Remote Employment and Participation Discussion Paper Submission

February 2018

Jobs Australia

| POLICY | INFLUENCE | SUPPORT |

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1. ABOUT JOBS AUSTRALIA

Jobs Australia is the national peak body which helps not-for-profit employment and community services all over Australia to provide the best possible assistance to disadvantaged communities and people.

With our expertise in employment services, and because we are funded solely by our members, we can advocate to government and others for what's right and best in helping unemployed people - with real insight and an independent voice.

We also provide relevant, timely and topical advice and support on industrial relations and a wide variety of other services tailored to the unique needs of our not-for-profit members across the full range of community and social services.

We represent the largest network of not-for-profit employment-related community services in Australia - with members ranging from small local community agencies to large national charities.

2. ABOUT THIS SUBMISSION

The views expressed in this submission are the views of Jobs Australia. While our views are informed by our consultations and meetings with CDP providers, they should not be taken to be the views of any provider or group of providers.

3. INTRODUCTION

Despite accounting for around 30% of Commonwealth spending on Indigenous affairs through the Indigenous Advancement Strategy, the Community Development Program (CDP) has not clearly made inroads in providing long-term solutions into joblessness in remote communities. Indigenous participants in CDP are much more likely to be in Work for the Dole and get a financial penalty than get a job. A different approach to creating opportunities in remote Australia is needed. During the transition to a new program, immediate action is also needed to reduce the number of financial penalties.

Jobs Australia welcomed the announcement in mid-December 2017 by the Indigenous Affairs Minister that formal consultations on a new service model for remote job seekers and their communities had begun.

The Remote Employment and Participation Discussion Paper outlines the Minister's intention to bring back a 'wage based' model, involving a more simplified system, more local control and decision making, and relying less on a national welfare system.

The Discussion Paper canvasses three overlapping options for a future model:

Option 1. New Wage-Based Model– This option streams participants into three tiers of service according to their work capacity. Tier 1 involves a safety net of income support paid by Centrelink and basic services for highly vulnerable job seekers and those with low capacity. Tier 2 would see providers paying participants with higher capacity according to the number of hours they participate in training and activities. Tier 3 participants are paid wages in subsidised employment.

Option 2. CDP2 – This option reflects the Minister's long-standing intentions to have providers paying income support weekly, calculated on an hourly basis according to compliance with participation requirements. In CDP this usually means attendance at Work for the Dole activities for five hours every day. Closely resembling Tier 2 in Option 1, this approach was also previously outlined in the 2015 CDP Bill that was not passed by the Senate and lapsed in May 2016 prior to the last federal election.

Option 3. Community Development Programme (CDP) with improvements – such as more flexibility around requirements and community control, to address concerns about rigid attendance rules and application of penalties.

The release earlier this month of the 10th Closing the Gap report[1] has revealed that Indigenous employment rates in Western Australia, the Northern Territory and Queensland have still not recovered from the abolition of the former Community Development Employment Projects (CDEP) program between 2006 and 2016. CDEP employed large numbers of Indigenous people in remote areas, particularly in the NT. The result highlights how much more must be done to improve Indigenous employment rates, including the reintroduction of a remote program that creates jobs.

Jobs Australia has endorsed the proposal for a Remote Development and Employment Scheme developed in 2017 by Aboriginal Peak Organisations NT (APONT)[2]. Unfortunately, this is not presented as an option in the Discussion Paper. The APONT proposal was developed in consultation with Aboriginal organisations, national peak bodies and CDP providers, and offers a better solution to the provision of employment services in remote Australia than the three options presented.

The key elements of the APONT proposal include investing in the creation of paid employment at award wages, local community control, flexibility and fairness in mutual obligation, and Indigenous leadership and management through oversight by an independent body with an Indigenous led board. It emphasises incentives, not punishments. Rather than managing compliance, it takes a long-term investment approach to case management, economic and community development. It builds on the strengths of the former CDEP program, but it also addresses perceived concerns about CDEP being a destination by limiting the holding of jobs for a period of up to five years. The APONT model is bottom-up, not top-down, and reflects the Government's intention to work with, not do things to, Aboriginal and Torres Strait Islander people. There is less emphasis on administration, and more on empowering and strengthening communities to create meaningful opportunities for participation, based on people's individual capacity and needs[3].

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[1] Commonwealth of Australia, Department of the Prime Minister and Cabinet, *Closing the Gap Prime Minister's Report 2018.*
[2] Aboriginal Peak Organisations Northern Territory (APONT) (2017). *Proposal for a Remote Development and Employment Scheme*, http://www.amsant.org.au/apont/wp-content/uploads/2017/07/RDES-Report_Online.pdf (accessed February 2, 2018)
[3] For an overview of the APONT proposal, see http://www.amsant.org.au/apont/wp-content/uploads/2017/07/RDES-Summary_online.pdf and the infographic at Attachment A

Like Option 1 the APONT proposal involves three broad categories of services. Unlike Option 1 however, it commits to 10,500 jobs on award wages, has DHS largely retaining its existing role of administering income support under the national welfare system, it includes long term case management and performance measures based on net impact, and it embeds Indigenous decision making across all levels of the program.

3.1 Consultation

The period for consultation on the Discussion Paper is too short to allow for meaningful consultation with the people most affected by the proposed changes, including participants, communities and organisations in remote Australia. The consultation period was announced shortly before Christmas, with submissions originally due on 9 February 2018. Jobs Australia and others wrote to the Minister to request an extension of at least another month, and a two-week extension was granted. The extended deadline is still too short to allow for meaningful and comprehensive consultation, particularly since the period covers a time of significant cultural business in many communities, the Christmas shutdown period, the rainy season in northern Australia and some providers having to apply to continue to be a CDP provider under a targeted competitive grant application process.

Despite the extension, formal public consultation meetings to consider the Discussion Paper have still not taken place. The Discussion Paper itself also lacks detail that would enable readers to understand what the different obligations would mean for their rights, obligations, incomes and opportunities.

The timing and limited period to consider the Discussion Paper, and the lack of open, transparent and comprehensive consultation taking place with remote communities, are likely to compromise the quality and breadth of responses and submissions. This is of concern, because a lack of transparent and formalised consultation with communities and providers has been an ongoing issue, going back to the design of CDP. In its report on the design and implementation of CDP, the ANAO[4] found that the changes introduced by CDP were not informed entirely by a sound evidence base and sound analysis of the former RJCP program. Similarly, the Senate Finance and Public Administration References Committee found there was a complete and unacceptable lack of consultation and engagement by the Government with stakeholders in the design and implementation of CDP[5], and in a separate inquiry had questions about whether proper consultation had occurred on the proposed reforms of CDP introduced in 2015[6].

There is a serious risk that the constraints placed on the current consultation process will similarly inhibit sound consultation and analysis to determine the best way forward. A process that engages in more thorough, comprehensive consultation with Indigenous communities and organisations is needed.

[4] Australian National Audit Office (2017). *The Design and Implementation of the Community Development Programme*.
[5] Senate Finance and Public Administration References Committee (2017). *Appropriateness and effectiveness of the objectives, design, implementation and evaluation of the Community Development Program (CDP)*, p22.
[6] Senate Finance and Public Administration References Committee (2016). Social Security Legislation Amendment (Community Development Program) Bill 2015, p16.

4. RESPONSES TO DISCUSSION QUESTIONS

4.1 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?

The Discussion Paper identifies 11 principles to consider in thinking about options for reform to achieve a new model that adopts a 'tailored, community-based approach, with greater local control and decision making', drawing on CDEP, CDP and other models.

Eight of the 11 principles identified sound right, while the other three need some work. There are also some other principles that should be included to guide the redesign.

The three principles that don't sound right are:

1. *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.*

Having a more simplified system and more local control and decision making are desirable, but questions arise in the wording of this principle about whether it is necessary to rely less on a national welfare system to achieve this, or even whether less reliance on a national welfare system is desirable.

