levers may create or maximise returns to employment (via more sustainable and systematic investments in the capitals).

While the CDP Trials program consists of initiatives which support short and long-term remote employment objectives, data limitations necessitate that the analysis in this report primarily focuses on the **financial capital** and its associated value for individuals, government and businesses from a notional 52-week placement.

While this provides a framework to consider the returns associated with the CDP Trials, it does not consider the (potentially greater) opportunity to maximise returns to remote employment through placements in the most **meaningful work** for participants. That is, a placement into the most culturally-suitable work may be more likely to *endure* – and the literature on employment benefits finds some outcomes are only achieved where employment is sustained and/or meaningful.

Maximising the immediately quantifiable value associated with the employment program may not be the economically-optimal setting to maximise the returns of the program in the longer term, should higher-income placements be in industries or employment settings that are less likely to endure. The role of placements in enabling **human, social and cultural capital** warrants consideration.

1 | What are the potential benefits associated with regional employment outcomes?

Approach: Identifying outcomes from remote employment (1/2)

Employment outcomes drives benefits for individuals, society, business, and government by generating financial, produced, and human capital. The ability for employment programs to add value to other capitals may depends on the nature of the work, including alignment to local need.

Mapping the value associated with employment outcomes

The benefits associated with work placements and subsequent longer-term employment outcomes can be mapped against the six capitals framework, and with reference to the stakeholders in receipt of benefit (Figure 4). The capitals framework sets out a more holistic means of measuring the types of resources or endowments within regions. However, employment outcomes are only one mechanism to support the generation of capitals or endowments in each region.

Indeed, the gaps in Figure 4 are instructive, where outcomes do not clearly map to capital demonstrate the role of factors outside employment in affecting and improving measures of the capitals. For instance, some forms of employment may detract from an individual's ability and capacity to contribute to cultural work and could erode cultural capital.

Quantifiable benefits

Benefits quantified as part of this work spans across financial, human and social capital – *details to estimating benefits are provided in the next section.* Some benefits across the remaining capitals have been identified through the qualitative literature scan, however, without access to a wider range of more detailed data, the impact across these other capitals cannot be measured at this point (Appendix B outlines how this evidence base can be built over time).

Understanding the RJED from an economic development frame

As an economy evolves, it transitions from concentrating on primary industries, which involve raw materials, to secondary industries focused on goods production. Eventually, the emphasis moves towards tertiary industries, which form a crucial part of a developed economy. These industries encompass services such as finance, healthcare, and education, highlighting a shift from tangible goods to value-added services that drive economic growth and development and increase the value of key capitals. This growth towards complexity is a systemic good that strengthens resilience in economies. This pathway of development might motivate investments to unlock benefits in specific industries as part of the RJED. It might also influence how the RJED's investments in placements target service delivery and quality, and local involvement - to ensure that the social benefits (across measures of human, social and cultural capital) are achieved.

Figure 4: CDP Trials benefits within the capitals framework

	Individuals	Societal Benefits	Businesses	Government
Financial	Employment outcomes (at 13-, 26-, and 52-weeks)	Local economic stimulus	Increased business revenue	Increased revenue from income tax receipts
	Avoided wage scarring		Reduced worker relocation related costs	Savings from reduced income support payments
	Decreased risk of long-term unemployment			Increased revenue from corporate tax receipts
Human	Skills and experience obtained in placement	Improved health outcomes	Productivity associated with employment	
	Improved health and wellbeing	Improved child and family wellbeing		
Social	Social benefit from economic participation	Improved social cohesion		Savings from reduced social support expenditure
Produced		Infrastructure and business investment	Strengthened productivity from additional labour	
Cultural	Cultural identity and inclusion (relies on suitable work)	Improved cultural cohesion	Cultural identity and inclusion (relies on suitable work)	
Natural				

Source: Deloitte Access Economics (2024)

Key: Quantified | Assessed qualitatively through literature | Not measured

Approach: Identifying outcomes from remote employment (2/2)

The capitals framework is a more holistic measurement frame, incorporating traditional measures of economic self-determination and providing a wider view of program benefits and the enablers and barriers to unlocking those benefits.

Traditional economic measures can't fully capture economic self-determination

Economic self-determination is typically measured through traditional western measures such as those at the lowest level in Figure 5. While these measures are useful for capturing financial and economic wealth, an additional set of measures is needed to provide a complete view of economic self-determination for individuals and communities.

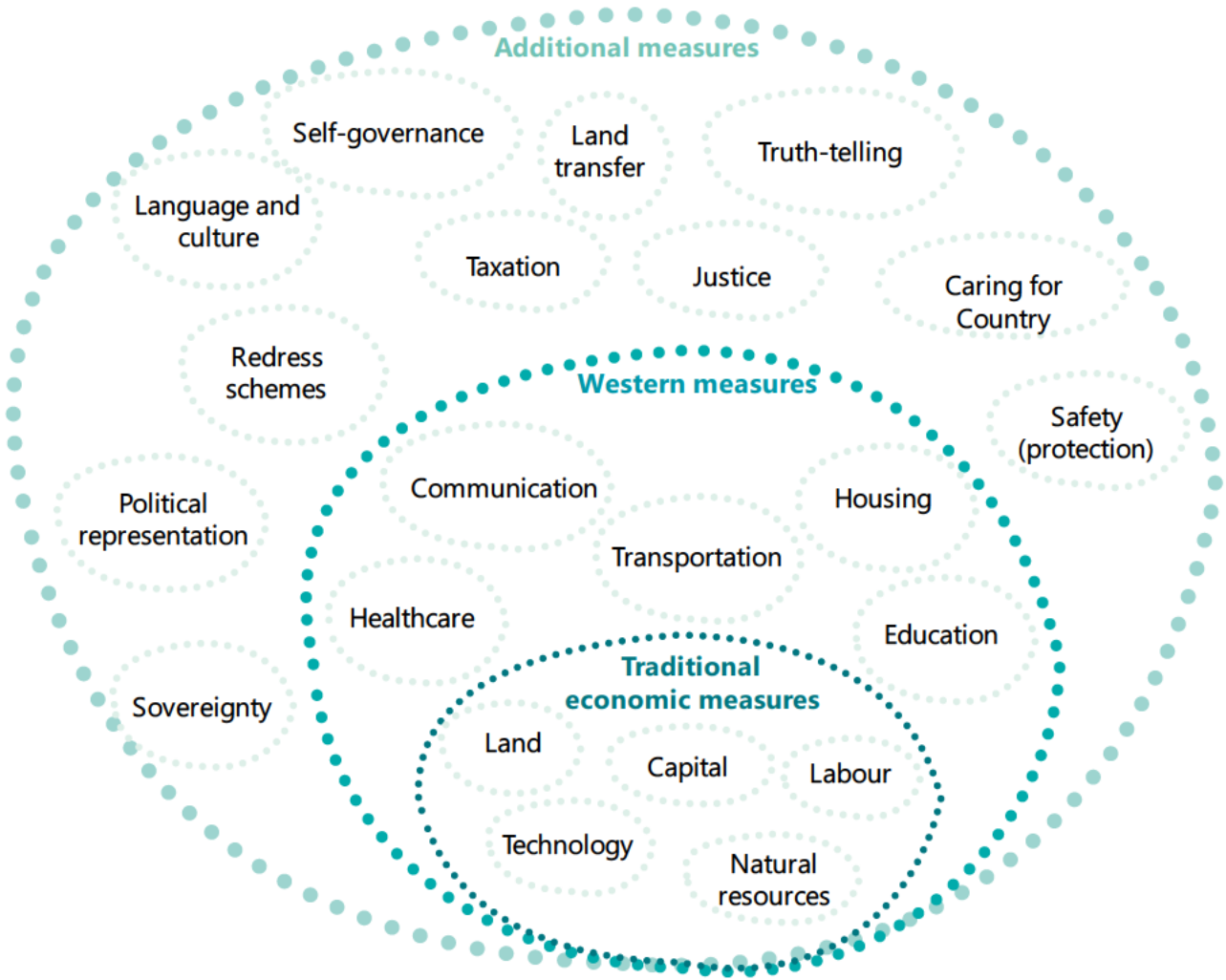
Additional measures are needed to understand the return on investment

The measures identified on page 12 are a combination of traditional and western economic measures such as the value of education and healthcare in monetary terms. All of these measures use a Western frame of value, relative to measures which consider economic self-determination in an Indigenous context. To understand the complete return on investment of employment models, the potential contributions to these wider measures need to be understood.

The literature notes that the sustainability of employment outcomes is important to unlocking economic self-determination and breaking cycles of disadvantage. **Section 3 of this report highlights the implications of achieving sustainable outcomes which could not be directly quantified in this report but are important in assessing the programs true returns.**

Recognising the limits of a relatively short-term, financial view of the program returns is not to devalue those projects that achieve an immediate benefit in the form of income and on-the-job training that may not continue. Indeed, the literature scan highlights research that demonstrates the benefits associated with discrete work experiences (under the right conditions) in reducing the risk of individuals cycling back into long term joblessness, and in other secondary outcomes including individual and family health and wellbeing.

Figure 5: Broader measures of economic self-determination



Source: Deloitte Access Economics (2024)

Key Findings: the value associated with employment outcomes

Ending a period of long-term unemployment with an employment outcome has wide-reaching benefits for the individual, community and government.

The role of employment in economic outcomes

The benefits of employment are broad and include both economic measures and social value. This section outlines the available evidence to identify (and where possible measure, in the following section) the value associated with employment outcomes. The benefits identified in the academic literature are included in Figure 6, right, and the supporting evidence outlined on the following pages.

- Transitioning to sustainable and suitable work can change economic trajectories for the **individual** – with the literature highlighting the role of employment in reducing the likelihood of future unemployment or low wages (wage-scarring) and improving health and wellbeing.
- The economic benefits of employment transitions extend **across generations.** Long-term analysis shows that overcoming persistent unemployment positively impacts the employment and wellbeing outcomes of individuals' children and families, now and into the future.
- Secure employment often enables **social returns**, where the market benefits of employment (incomes) flow-on to non-market value associated with the avoided social costs of unemployment (e.g., crime).
- Businesses benefit from **increased consumption** associated with higher incomes. Individuals with low incomes are particularly likely to increase consumption when incomes rise rather than saving the additional income.
- Economic participation often results in financial **value to government** in the form of both additional tax receipts and the avoided costs associated with the delivery of economic and social support services.

Another important consideration is the role of employment outcomes is that the literature often notes the value of *sustained employment* in enabling the benefits. For instance, the reduced risk of wage scarring associated with employment increases with the duration of employment. This suggests that some caution should be applied in understanding the scope of benefits that might be attributable to a 13- or 26-week employment outcome.