There are many frustrations in dealing with Centrelink. For participants these include a lack of face to face assessments and lengthy delays on the phone. Providers can experience frustration when their recommendations for financial penalties and suspensions to be applied following non-attendance to drive engagement are not dealt with promptly or rejected.

While there is some appeal in reducing the role of Centrelink to address these frustrations, seeking less reliance on a national welfare system is more problematic, because it seeks to create an alternative that is outside the national system and privatises core safety net public services.

It is risky and undesirable to shift decision making on income support matters from Centrelink to contracted CDP providers, as would occur under Options 1 and 2 of the Discussion Paper. These decisions include payment of income support to participants, determination of reasonable excuse following absences and application of financial penalties. Reducing the role of Centrelink in these ways would transfer significant risks and costs to providers, which include:

- Increasing the likelihood of threatening, aggressive or violent behaviour by participants and associated risks for the safety of provider staff. Jobs Australia has already been made aware about a growing number of incidents of violent and threatening behaviour of CDP participants directed towards their CDP provider under the current arrangements, resulting in staff being injured and property damaged. DHS has recently acknowledged that separating the management of compliance issues from face to face service delivery via a centralised phone service can reduce

customer aggression in Centrelink Service Centres[7]. This indicates that transferring this function to providers will increase the level of aggression directed towards them.

- Increasing the number of financial penalties applied to CDP participants. This leads to further disadvantage and exacerbation of problems arising through increased poverty. Checks currently provided by DHS, including determination of reasonable excuse, correct notification of requirements and Comprehensive Compliance Assessments, will be removed or outsourced. These checks lead to around 70% of recommendations by providers for penalties to be applied being rejected, even though Centrelink applies far more penalties to remote job seekers despite comprising less than 5% of all job seekers[8]. Transferring Centrelink functions to providers risks removing these protections, leading to penalties occurring at an even higher rate.
- Increasing complexity and administrative costs for providers of ensuring participants receive the income support payments they are entitled to. This runs counter to the principle of simplifying the system.
- Increasing costs of recruiting and retaining the professional expertise needed to make fair and accountable assessments and decisions about the personal circumstances and capacity of participants to comply with mutual obligation requirements.

More local control and decision making is needed, but it needs to be achieved within the national social security framework. Rather than seeking to dismantle it and create a separate solution, the focus instead should be on making the national welfare system operate successfully in remote communities, involving local control and decision making. Both objectives are achievable, by properly resourcing Centrelink services and by giving providers greater discretion and freedom to engage participants in ways that meet individual and community needs without having to recommend financial penalties.

2. *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.*

The reference to a 'wage-based or "wage-like" model' as a principle is confusing and likely to create misunderstanding.

The Discussion Paper uses the terms interchangeably about the payment of welfare payments by providers to participants for meeting their participation requirements. While the term 'wage' is usually defined as a fixed regular payment earned for work or services, in practice it is not understood to refer to welfare payments. Wages and income support are not the same thing. Welfare payments are governed by a completely different set of rules under the Social Security Act. The word 'wage' implies payment within an employment relationship. Under the previous Community Development Employment Projects (CDEP) program, participants received 'CDEP Wages' that complied with minimum wage requirements The APONT proposal goes further, creating new opportunities for genuine employment on ordinary wages and conditions.

[7] Senate Community Affairs Committee, 2017-18 Supplementary Budget Estimates, ANSWER TO QUESTION ON NOTICE, Department of Human Services, SQ17-000209

[8] Fowkes, L. (2017). *Social security penalties applied to participants in the Community Development Programme: Overview of first 2 years (1 July 2015-30 June 2017)*, (Report, Centre for Aboriginal Economic Policy Research, ANU)

The proposed Option 1 uses the term 'wage-based' to refer to welfare payments made by providers on an hourly basis to Tier 2 participants engaged in training and work experience activities. It is not appropriate to describe these payments as 'wage-based' because the participants in Tier 2 are not employed. Using the word 'wage' in this way distorts its meaning and is likely to create confusion about whether some job seekers are in fact in a paid employment relationship or on welfare.

The Discussion Paper also uses the term 'wage-like' to suggest that income support is like wages. Payments can be wage-like in the sense that they are paid regularly in exchange for participation in training or work experience activities but are not wage-like in the same way as wages paid by an employer to an employee. Income support recipients have very different rights to employees. The income support system is designed to address basic needs, not as a recognition of the value of work done. It has – and should have -different checks and balances to ensure that people who are not in work retain some form of social support. This means that the term 'wage-like' should also not be used to describe the income support paid to Tier 2 participants, even if the hourly rate of payment is equivalent to the national training wage or minimum wage.

The principle establishes a link between payments and participation, regardless of whether the payments are described as welfare or wages, paid weekly and calculated on an hourly basis. It should also be noted that weekly payments are already possible under the Social Security Act, and the issue of whether wages are paid weekly is a matter for the employer or the relevant award. The references to the words 'wage' and 'weekly' should be dropped in the wording of this principle.

3. *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.*

Jobs Australia supports the Government's commitment to subsidising employment. We agree that wage subsidies should complement existing job opportunities and not lead to significantly reduced investment or cost-shifting by employers from paying wages towards reliance on CDP subsidies. This could occur through agreements with employers and with local and state/territory governments to prevent them from abdicating their responsibilities to fund services that fall within their jurisdiction. While there are risks associated with subsidising employment, these risks should also be weighed against the substantial benefits of subsidised employment for CDP participants, their families and communities.

Under the current CDP arrangements there is considerable risk of Work for the Dole participants substituting for paid labour. In fact, the guidelines specifically allow for Work for the Dole participants to work in what would normally be paid jobs for up to 6 months. This risk will continue while local services are underfunded, or when community members identify needs that are not being met. Jobs Australia submits that the priority should be to ensure that people doing work have the wages and conditions appropriate to that work. The Commonwealth should work with relevant governments or other employers to ensure that the cost of employment is borne by the appropriate body. In the APONT proposal this would be a task for the newly independent agency. Under current arrangements PM&C Regional Office should take a proactive role in working with employers to address cost shifting.

The purpose of referring to contracted labour is not entirely clear and appears to unnecessarily limit the scope for jobs that can be subsidised under CDP.

4.2 Other Principles

Other principles that should be applied to the development of the new model are:

- Reforms will be based on genuine and comprehensive consultation with stakeholders, including Indigenous communities and organisations, and there will be an ongoing process for Indigenous involvement in the implementation, evaluation and adjustment of the program.
- Mutual obligation requirements of participants must be aligned so that they are no more onerous than those of other income support recipients, combined with the same basic rights and protections under the law.
- Participants and community members should have sufficient income to pay for necessities.
- Government has an important role to create employment at the minimum wage for those willing and able to work but who can't otherwise find employment.
- The high incidence of poor health and disability, and the lack of culturally appropriate assessment and support services in remote areas is considered.
- The new program has a focus on long term economic and community goals, not short-term jobs or transactions.

5. OPTION 1 - NEW WAGE-BASED MODEL

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?

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?

5.1 Challenges of Assessing and Streaming Remote Job Seekers

In principle, the notion of streaming job seekers according to work capacity provides flexibility for providers to case manage job seekers and offer services that are matched to their needs, capacity, aspirations, barriers and circumstances.

In practice, there are many challenges involved in streaming job seekers on this basis in remote Australia. The existing ESAt/JCA process is formalised and reliant on supporting documentation that is difficult to obtain, leading to participants being incorrectly assessed and required to participate in activities for which they lack capacity, either temporarily or in the longer term.