Figure 6: Benefits of employment identified in the literature review

Individuals	Avoided wage scarring	Long-term unemployment leads to a significant 32% lower earnings compared to non-displaced workers a decade after re-employment[1] (Cooper, 2013)
	Reduced risk of long-term unemployment	Long-term unemployed people are half as likely to gain employment in a given month as someone in short-term unemployment[2] (RBA, 2020)
	Improved health and wellbeing	Sustainable employment outcomes are found to strengthen self-identity, confidence, self-esteem, and independence, especially among young individuals and those with disabilities[3] (Macdonald, 2023)
Societal benefits	Improved child and family wellbeing	When one or both parents have been employed in the past six months, children have lower rates of chronic illness, psychosomatic symptoms, and improved overall wellbeing[4] (Macdonald, 2023)
	Improved social cohesion	Employed First Nations individuals are more likely to feel connected to their community and participate in social activities. [5] (Gray et al., 2014)
Businesses	Increased consumption	Total annual expenditure falls by 9 per cent in the year that the household head is unemployed and total consumption takes two years to return to pre-unemployment levels[6] (RBA, 2021)
Government	Avoided social costs of unemployment	Enhanced sustainable employment reduces welfare dependency, which can realise returns to government.[7] (Deloitte Access Economics, 2023)
	Savings from reduced justice expenditure	Increasing Indigenous Australian employment rates lowers the chances of arrest by 14.7 per cent and incarceration by 3.3 per cent[8] (Gray et al., 2014)
	Savings from reduced income support payments and tax transfers	The costs associated with supporting long-term jobless families in Australia (welfare payments and lost taxation revenue) are estimated to cost the Government AU$5.55 billion per year, in 2016 terms.[9] (Mohanty et al., 2016).

Detailed findings: the benefits of employment outcomes

Ending a period of long-term unemployment with an employment outcome has wide-reaching benefits for the individual, community and government

Findings from the literature review comprise of benefits that this work has quantified (in the following section). It is noted that sources used to directly inform modelling have been chosen based on reliability, completeness and relevance to the quantifiable benefits. Importantly, literature used to inform any modelling has been carefully interrogated to ensure that there is no duplication of benefit values.

Avoided wage scarring	**Breaking a period of long-term unemployment can have a significant impact on reducing wage scarring**, particularly important in regional and remote communities with few employers and limited job opportunities[1] (Treasury, 2023) • Each additional month of non-employment leads to a statistically significant and substantial reduction in wage offers of 0.8%[2] (Schmieder et al., 2015) • Long-term unemployment leads to a significant 32% lower earnings compared to non-displaced workers a decade after re-employment[3] (Cooper, 2014)
Reduced risk of long-term unemployment	**The longer a person spends unemployed, the less likely they are to re-enter the workforce and resume earning income** • Long-term unemployed people are half as likely to gain employment in each month as someone in short-tern unemployment[4] (RBA, 2020) • Over 6-12 months, the decline in re-employment probabilities throughout the nonemployment spell can explain about a third of wage losses from nonemployment[5] (Schmieder et al., 2015) **The role of placements in reducing unemployment can vary depending on whether employment is sustained.** • An evaluation of Job Services Australia models found that wage subsidies in isolation may not be sufficient to ensure ongoing employment –especially if the non-vocational barriers to employment are not addressed. The report indicated that around 60% of employers receiving subsidies would retain individuals subsidy[6] (Department of Employment and Workplace Relations, 2023)
Improved health and wellbeing	**Employment enhances individual health and wellbeing outcomes** • Employed Indigenous Australians are about half as likely to experience high or very high levels of psychological distress compared to those who are unemployed[7] (Australian Institute of Health and Welfare, 2022) • 28% of Indigenous workers in casual employment report high or very high psychological distress, compared to 21% of those in other employment types[8] (Australian Institute of Health and Welfare, 2022) • Impact of unemployment on individual wellbeing is estimated to equate to a one-time payment of $16,000[9] (Fairfax Media & Lateral Economics, 2011) • One year of unemployment leads to a loss of 0.7 WELLBY (one unit of life satisfaction on a 0-10 scale for one person for one year)[10] (Frijters and Krekel, 2021) • The price paid by the Australian Government for one WELLBY worth of health improvement is approximately $12,500[11] (Foster, 2023)
Improved child and family wellbeing	**Sustainable employment positively benefits the wellbeing of children and families.** • More than 40% of young Australians experience joblessness between the ages of 19 and 32 if they had jobless parents as a child[12] (Mooi-Reci, 2019) • Children living in jobless households experience a 12% increase in the probability of becoming jobless as adults[13] (Mooi-Reci, 2019) • Children facing economic disadvantage have an increased likelihood of experiencing deprivation across multiple health and wellbeing indicators[14] (Melhuish et al, 2024)

Detailed findings: the benefits of employment outcomes

Ending a period of long-term unemployment with an employment outcome has wide-reaching benefits for the individual, community and government

Improved social cohesion	**Promoting sustainable employment outcomes has positive spill-over effects for communities, including fostering greater social cohesion and reduced crime rates** • Employment fostered stronger social connections and community engagement, leading to increased participation in social activities, cultural events and decision-making processes[1] (Doery et al., 2024) • Employed First Nations individuals are more likely to feel connected to their community and participate in social activities, contributing to strong and more cohesive Indigenous communities[2] (Gray, 2014)
Increased consumption	**Reducing long-term unemployment leads to increased current and future consumption** • Total annual expenditure falls by 9% in the year that the household head is unemployed and takes two years to return to pre-unemployment levels, likely due to persistent income losses[3] (RBA, 2021) • Consumption losses are larger for unemployed workers who do not expect to regain employment within the year relative to those who do[4] (RBA, 2021) • For young individuals, a delay in securing full-time employment after education harms earnings due to lost income, reduced experience, and skills atrophy. A 12-month delay decreases lifetime earnings by about $50,000 (in 2018 dollars), rising to $150,000 with a 36-month delay. Where this adversely impacts mental health, lifetime earnings can be reduced by up to $250,000 with a 36-month delay, and impact superannuation balances by around $62,000[5] (Lateral Economics, 2018)
Avoided social costs of unemployment e.g., crime	**Promoting sustainable employment outcomes has positive spill-over effects for communities, including fostering greater social cohesion and reduced crime rates.** • Individuals disengaged from full time work or study at age 24 incur annual social costs of crime amounting to $516 per person [6] (Lamb et al., 2017) • Employment contributes to a sense of worth and belonging through economic wellbeing and is an important factor in improving social cohesion[7] (Scanlon Institute, 2023)
Savings from reduced justice expenditure	**Reducing long-term unemployment leads to decreased crime costs for the criminal justice system** • Increasing Indigenous Australian employment rates lowers the changes of arrest by 14.7% and incarceration by 3.3%[8] (Gray et al., 2014) • Those not in full time work or study at age 24, who often remain disengaged, incur annual social costs of crime amounting to $516 per person, with the social cost of crime estimated at eight times the fiscal costs to the government[9] (Lamb et al., 2017)
Savings from reduced income support payments and tax transfers	**Rising employment levels broaden the tax base, leading to higher tax revenue**. • Transitioning long-term jobless families into employment would increase Australian government tax revenue by $1.55 billion annually and save $5.74 billion in income transfers[10] (Mohanty et al, 2016) • Transitioning people from unemployment to employment **reduces spending on income support**. On average, each person with a disability who transitions into employment saves between $10,300 to $11,000 annually in income support payments[11] (The South Australian Centre for Economic Studies, 2019)

2 | What value is quantifiable with respect to regional and remote employment outcomes?

Approach: scope of modelling

The quantified value associated with notional employment outcomes have been identified from a comprehensive list identified through the literature review. Estimation methods are detailed on the following pages.

Scope, approach and limitations

The prior research questions and literature review (Section 1) identified a longlist of benefits, from which a seven quantifiable benefits were selected and estimated in this section of work. The quantified benefits and analytical approaches selected to estimate them are based on two main criteria:

- (i) quantified benefits from the trial must be able to be **measured reliable and confidently,** and
- (ii) approaches to estimation were carefully considered to ensure that there is **no duplication of benefit benefits.**

Interpreting these estimates

Importantly, the figures outlined on page 21 and 23 do not represent estimates of the benefits associated with a specific employment program or trial. The estimates also do not reflect the application of a cost benefit analysis (CBA) framework to model the net effect of these programs. Rather, the analysis is highlighting the potential value of the intended outcomes under several necessary simplifying assumptions:

- Employment outcomes reflect employment for jobseekers in '**newly created jobs**'. In an alternative case where outcomes reflect employment in existing local jobs (or jobs that would have been created anyway), the displacement of other workers would be accounted for. A sample of data on employment outcomes from the CDP trial suggests that the program is primarily resulting in newly-created jobs.
- This report's estimates do not include **the costs** associated with ongoing funding of remote employment programs. Nor does the estimation include other potential costs such as opportunity costs for businesses or individuals (including the cost of foregone leisure time).
- Employment outcomes are assumed to be achieved by **individuals who, in the absence of the employment programs, would be unemployed** and receiving income support payments.
- The downstream economic and social impacts have not been calculated in this work, though the literature review highlights several downstream benefits in qualitative terms. A net return estimation would require estimates of **net positive downstream economic impacts and social benefits**.
- The reliance of CDP trial outcomes on continued funding increases the need to understand the role of funding in transitions; particularly in any net benefits estimation.

Next steps

The modelling undertaken in this report is intended as an initial *per program outcome* which the NIAA can consider in the context of the CDP Trials and other programs into the future. This approach also creates the opportunity to reflect on how estimates can be refined and added to over time. Detailed assumptions and opportunities for future refinements to the data collection which might enable the application of these results are outlined on pages 25 and 26.

Details of the approach is presented in slide 21 (overpage) and key assumptions and modelling rationale is provided in Appendix A.

The unit of analysis is for each part time job created, and benefits associated per week across four dimensions and seven quantifiable benefits for the individual, government and businesses:

Individual	Government	Businesses
The **average income** (1) associated with a week's employment, based on the profile of placements by: • Regionality (ARIA) • Industry of employment • Employment status (full time, part time, casual)	**Returns to government** (1, 2, 3) associated with each employment transition, which accounts for: • reduced income support payments, • growth in income tax revenue, and • growth in business/payroll tax revenue.	A multiplier of income (1) to **gross operating surplus** (GOS), using the ABS national accounts data. This multiplier varies based on industry of employment.
A multiplier associated with each employment outcome to the value of **non-market (social) benefits,** based on academic literature on returns to education and employment. (2, 4)		

Approach: modelling quantifiable benefits

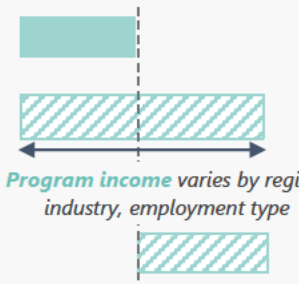
This work primarily quantifies **financial capital.** The benefits quantified flow to the individual, government and businesses stemming from notional outcomes achieved through the trial. The model is calibrated to the characteristics of *CDP Trials* outcomes but designed to be applied to estimate returns to remote employment programs.

Individual

1 Calculate the average weekly wage uplift

Income support payment
JobSeeker and Remote Area Allowance

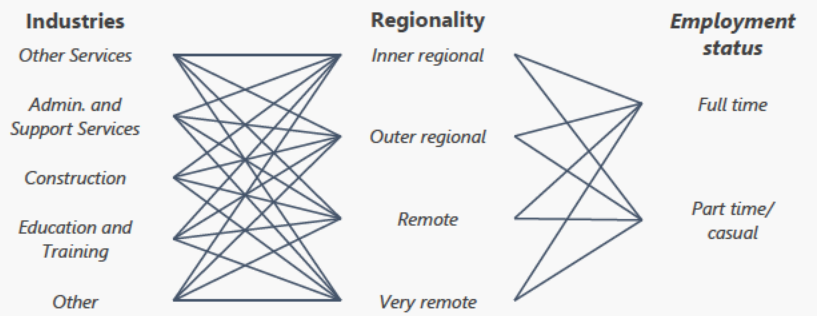
Income under CPD trials
Using average incomes available in ABS 2021 Census Data



Average uplift (weekly)
Tax is deducted when total income (accounting for duration of employment) exceeds the lower tax threshold.