Many existing DHS assessments of remote participants are inadequate, which means participants don't receive the services and supports that they need. There is a lack of infrastructure and services to support good quality assessments in remote areas. Remote participants are much less likely to

have a face-to-face assessment than people in non-remote areas and have restricted access to services that can provide adequate documentation to ensure that non-vocational barriers are recognised through the ESAt or JCA[9]. There is also a systemic bias in remote areas that means there is a higher rate of failure applied through Comprehensive Compliance Assessments (CCAs) than in non-remote areas[10]. The result is that CDP has less capacity to recognise what is limiting people's participation than mainstream employment services.

The Discussion Paper acknowledges that current processes for assessing work capacity are not effective for many remote Indigenous participants in the CDP. There are serious concerns that inadequate assessment processes are failing to protect vulnerable people and contributing to the very high rate of financial penalties that are applied to participants in CDP. The ESAt process has led to under-reporting of the challenges faced by remote Indigenous people and restricts their access to appropriate employment assistance. Further, applying for DSP involves a complex lengthy and confusing process, and it is particularly difficult for remote Indigenous Australians. In late 2016 the Commonwealth Ombudsman found that remote indigenous Australians face significant disadvantage and unique cultural barriers in accessing the DSP.

5.2 Improving the Assessment Process

To deal with the challenges of streaming based on work capacity, other options must be explored to ensure that participants receive the right support and service at the right time.

One way is to give providers more discretion at the local level to conduct interim assessments based on their interviews with and knowledge of individuals. This would allow time for collection of evidence where that is possible. A broader range of evidence sources could also be permitted, such as community nurses, with providers helping participants to obtain it. Any expansion of the assessment role of providers would also need to be adequately resourced.

However, involving providers more in assessments creates risks and raises questions about the role of DHS. Ideally high-quality assessments would be conducted face-to-face by suitably qualified and trained staff. There are risks involved with increasing the assessment role of remote providers, including the scarcity of access to the right skills and qualifications, and conflicts of interest that arise from payments based on attendance in work for the dole activities. To protect against these risks, basic rights and entitlements must continue to be determined in the public sector by DHS, acting for the public good in the best interests of the participant. To help this work, the new model must move away from linking payments to providers to participation in work for the dole, which creates perverse incentives.

Providers could be granted more flexibility to provide better recognition of job seekers' circumstances and apply reduced participation requirements. They wouldn't be allowed to reduce people's rights and apply more penalties. APONT's proposal[11] seems to strike the right balance, which would have DHS retain their current role, but providers would have more discretion at the local level until the right assessment could be arranged. The APONT model allows for more collaboration with local medical services and gives providers discretion to put people in the personal support stream if needed, reviewed every 12 months.

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[9] Department of Employment, Education and Workplace Relations (2012). *Servicing Indigenous Job Seekers in Job Services Australia.*
[10] L. Fowkes, (2017).
[11] Aboriginal Peak Organisations Northern Territory (APONT) (2017).

Expanding the role of providers in the assessment process could also be accompanied by improvements in the role of DHS. In 2016 the Ombudsman made recommendations about how job capacity and disability medical assessments are carried out in remote Australia. These included:[12]

- Assessors contacting treating doctors to seek additional information, particularly where claimants submit incomplete or conflicting information, and where a face-to-face assessment is not possible.
- Making referrals to specialist medical assessments
- Where a face-to-face assessment is not possible, facilitating a comprehensive medical assessment where necessary, such as by liaising with remote health services in the applicant's community
- Assessors being trained to thoroughly assess all barriers
- Ensuring medical practitioners have access to clear information about the assessment process
- Ensuring assessors can assess impairment with the benefit of visual observation, whether in person or via teleconference.

Related to the assessment issue is the question of how participants would move between tiers, which should occur with a minimum of administration for providers. A strengths-based approach is needed, focussing on what people can do rather than what they can't, and which supports and financially rewards participation and progression towards employment. This would be facilitated by the APONT proposal where, rather than force people to work for payments, people can apply for better jobs.

The reform of assessment processes that will impact upon CDP participants should occur in consultation with stakeholders and experts, including First People's Disability Network, AMSANT and NACCHO.

Formal assessments are likely to continue to pose significant challenges for streaming job seekers in remote regions. Increasing the capacity for providers to make informal assessments on an interim basis will help the system be more flexible and more able to deliver the right service at the right time.

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?

Moving elements of a new model outside the national income support and compliance system is not supported. It risks further increasing the already very high number of financial penalties being applied to vulnerable participants, transfers significant security and administrative risks and costs onto providers, and creates confusion about the responsibilities of providers and DHS.

Social security laws that apply to all unemployed Australians should continue to apply to all participants in a reformed program in remote Australia. Obligations associated with income support should be no more onerous in remote regions than those that apply in non-remote regions. Within the same broad framework, local communities should have the flexibility to make interim

[12] Commonwealth Ombudsman (2016). *Department of Human Services: Accessibility of Disability Support Pension for remote Indigenous Australians.*

assessments, determine how obligations should be arranged, and to determine the nature of the activities for participants to meet these obligations. This would help to achieve a simpler and more accessible system for job seekers, involving more local control and decision making. This should be combined with improvements in the quality of assessments conducted by Centrelink, and a dedicated telephone service for CDP participants, as recommended in the recent Senate Inquiry report.[13]

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)?

The obligations for participants should be no more onerous than in non-remote areas, currently set at a maximum of 650 hours per year, with the same basic rights and penalties that apply as under the national legal framework.

Local communities, in consultation with providers, should decide what activities are included, how hours should be arranged, and the approach taken to participation failures. Under this approach providers should have discretion to engage participants and set obligations based on capabilities, aspirations, and the local needs and views of participants and communities.

Participants with the lowest capacity would have minimal obligations. Under the APONT proposal those in paid jobs would be subsidised for a standard working week of 20 hours, paid at a relevant award rate, which may include traineeship rates. It is important that those in paid part-time employment continue to be eligible to receive the partial rate of Newstart, in accordance with the same taper rate rules that occur nationally.

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

A goal of the reformed CDP should be to increase the number of CDP participants in employment and reduce the reliance on hiring non-local job seekers. Under the APONT proposal, 10,500 fully subsidised jobs would be created. Other support would include career advancement support for those in employment and access to training to assist people to progress into higher skill and longer-term employment.

It is not clear under the proposed Option 1 how many subsidised jobs will be available or created, which creates uncertainty about the overall proposal. All paid employment should be on award wages and conditions, including superannuation, and part-time work should be able to be supplemented by income support according to Social Security rules.

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)?

[13] Senate Finance and Public Administration References Committee (2017).

The existing 'no show no pay' arrangements under CDP have resulted in an unacceptably high number of penalties being applied to CDP participants. In a program with only around 33,000 participants, nearly 50,000 financial penalties per month are recommended by providers, resulting in around 14,000 penalties per month being applied by DHS. As found by the recent Senate inquiry into CDP, heavy handed financial penalties are pushing people and communities further into poverty, leading to an upsurge in crime and other social issues[14]. Reasons for the very high rates of penalties include the higher obligations under CDP, less discretion for providers to not report and financial incentives to report non-attendance, and fewer support services to obtain evidence to support exemptions or suspensions and to navigate the CCA process.

The persistent high rate of financial penalties demonstrates that this approach is not working. Instead of a relying heavily the on the threat of financial penalties to engage people, a more positive, incentive-based approach is needed.

We need to have a system where most people can meet their requirements most of the time, which is aligned with the requirements of other income support recipients, and participants have sufficient income to pay for necessities. But it is important to understand that a 'show pay' system may do more harm than the current 'no show no pay' system. Both approaches involve tying income support payments to participation on an hourly basis, which is likely to result in an increase in financial penalties and is not supported.

Indigenous people already face enormous challenges in accessing their rights under the income support system. A system which only pays people who turn up would reverse the onus of proof so that these citizens – unlike those in the rest of the country – are not given the benefit of the doubt in securing their access to the basic safety net. The safety net payment is already set at a low rate. It will only impoverish people further, and reduce their employability, if access is further reduced.