Estimating *program income* under CDP trial

Income under the CDP trial varies by region, industry and employment status



Note: Entry level jobs are proxied using average wages for occupation skill level 4/5 and those occupied by employee under the age of 29.

2 Avoided loss of wellbeing from unemployment

Avoided loss of wellbeing = Estimated loss[1] **0.7** (in WELLBY) × Value of a WELLBY[2] **$12,500** per year

Government

1 Savings from avoided income support payments

Income support payment
JobSeeker and Remote Area Allowance

2 Increased income tax revenue

Tax
Under income support payments is $0

Tax on income under CDP trials
Deducted from total income (based on employment length of 13-, 26- or 52-week outcomes)

3 Increased corporate tax revenue

Income under CDP trial × **Corporate tax multiplier**
Ratio of corporate tax to wages
Informed by ABS Input-Output tables by industry

4 Savings from avoided health and justice system costs from unemployment

Avoided health and justice system costs = **$2,659** per year[3]

Businesses

1 Increased business production

Income under CDP trial × **Gross Operating Surplus multiplier**
Informed by ABS Input-Output tables by industry

The benefits associated with a placement

Benefits to the **individual**
1 + 2 → **Individual earnings**

Benefits to the **government**
1 + 2 + 3 + 4 → **Government savings**

Benefits to **businesses**
1 → **Business production**

Source: Deloitte Access Economics (2024)

Details around the modelling assumptions and sources are provided in Appendix A.

Key findings: modelling and program outcome results

Quantified benefits reflect regional variation, industry, employment status, and outcome duration, calibrated to the profile of participants in the *CDP Trials*, but are designed to be generalised. The accompanying model allows for the parameters to be adjusted.

Key findings

The quantified benefits and modelling captures the variation in regionality (ARIA), industry of employment, employment status (full time, part time and casual) and duration of outcome (13-, 26- or 52-weeks). The *per unit* results are reported consistently in this document for a part time job over a 52-week placement duration and is calibrated to reflect the profile of a CDP Trials participant across regionality and industry of employment.

Deloitte Access Economics estimates that for every part time job created through the trial, a contribution of $18,900 to Gross Regional Product (GRP) is created.

An average job outcome sees an $9,740 in the annual value added to the local economy, and results in 20 cents to the dollar in improvements to government finance through additional tax and reduced income support payments.

Other downstream effects for communities include avoided wage scaring and improved wellbeing; with evidence pointing to the intergenerational benefit of addressing joblessness.

The value of employment to the local economy (in GRP terms) equates to:

- $4,700 for an individual with a 13-week outcome, which 559 trial participants have achieved, or
- $9,500 for an individual with a 26-week outcome, which 274 trial participants have achieved.

This modelling demonstrates how value could be created when 13- and 26-week outcomes persist to a years' employment. It is notes that data provided by NIAA for a sample of 15 regions finds only two instances where a substantial share of jobs created under the CDP Trials would be "sustainable without continued funding and support". In most instances where jobs filled under the CDP Trials are reported as likely to be sustained, these placements appear to be primarily leveraging existing local jobs (suggesting some degree of displacement), rather than unique job creation. A net return to the RJED may rely on whether newly created jobs can be sustained in the absence of ongoing subsidisation; and there appears an opportunity to learn from those trials where new job creation is expected to sustain, about the conditions needed to realise success.

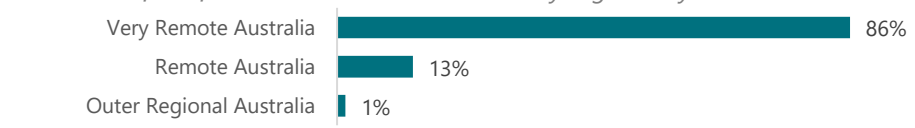
Note: All dollar values have been rounded to the nearest 10.

Profile of the CDP Trial outcomes

Between FY22-24, there were a total of 2,805 CDP Trials participants, of which 559 achieved 13-week outcomes and 274 achieved 26-week outcomes.

The trial created work experience and jobs in the most remote and regional areas, with 99% of outcomes in Remote and Very Remote Australia.

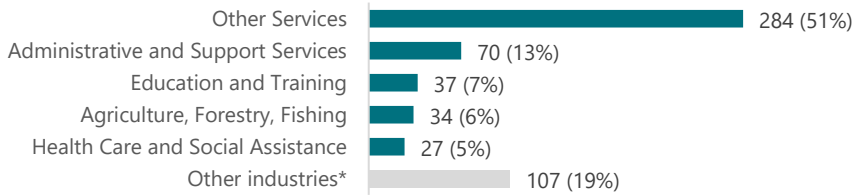
Chart 1: Profile of 13- and 26-week outcomes by regionality



Source: Deloitte Access Economics (2024) using NIAA program outcome data. Note: CDP regions have been mapped to ARIA regional categories based on the proportion of caseload in 'Very Remote' regions (NIAA remoteness index).

Greater visibility of occupation industries would improve the ability to capture variations in program outcomes – 51% of outcomes are in *Other Services* and 19% in Other industries.

Chart 2: Profile of 13-week outcomes by Industry



Source: Deloitte Access Economics (2024) using NIAA program outcome data. *Note: There are 107 outcomes in the remaining industries with unknown shares due to data suppression.

All program outcomes are in casual (90%) or part time (10%) roles. The longer-term value of the trials will rely on the transition rate from 26-week outcomes to sustainable employment.

Chart 3: Profile of 13- and 26-week outcomes by employment status

Source: Deloitte Access Economics (2024) using NIAA program outcome data. Note: There are no full time CDP Trials outcomes. The modelling assumes part time employed works 19.2 hours per week, and casual employed works 10.7 hours per week (see Appendix A).

Detailed findings: modelling and program outcome results

The value associated with each week of new employment results in an average uplift of $150 in wages, relative to income support. The downstream effect of this uplift may include government savings associated with unemployment and increased tax revenue.

For each week in a part time job created relative to JobSeeker participation:*

$290** to individuals through increased income and wellbeing through employment

$500 to government through savings associated with unemployment and increased tax revenue

$190 in business production through higher workforce participation

Unemployed participants develop skills and transition to employment

Greater total income from employment — **$160** in income (excl tax) relative to average individual income support = ↑ **Individual earnings**

$0 income tax revenue — **$390** savings from avoided income support payments = ↑ **Government savings**

Income tax revenue is only realised for a part time worker when a 52-week outcome is achieved

Business production

Higher business production from larger workforce — **$190** surplus for businesses = ↑ **Business production**

Higher business outputs — **$20** corporate tax revenue = ↑ **Government savings**

Benefits to the broader economy

Increased wellbeing from employment — **$170** value from avoided wellbeing loss = ↑ **Individual wellbeing**

Better health and justice outcomes from employment — **$50** savings from avoided health and justice costs = ↑ **Government savings**

*Note: All results reported are for a part time employed worker assumed to work 19.2 hours per week.
**Note: All dollar values have been rounded to the nearest 10.

For each 52-week part time job created relative to JobSeeker participation:

$14,910 to individuals through increased income and wellbeing through employment

$25,960 to government through savings associated with unemployment and increased tax revenue

$9,740 in business production through higher workforce participation

Progress of the CDP trials:

2,805 participants as of 31 May 2024 — *20% of participants*

559 13-week outcomes

274 26-week outcomes

69 *potential* 52-week outcomes***

Unemployed participants develop skills and transition to employment

Greater total income from employment — **$6,160** in income (excl tax) relative to average individual income support = ↑ **Individual earnings**

$1,940 income tax revenue — **$20,300** savings from avoided income support payments = ↑ **Government savings**

Business production

Higher business production from larger workforce — **$9,740** surplus for businesses = ↑ **Business production**

Higher business outputs — **$1,060** corporate tax revenue = ↑ **Government savings**

Benefits to the broader economy

Increased wellbeing from employment — **$8,750** value from avoided wellbeing loss = ↑ **Individual wellbeing**

Better health and justice outcomes from employment — **$2,660** savings from avoided health and justice costs = ↑ **Government savings**

***Note: The probability of transition from a 26-week outcome to 52-week outcome (24.8%) is informed based on findings from a Senate Standing Committee review of employment-for-income support ('work for the dole') program undertaken in 2020.[1]

3 | What is the distinct value of outcomes in the regions, and what does this imply about maximising returns to the RJED?

Regional case studies: different models of value creation

Using the accompanying data tool to estimate potential outcomes in CDP Trials regions demonstrates the differences in how value is generated across regions, industry and participant groups. The results highlight drivers of differences in quantifiable outcomes and highlight the limitations of a focus only on short-term income measures when assessing program value.

The findings in this report present an estimate of the quantifiable benefits to regional employment, calibrated to the profile of an 'average' CDP Trials placement outcome, across regionality and industries - with the assumption that placement outcomes map directly to employment outcomes in the absence of outcomes data. This section discusses how the work and quantified benefits can be applied to reflect the variations across regions, and importantly outlines the levers available to maximise program value.

The tool developed for the NIAA enables the calibration of estimates across regionality, industries of employment, employment status and duration of placements – if data is available to inform data tool assumptions. As such, region-specific returns can be estimated – two examples for Christmas Cocos Islands and Cloncurry Region QLD are provided (to the right).[1]

The examples presented to the right demonstrate that programs which offer work placements in high income yielding industries will maximise immediate and quantifiable returns. However, it is important to consider the many pathways to recognising and maximising value, including:

- **The weekly wage uplift,** which might be maximized by directing employment to certain higher-income industries or regions (the principle of efficiency).
- **The duration of employment outcomes,** which might be maximised by investing in areas of priority or meaning for the local community (the principle of sustainability).
- **Addressing barriers to meaningful economic participation,** which might be achieved through investment in pre-employment supports that do not attract wages (but which prioritise systematic change). The NIAA's Synthesis of Early Learning document highlights that in CDP Trials Phase 1, over 5500 participants are reported to have benefited in some way from the program, even though only 1,300 attained paid work opportunities.[2]
- **The distribution of placement opportunities across the community** (the principle of equity), recognising that the demographics of program participants (age, gender, Indigeneity) may vary depending on the industries or type of work supported, including whether work is culturally appropriate.

All the dimensions by which program value can be extrapolated can be better understood through more comprehensive, complete and accurate data. The framework presented on page 24 and hypotheses on pages 25-26 identify the current trade-offs and challenges in estimating the value of these outcome.

Example 1: Christmas Cocos Islands

The Pulau Pal program will provide training and paid employment for **six people in the personal care** workforce. Developing skills and experience in personal care offers a strong opportunities for participants to transition into sustainable employment and increases the availability of these services in the area.