A much more flexible approach to the setting of hours and activities is needed, that reflect individual and community needs, and will lead to higher rates of compliance and fewer penalties.

6. OPTION 2 - 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?

The key measures contained in the CDP2 Bill were:

1. Establishment of remote income support payments and weekly pay (with responsibility for paying income support transferred to CDP providers);

[14]Senate Finance and Public Administration References Committee (2017).

2. Delegation of legislative power to the Minister to determine job seeker compliance arrangements for the remote income support payments; and
3. Establishment of new tapering arrangements for remote income support payments.

Jobs Australia opposed the CDP2 Bill when it was introduced more than two years ago[15], for reasons including:

- Concerns for vulnerable job seekers, resulting from higher rates of financial penalties applied quickly with fewer checks and safeguards provided by DHS
- Concerns for CDP providers, such as increased staff safety risks arising from making providers solely responsible for applying financial penalties, and higher administrative costs associated with administering payments
- Confusion about providers and DHS having separate responsibilities for making different types of payments and supplements under separate systems.
- Lack of detail in the Bill, and concerns about delegating Social Security law to the Minister, who could change anything without prior approval from Parliament. Providing welfare is a core responsibility of the Federal Government, and should not be handed over to one Minister
- The risk of unintended consequences on participant behaviour of proposed new taper rates
- Concerns that the Minister for Indigenous Affairs establishing separate arrangements for welfare payments in remote Australia may discriminate against Indigenous people.

7. OPTION 3 - CURRENT CDP WITH IMPROVEMENTS

Should we retain the current CDP model?

The current CDP should not be retained. Jobs Australia holds grave concerns that CDP is causing unnecessary financial hardship, exacerbating poverty, creating disengagement and doing more harm than good in remote Australia. After CDP commenced in 2015, the number of financial penalties applied to participants increased at an alarming rate. Despite having only 33,000 job seekers compared to around 760,000 in jobactive, there been more financial penalties applied to CDP participants than to job active participants in every quarter except one since CDP started. CDP is experiencing a decreasing number in activity tested participants that can't be fully explained by job placements or movement to non-remote areas, particularly Indigenous men aged 18 to 30[16], suggesting they are disengaging entirely from the labour market and support.

The strict requirements for participants to attend Work for the Dole activities for 5 hours every day is far more onerous than for participants in jobactive, increasing the likelihood of participation failures.

[15] Jobs Australia (2016). *Submission to the Senate Finance and Public Administration Legislation Committee Inquiry into the Social Security Legislation Amendment (Community Development Program) Bill 2015.*
[16] ANAO (2017). *Report No. 14 2017/18: Design and Implementation of the Community Development Programme*.

The high rate of penalties is also explained by the CDP funding model, which links payments to providers to participant attendance at Work for the Dole activities. To be paid themselves, providers must drive attendance by recommending the application of financial penalties. Faced with the decision to be paid themselves or for job seekers to be paid, they are given a financial incentive to drive engagement through the application of penalties.

While Option 3 offers some promise of improvements on current arrangements, they do not address underlying design flaws in CDP:

- The model relies too heavily on onerous levels of participation in Work for the Dole, driven by punitive financial penalties and high levels of administration
- There is not enough commitment to job creation and long-term economic development
- The program is top-down, and does not empower Indigenous communities to flexibly tailor approaches that meet their needs

A new program is needed, developed through a genuine process of broad consultation and engagement with Aboriginal and Torres Strait Islander people and communities. Any future changes need to occur with the support of communities that are affected, based on building capacity and capability, rather than systems that undermine them.

8. PROPOSED OPTIONS FOR A FUTURE MODEL

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

Jobs Australia has concerns about each of the three options presented in the Discussion Paper. While Option 1 appears to support the creation of jobs by government, it includes the transfer of the payment of income support from Centrelink to providers, which is not supported.

Jobs Australia's concerns with the three options are summarised below:

Option 1 – New Wage Based Model

- Lack of clarity and certainty. The number of subsidised jobs to be created is unknown, creating uncertainty about the overall model.
- Providers paying income support carries higher safety risks for staff
- Removal of Centrelink checks and balances increases risks of higher number of financial penalties being applied to participants.
- Overly reliant on formal assessments
- There is no commitment to addressing the current imbalance between the obligations of remote and non-remote job seekers
- Increased complexity, provider administration and concerns about discrimination from creating a separate system of payments and compliance.

Option 2 – CDP2

- As with Option 1, providers paying income support carries higher safety risks for staff and risks even more financial penalties.
- Added confusion. The national income support system, including issues around payment rates, debts and income management will still be administered by Centrelink. Responsibility for payments will be split between Centrelink and providers.
- Increased complexity, provider administration and concerns about discrimination from creating a separate system of payments and compliance.
- Risks of unintended consequences from proposed changes to taper rates.
- Delegation of too much power to the Minister.
- No job creation and no evidence that this option will lead to increased employment
- There is no commitment to addressing the current imbalance between the obligations of remote and non-remote job seekers.

Option 3 – Current CDP with Improvements

- The strong focus on compliance has led to high rate of penalties and reduces incentives to participate.
- The current arrangements are discriminatory.
- The reliance on Work for the Dole creates excessive administration for providers.
- The program is top-down. It does not empower Indigenous communities.
- No job creation.

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

Jobs Australia strongly endorses the APONT Remote Development and Employment Scheme as an alternative to the current CDP. The proposal has been developed in consultation with Aboriginal organisations, national peak bodies and CDP providers, and offers a better solution to the provision of employment services in remote Australia – one which should be the subject of broader consultation with all affected remote communities, with other peak and stakeholder organisations and with current CDP providers.

The key elements of the proposed Remote Development and Employment Scheme include investing in the creation of around 10,500 jobs at award wages, local community control, flexibility and fairness in mutual obligation, and oversight by an independent body with an Indigenous-led board. Instead of emphasising punishments for non-attendance, the proposal emphasises rewards for participation through paid employment.

The new APONT model takes a long-term investment approach to supporting individuals through case management to participate to the best of their ability in economic and community development. It builds on the strengths of the former CDEP program, but it also addresses perceived concerns about CDEP being a destination by limiting the holding of jobs for a period of up to five

years. There is less emphasis on administration, and more on empowering and strengthening communities to create meaningful opportunities for participation, based on people's individual capacity and needs.

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

Indigenous people living in remote communities often have strong collective obligations to family, community and culture, which can take precedence over obligations to participate in paid employment or mutual obligation activities to receive income support.

A different approach to creating opportunities for meaningful participation and work in remote Australia is needed, which is identified and led by the local community, in partnership with all levels of government. This approach would adopt a broader definition of activities, including family, community and cultural obligations, with more flexibility around the days and hours of operation, and the approach taken to participation failures.

Participation activities would be community driven, with individual obligations based upon individual capabilities and aspirations and the needs and views of communities.

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

The new model should empower local communities to determine how participation obligations are arranged, the range and type of activities that count towards them, and the consequences of non-participation. Empowering communities in this way will help to 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?

The biggest cause of joblessness in remote communities is weak labour markets and a lack of job opportunities, especially for Indigenous people. The number of jobs available are far lower than the number of participants in CDP. The few jobs that do exist are often performed by people with higher levels of skills or qualifications, who are often non-Indigenous and from outside the local community. CDP Participants lack skills for many of the limited number of jobs on offer.

More jobs are needed, and more local people need be given opportunities to acquire the skills and qualifications needed to perform them. The failure of markets to provide enough employment is an opportunity for government to intervene. On the labour demand side, more public investment is needed by government in infrastructure and services to create more job opportunities. On the supply side, more public investment is needed in skills, education and support services.