Benefits summary

For a part time job created in Christmas Cocos Islands, participants are expected to receive a **weekly income of $600**, resulting in an **uplift of $210** above the income support payment.

$380 to individuals through income and increased wellbeing

$450 to government through savings associated with unemployment and increased tax revenue

$50 in business production through higher workforce participation

Note: All work placements in Christmas Cocos Islands are assumed to be in the 'Health Care and Social Assistance' industry.

Example 2: Cloncurry Region QLD

The *Kick on to Work* program is a 12-week program offering **up to 18 participants paid employment**. The program ais to provide support to access the job opportunities in the **local mining and construction industries** by building the job readiness and relevant skills of participants in the program. A key element is an eight-week residential component working with an Aboriginal Corporation. Participants will also receive support from a Health Support worker.

Benefits summary

For a part time job created in Cloncurry Region, participants are expected to receive a **weekly income of $1,290**, resulting in an **uplift of $900** above the income support payment.

$1,070 to individuals through income and increased wellbeing

$540 to government through savings associated with unemployment and increased tax revenue

$8,210 in business production through higher workforce participation

Note: It is assumed that 50% of work placements in Cloncurry Region are in 'Mining' and the remaining 50% in 'Construction'.

Note: All results reported are for a part time employed worker assumed to work 19.2 hours per week.
Note: All dollar values have been rounded to the nearest 10.

What is the distinct value of outcomes in the regions, and what does this imply about maximising returns to the RJED?
Document 1

Implications: maximising value from remote employment

The modelling shows that remote placements can generate value by directing individuals to higher-income work. To generate long-term returns on RJED investments, will be crucial to ensure sustainable outcomes and equitable distribution of opportunities across regions, industries, and communities – that is, considering contributions to **human, social and cultural** capital as well as financial benefit.

The modelling to Stage 2 of this work focuses on maximising returns based on the wage uplift (as this is the return most easily quantified). However, there are other policy objectives which the NIAA might also pursue though the RJED. For instance, the CDP Trials program objectives include removing participants' barriers to employment, increasing the rate of locally-filled jobs and growing local industry, enterprises or self-employment. Many of these are longer term objectives.

This suggests that the design of the RJED might be guided by several principles (defined right), such as efficiency, equity, sustainability and enabling systematic change.

Potential tradeoffs in these measures could inform the program's return is designed and communicated.

For instance, maximising income through weekly wage uplift would result in **efficient** short-term returns, but possibly to the detriment of the **sustainable** outcomes if the placements are not matched to participants interest, skill or cultural suitability.

Similarly, a strong focus on maximising initial wage uplifts might limit the **equity** of the program if this drives opportunities toward a certain demographic of participant.

Another challenge is that addressing **systemic barriers** to economic participation by providing training or other pre-employment supports may impair the returns to incomes in the immediate term, if they delay placements – though this investment may strengthen the sustainability of outcomes.

Importantly, instilling Indigenous concepts of work and community in the program's approach will be vital in achieving culturally-suitable work that is more likely to be *sustained* in the longer term.

Efficient: *Maximising the average uplift per person by directing outcomes to the types of placements with the highest program income.* Adjusting the parameters of the data tool shows the sensitivity of results to:

Regionality
Regional ***$590*** — *Remote* ***$630***
99% *in Remote or Very Remote Australia*

Industry
Retail Trade ***$390*** — *Mining* ***$1,740***
51% *in 'Other services' which attracts a relatively low average wage of* ***$500***

Weekly hours
Casual ***$360*** — *Part time* ***$640***
90% *in casual roles which work 10.7 hours per week compared to 19.2 hours per week in part time roles*

Equitable: *seeking to fairly distribute placement opportunities across the community*

- the **demographics** of program participants (age, gender, Indigeneity) may vary depending on the industries or type of work supported, including whether work is culturally appropriate.
- The **scale of the program** and investment levels per participant might be informed by the application of Indigenous concepts including a focus on horizontal scalability. That is, greater returns to cultural, social and human capital could be achieved by sharing a larger number of shorter placements more widely (a trade-off with maximal individual wage returns)

System change: *Maximising the average uplift per person by ensuring the programs address systematic barriers to economic participation*

A wage subsidy trial was implemented in **Port Hedland Region WA (Region 9)** with the aim of building work history and reducing barriers to employment – via local community work opportunities and case management services. NIAA July data indicate interim outcomes of:

- **1,162** participants engaged
- **326 enrolments and 83 completions** in accredited and non-accredited training
- **107** participants supported to overcome transport barriers (including driver's licenses)

28% of participants

Sustainable: *Maximising the average uplift per person by ensuring they endure.* Directing placements to work which is meaningful or addresses underlying barriers might drive the likelihood of meeting 26- and 52-week milestones even if the per-person income uplift is not maximise. TRJP data demonstrates that transition rates are low:

- **2,805** participants engaged
  80% do not reach 13-weeks due to placement length or participants exiting
- *20% of participants*
- 13 — **599** 13-week outcomes
  51% do not reach 26-weeks
- *49% of 13-week outcomes*
- 26 — **274** 26-week outcomes
- *25% of 26-week outcomes*[1]
- 52 — **69** *potential* 52-week outcomes

Provisional conclusions and their implications

In estimating the immediately quantifiable value associated with employment placements, the modelling exercise revealed sensitivity to certain assumptions. The early evidence highlighted opportunities to consider how the ROI of the program could be communicated in the long term.