Addressing unemployment through job creation has been proposed by the Centre of Full Employment and Equity and supported by Jobs Australia. Under a Job Guarantee[17], public sector jobs would be available to anyone who wants one. More recently Per Capita[18] has proposed trialling

[17] Cook, B., Mitchell, W., Quirk, V. & Watts, M., (2008). *Creating effective local labour markets: a new framework for regional employment policy*, Centre of Full Employment and Equity, the University of Newcastle, Callaghan NSW
[18] Smith, W. (2017). *Unemployment Policy in Australia: A Brief History*, Per Capita, Melbourne.

a Job Guarantee scheme in remote Indigenous communities. This would both reduce unemployment and stimulate local economic growth, as the increased income from the created jobs would result in increased purchases of food, clothing, transport and other goods and services. The concept has much in common with the original CDEP, which provided real jobs, skills and training that met the needs of the local community. A Job Guarantee would also negate costs of the expensive and administratively complex job seeker compliance framework.

Jobs Australia supports the APONT proposal, which builds on the strengths of the former CDEP program. The model would create 10,500 new part-time jobs on award wages and conditions. The jobs would be in services and projects that are important to communities and have opportunities to 'top up' these wages with other work. They would cover around 30% of the caseload and include a training account to support skill development. The proposal also includes 1,500 paid work experience and training places for young people.

The APONT model addresses the issue of subsidised jobs being a destination by limiting the holding of jobs for a period of up to five years. It also includes support for skills development and career progression from subsidised to non-subsidised, higher paid and more skilled employment.

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?

Governments at all levels have a role to play in stimulating employment through ongoing investment in infrastructure and services in remote communities.

Concerns have been raised that the Indigenous Procurement Policy is not leading to meaningful increases in Indigenous employment[19]. This includes claims that non-Indigenous companies enter into joint ventures that create a veneer of Indigenous ownership, known as 'black-cladding', but which have few Indigenous employees.

One way of incentivising employers to hire local people is through stronger monitoring and enforcement of Indigenous employment targets through Commonwealth contracts under the Indigenous Procurement Policy, to ensure that policy loopholes are not being exploited.

9. IMPLEMENTATION AND TRANSITION ARRANGEMENTS

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

[19] Easton, S. (2017). Federal procurement policy can't solve Indigenous unemployment, The Mandarin, March 1 2017, https://www.themandarin.com.au/76183-commonwealth-procurement-policy-wont-solve-indigenous-unemployment-and-doesnt-intend-to/ (accessed February 7, 2018)

How should implementation be staged?

The development of a new program will require extensive community and stakeholder consultation.

Under a new approach there needs to be greater emphasis on collaboration with the local community and potential employers to identify new opportunities for participation and subsidised employment. This includes the development of enterprises and working with local communities to identify and develop rewarding and interesting activities that meet local social, cultural and economic needs.

Support should be made available to providers where needed to expand their governance and service delivery capacity, to understand and realise the opportunities that could be unleashed through a model that empowers communities and is committed to job creation for local people.

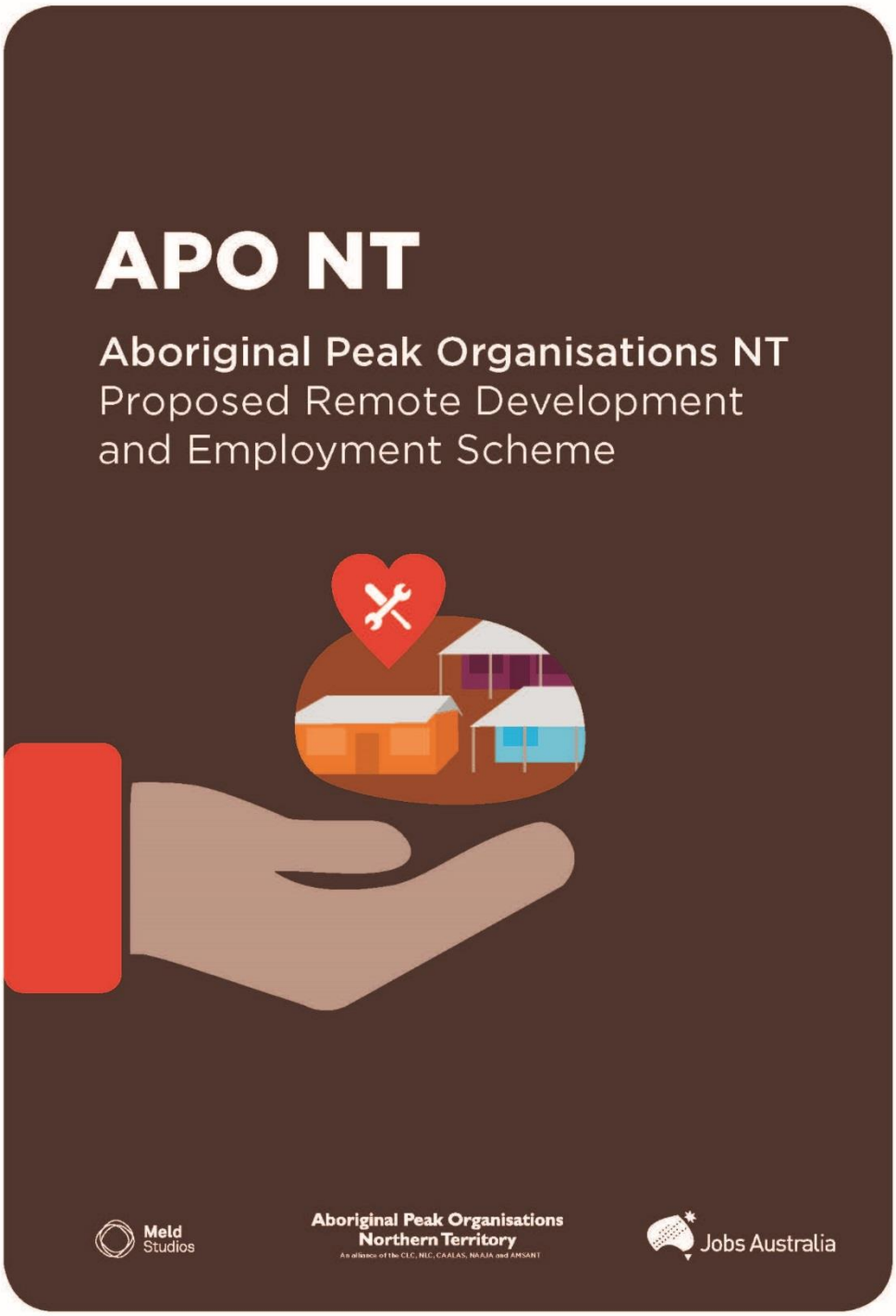
While the proposed requirement for Indigenous ownership of provider organisations has promise, it is important to distinguish between Indigenous community control and Indigenous ownership. Indigenous ownership does not guarantee the existence of local decision-making structures that allow local Indigenous people to have their say about how the program runs in their community. There is a risk that the Indigenous organisation requirement may result in 'black-cladding', which does not empower and build the capacity of local Indigenous communities.

Implementation could be staged through a pilot, opt-in process, with oversight from an independent reference body with an Indigenous led board as recommended by APONT.

9.1 Need for Urgent Action

During the transition period immediate action is needed to reduce the number of financial penalties. The current compliance and penalty regime should be replaced by obligations that are no more onerous than those in non-remote areas, and which ensure that participants are able to meet them most of the time. Payments to providers should also be changed, to remove financial incentives to recommend the application of penalties and create more incentives to use discretion when managing non-compliance. Finally, providers should be given more discretion to arrange activities and set participation requirements, so they are more suited to local conditions and participant needs.