Insights in this report	A provisional conclusion	Implications for understanding returns	Opportunity for RJED
• The current transition rate of 26-week placements to 52-week outcomes (24.8%) is based on findings from a Senate Standing Committee review of employment-for-income support ('work for the dole') programs undertaken in 2020.[1] • There is evidence of some displacement and deadweight in other evaluations of wage subsidies - that is, a risk employment is not enduring.[2]	*The longer-term value created by the trials will depend on the rate of transition from 26-week outcomes to* ***enduring and suitable employment****.*	• There is opportunity to better understand the rates of longer-term outcomes, either by collecting data on outcomes over time from providers or linking participant details to DSS administrative dataset (through PLIDA, for example). • An historical and continuous exercise to estimate the likelihood of ongoing outcomes can strengthen the NIAA's view of program benefit and sustainability.	Stronger evidence will support the NIAA to communicate the **sustained value** of the RJED where outcomes endure.
• The literature demonstrates that reducing long-term unemployment leads to increased current and future consumption, and that unemployment rates are higher in very remote areas • Regional and remote Australian jurisdictions have the least complex (sophisticated) economies[3], with a inverse relationship between sophistication and consumption patterns suggesting that regionally-employed workers are more likely to invest and spend locally.	*The consumption and employment returns associated with placement outcomes may have a more substantial impact in* ***developing the capability of regional economies***	• There is opportunity to better understand the value associated with the CDP on local economies and businesses. Recognising challenges in data collection at the granular level, there is an opportunity for the NIAA to agree on the most regional mechanism to track outcomes over time (a combination of Census and income tax data, NIAA regional offices data collection, inputs from program evaluations)	*Understanding these local consumption dynamics can support the NIAA to communicate* ***how value is created*** *through the regional employment program and the* ***flow to local*** *industry expected from these investments.*
• Data on employment placements focuses on historical outcomes (placements, jobs created, vacancies filled), but there is limited information to understand the likely rates of transition to sustained employment after the trial concludes. • While some benefit might be inferred through measures of educational enrolment or outcome, the 13- and 26-week outcome measure which is used to inform the initial modelling framework does not allow coverage of the value of partial outcomes.	*The data from providers and generally available from the system tends to be* ***insufficient*** *(in terms of informing a deeper understanding of community and employment benefit),* ***out of step*** *(not measuring the activity in the immediate system but being consequence of other initiatives), or even* ***potentially wrong*** *(with potential bias to reward signals for providers, rather than the participant).*	• Notwithstanding the limitations, the exercise of mapping immediate value associated with job placements does progress the work by (1) clearly hypothesizing what the value could be under the modelled conditions, and (2) making clear the opportunity to refine the parameters through future data collection.	Stronger evidence will support the NIAA to communicate the **sustained value** and to understand the benefit of programs in **addressing systematic barriers** to participation.

Provisional conclusions and their implications

In estimating the immediately quantifiable value associated with employment placements, the modelling exercise revealed sensitivity to certain assumptions. The early evidence highlighted opportunities to consider how the ROI of the program could be communicated in the long term.

Insights in this report	A provisional conclusion	Implications for understanding returns	Opportunity for RJED
• The wage or potential earnings uplift is predictive of a range of downstream economic and social benefits for individual, family, community, if and only if the employment is secure and ongoing.	*The return on investment in immediate wage uplift terms may be limited due to the **high rate of casual placements.***	• Including a broader set of benefits in the outcomes quantified (to understand the long-term ROI of the program) would require a view of the likely transition rates from CDP Trials placements at 13 and 26 weeks to ongoing employment.	Broader outcomes measures will support the NIAA to communicate the returns to **an equitable** program, and longer-term outcomes data will demonstrate the potential for a **sustainable** return.
• The models of employment support offered in the trials vary, and there is identified limitation in the reliability of data on the industries and occupations associated with the placements. • The benefits associated with short-term placements or partial outcomes are challenging to observe, due to the focus on 13 and 26-week outcome reporting.	*The value of the outcomes is likely to be **broader than that quantified** in the immediate wage uplift estimate.*	• The data tool can be used to dimension some regional variation. • Recognising challenges in data collection at the granular level, there is an opportunity for the NIAA the agree on the most regional mechanism to track outcomes over time (a combination of Census and income tax data, NIAA regional offices data collection, inputs from program evaluations)	Visibility of variation in the quantifiable benefits across regions might direct attention to examples of **different ways value is shared and generated,** in line with indigenous principles.
• Some of the RJED employment outcomes might result in displacement of existing workers in those roles. However, this potential outcome aligns with one of the policy objectives of replacing FIFO workers with local employment.	*If local human capital is effectively engaged and used to enhance the stock of produced and financial capital in the community, the RJED will not only redistribute opportunities from FIFO to local workers **but also expand local opportunities through flow-on economic benefits.***	• Data provided by NIAA for a sample of 15 regions finds only two instances where a substantial share of jobs created under the CDP Trials would be "sustainable without continued funding and support". These sustainable placements appear to be primarily leveraging existing local jobs (suggesting some degree of displacement), rather than unique job creation.	These findings demonstrate the thin markets where the RJED is implemented – implying a focus on maximising value from public investment rather than an obvious path to avoiding a commissioning approach. The capitals framework can be applied to demonstrate these broader dimensions of value but must be informed by more sophisticated data collection.
• The high rate of casual employment placements in the CDP Trials mean that the estimated return to employment in the program is highly sensitive to the assumptions about the number of hours worked.	*There is a strong likelihood that the result at the **individual region level will vary greatly** relative to the on-average national modelling result.*	• There is opportunity to collect data from providers about the hours worked or income earned in casual placements. • In the modelling, both parameters will be estimated using ABS data which does not always distinguish a casual from a part time worker.	Stronger evidence on outcomes over time for casual workers might support in demonstrating the value of **addressing systematic barriers** to participation, even when wage returns are not maximal.

Appendix A | Modelling assumptions and guide to using the data tool

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Appendix B | Considerations for key assumptions and future refinements to estimating quantified benefits

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