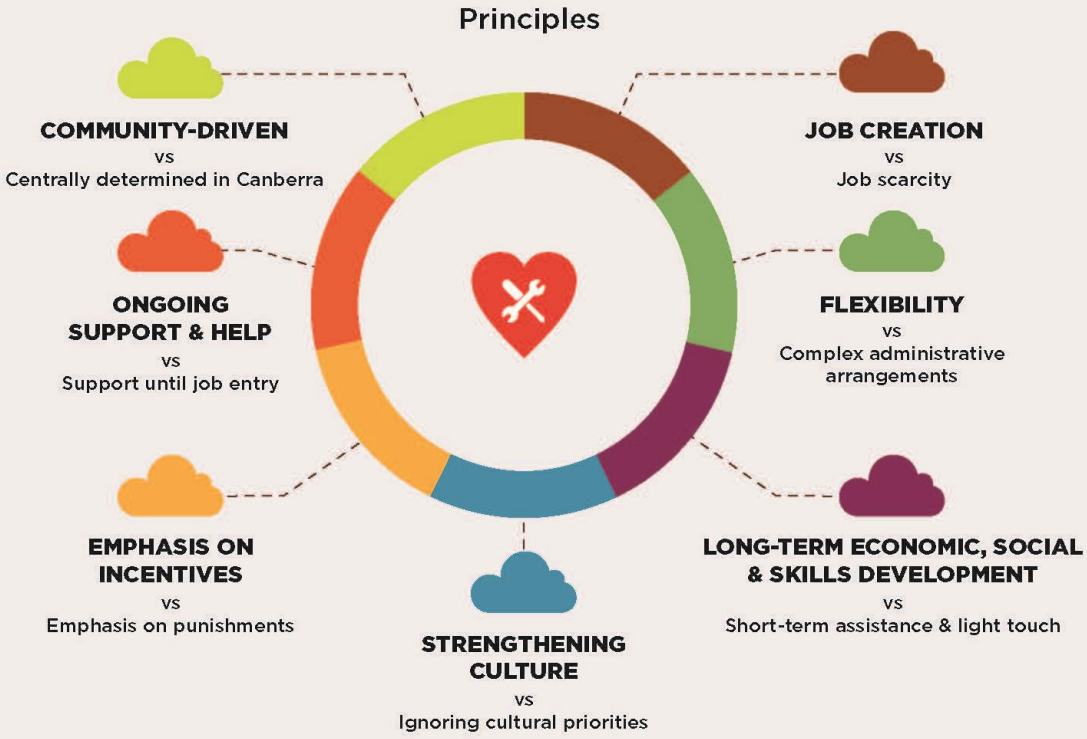
APPENDIX A: APONT REMOTE DEVELOPMENT AND EMPLOYMENT SCHEME JOURNEY MAP INFOGRAPHIC



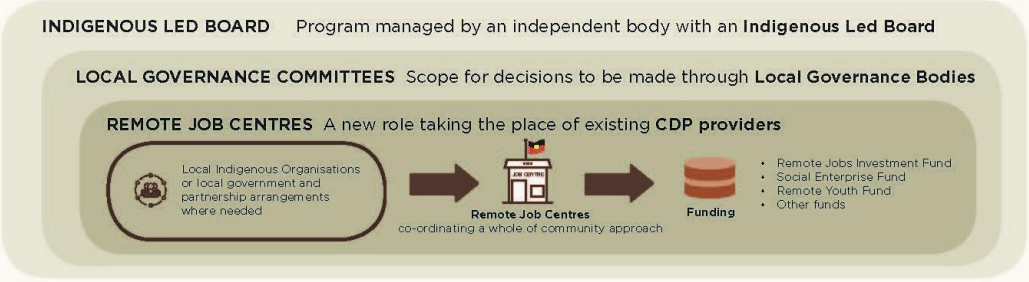
APO NT Program Design

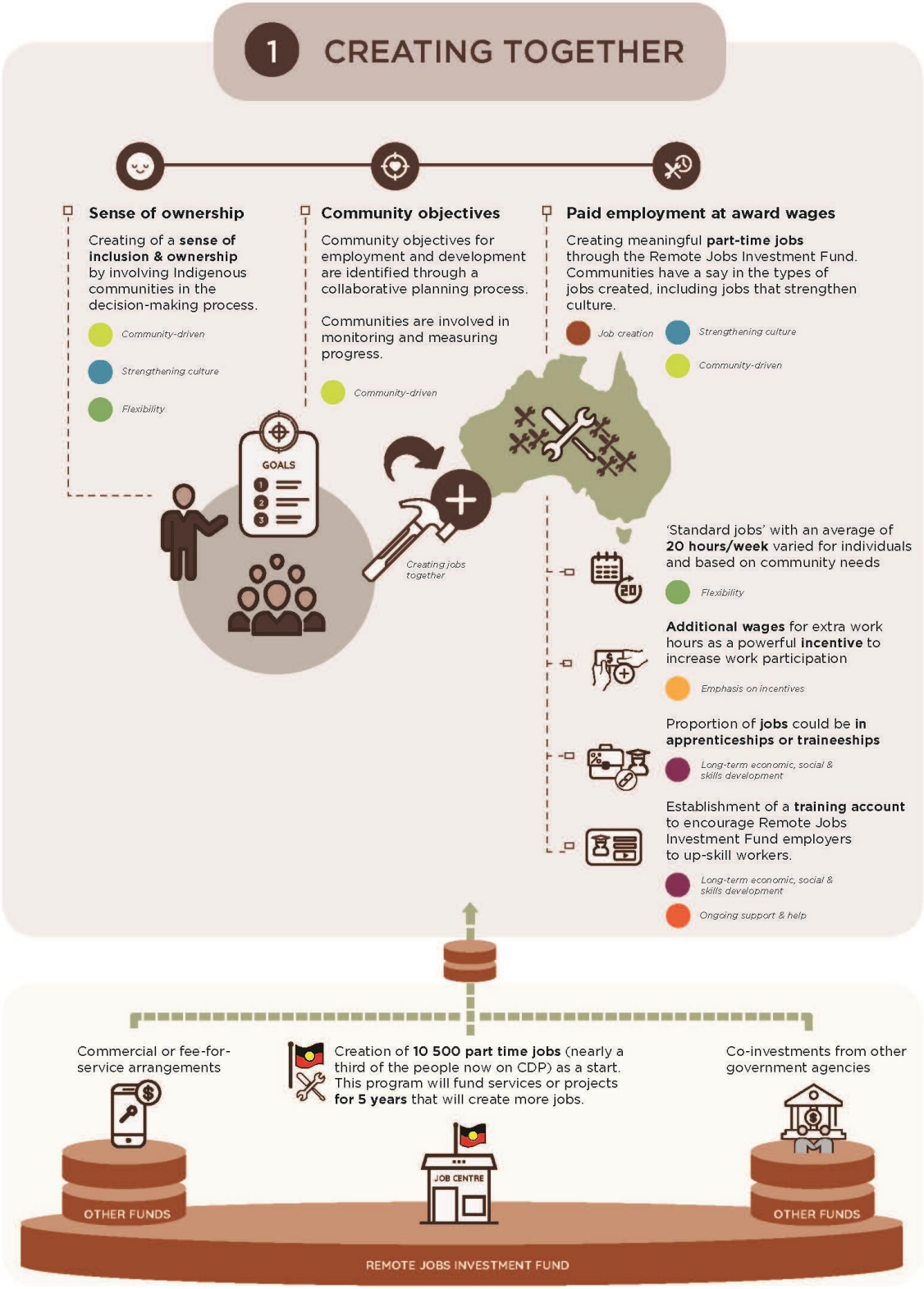
This map illustrates the key points of a new remote development and employment scheme for Indigenous communities that is place based, community driven, and establishes a framework for long term collaborative effort across governments, employers and Indigenous organisations to increase economic opportunities in remote communities.

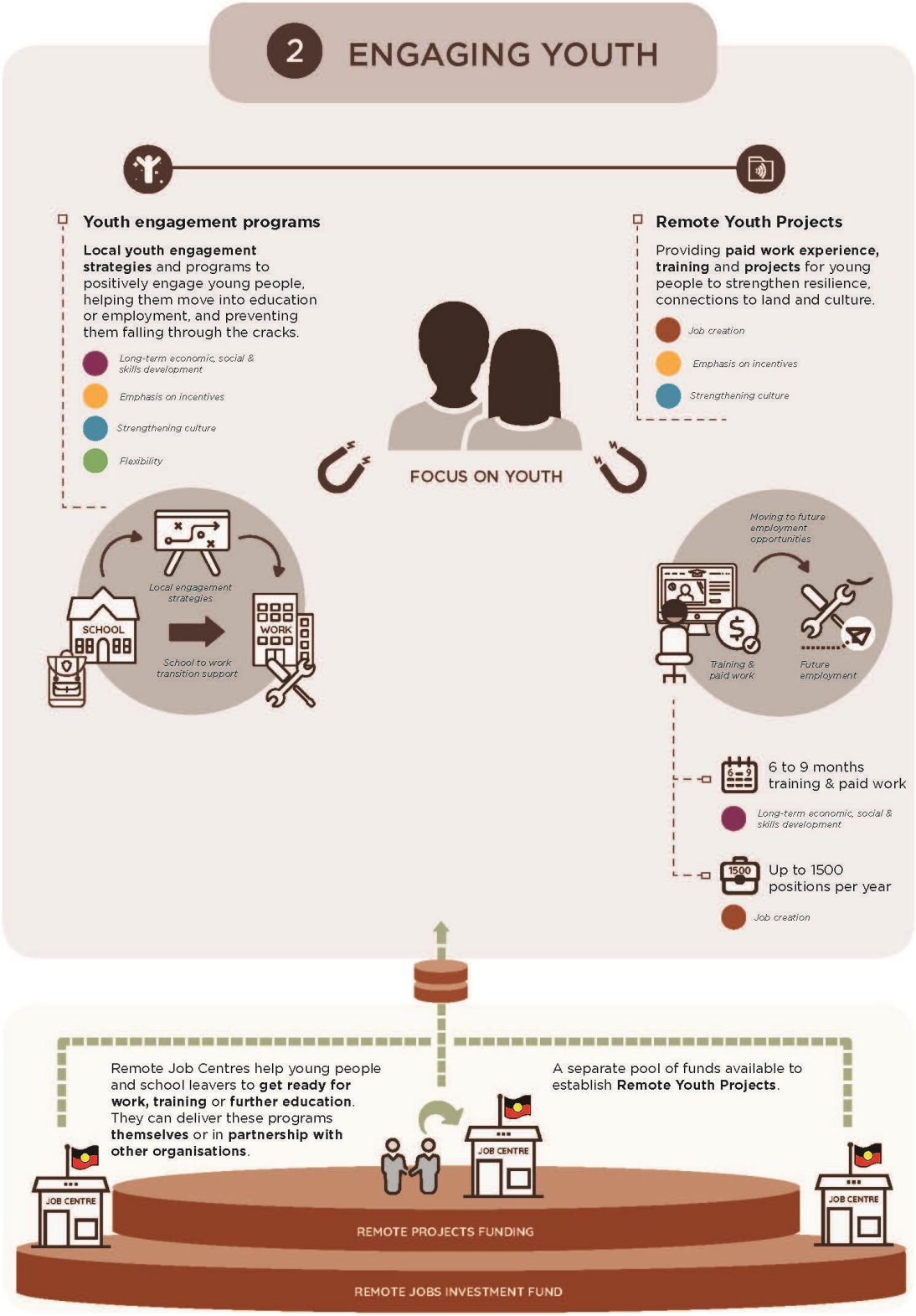
The new APO NT Program Design is underpinned by following core principles:

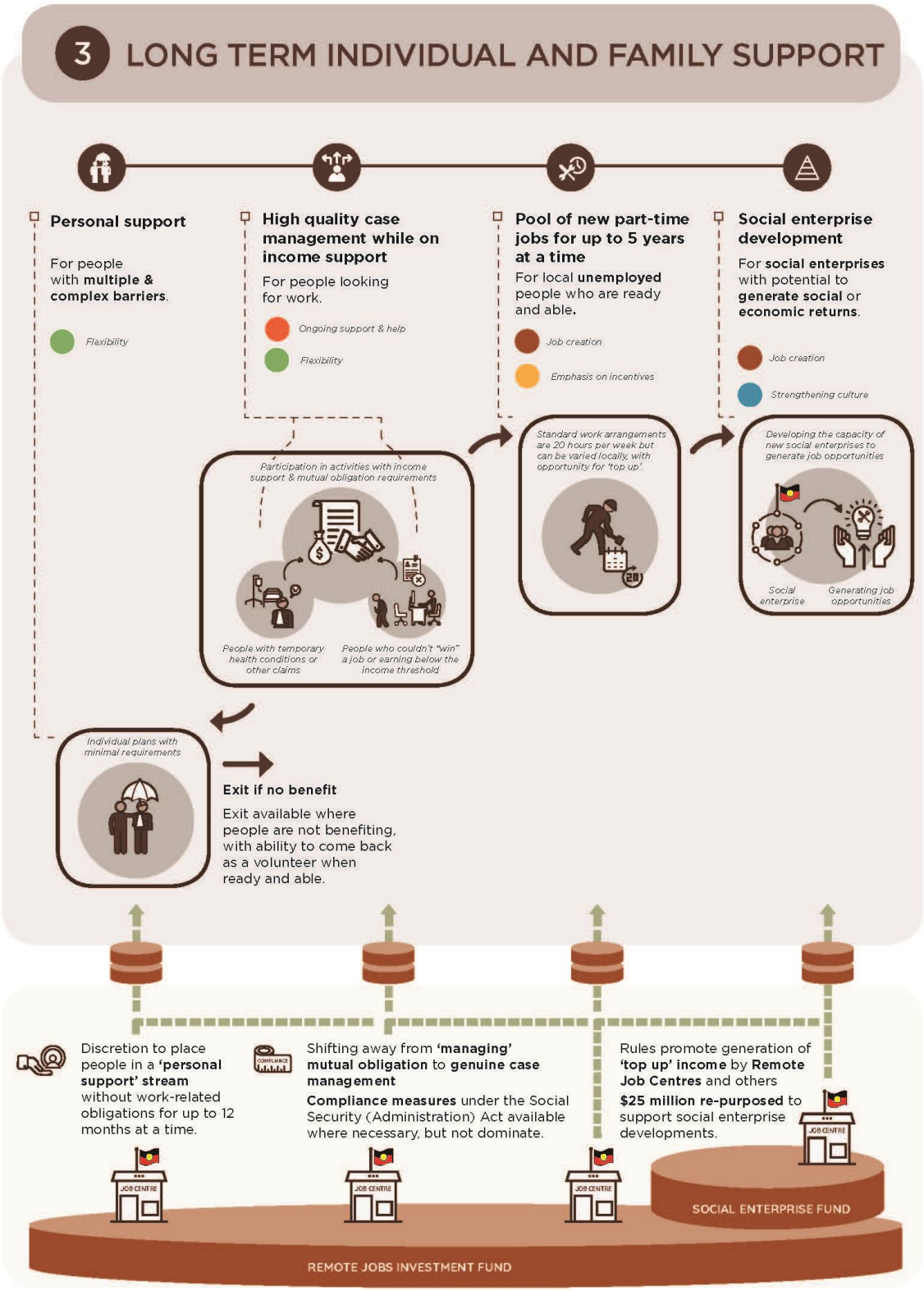


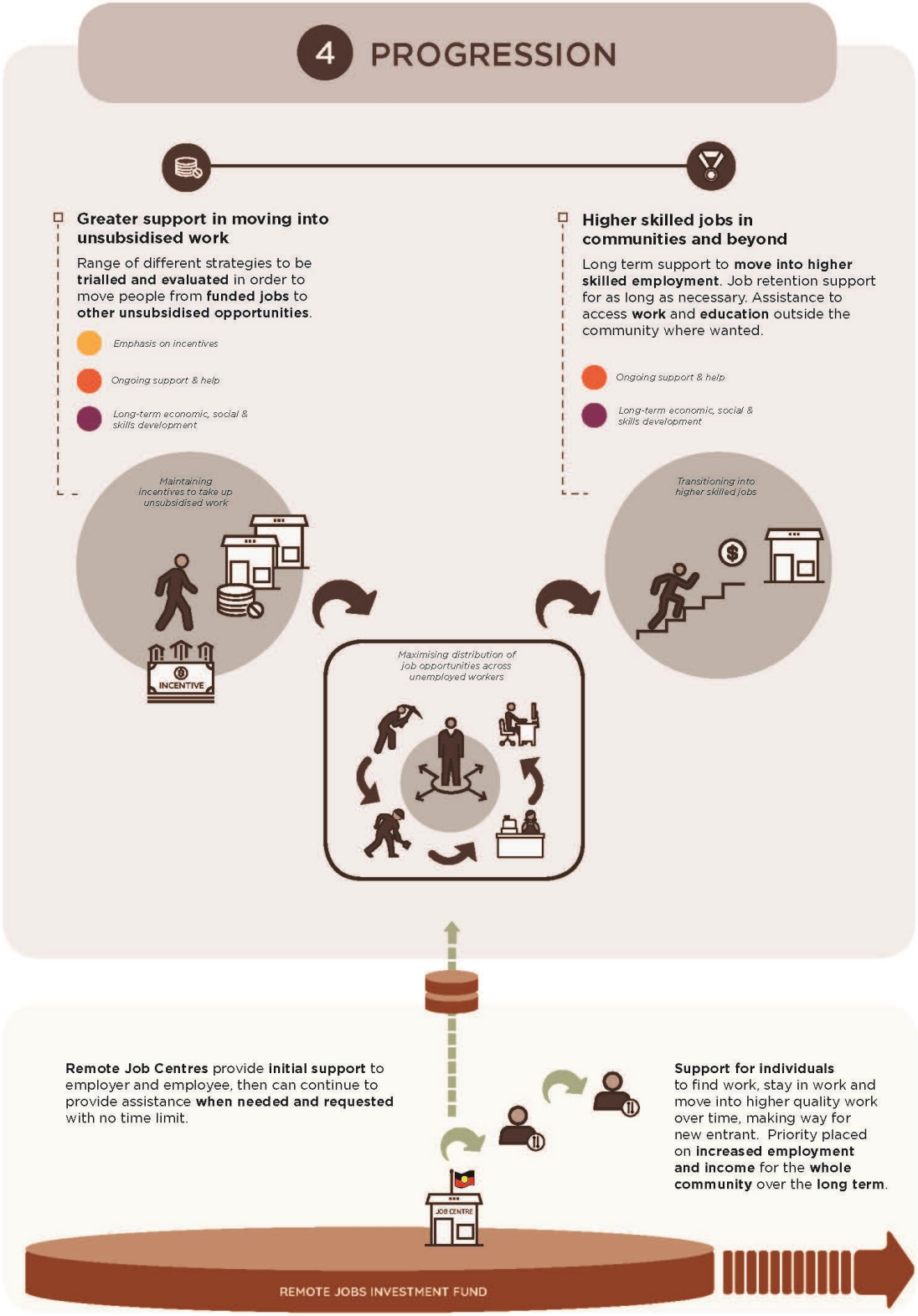
Institutional arrangements




1 CREATING TOGETHER
Sense of ownership
Creating of a sense of inclusion & ownership by involving Indigenous communities in the decision-making process.
Community-driven
Strengthening culture
Flexibility
Community objectives
Community objectives for employment and development are identified through a collaborative planning process.
Communities are involved in monitoring and measuring progress.
Community-driven
Paid employment at award wages
Creating meaningful part-time jobs through the Remote Jobs Investment Fund. Communities have a say in the types of jobs created, including jobs that strengthen culture.
Job creation
Strengthening culture
Community-driven
GOALS
Creating jobs together
'Standard jobs' with an average of 20 hours/week varied for individuals and based on community needs
Flexibility
Additional wages for extra work hours as a powerful incentive to increase work participation
Emphasis on incentives
Proportion of jobs could be in apprenticeships or traineeships
Long-term economic, social & skills development
Establishment of a training account to encourage Remote Jobs Investment Fund employers to up-skill workers.
Long-term economic, social & skills development
Ongoing support & help
Commercial or fee-for-service arrangements
Creation of 10 500 part time jobs (nearly a third of the people now on CDP) as a start. This program will fund services or projects for 5 years that will create more jobs.
Co-investments from other government agencies
OTHER FUNDS
JOB CENTRE
OTHER FUNDS
REMOTE JOBS INVESTMENT FUND


2 ENGAGING YOUTH
Youth engagement programs
Local youth engagement strategies and programs to positively engage young people, helping them move into education or employment, and preventing them falling through the cracks.
Long-term economic, social & skills development
Emphasis on incentives
Strengthening culture
Flexibility
Remote Youth Projects
Providing paid work experience, training and projects for young people to strengthen resilience, connections to land and culture.
Job creation
Emphasis on incentives
Strengthening culture
FOCUS ON YOUTH
SCHOOL
WORK
Local engagement strategies
School to work transition support
Moving to future employment opportunities
Training & paid work
Future employment
6 to 9 months training & paid work
Long-term economic, social & skills development
1500
Up to 1500 positions per year
Job creation
Remote Job Centres help young people and school leavers to get ready for work, training or further education. They can deliver these programs themselves or in partnership with other organisations.
A separate pool of funds available to establish Remote Youth Projects.
JOB CENTRE
JOB CENTRE
JOB CENTRE
REMOTE PROJECTS FUNDING
REMOTE JOBS INVESTMENT FUND


3 LONG TERM INDIVIDUAL AND FAMILY SUPPORT
Personal support
For people with multiple & complex barriers.
Flexibility
High quality case management while on income support
For people looking for work.
Ongoing support & help
Flexibility
Pool of new part-time jobs for up to 5 years at a time
For local unemployed people who are ready and able.
Job creation
Emphasis on incentives
Social enterprise development
For social enterprises with potential to generate social or economic returns.
Job creation
Strengthening culture
Participation in activities with income support & mutual obligation requirements
People with temporary health conditions or other claims
People who couldn't "win" a job or earning below the income threshold
Standard work arrangements are 20 hours per week but can be varied locally, with opportunity for 'top up'.
20
Developing the capacity of new social enterprises to generate job opportunities
Social enterprise
Generating job opportunities
Individual plans with minimal requirements
Exit if no benefit
Exit available where people are not benefiting, with ability to come back as a volunteer when ready and able.
Discretion to place people in a 'personal support' stream without work-related obligations for up to 12 months at a time.
Shifting away from 'managing' mutual obligation to genuine case management
Compliance measures under the Social Security (Administration) Act available where necessary, but not dominate.
Rules promote generation of 'top up' income by Remote Job Centres and others
$25 million re-purposed to support social enterprise developments.
JOB CENTRE
SOCIAL ENTERPRISE FUND
REMOTE JOBS INVESTMENT FUND


4 PROGRESSION
Greater support in moving into unsubsidised work
Range of different strategies to be trialled and evaluated in order to move people from funded jobs to other unsubsidised opportunities.
Emphasis on incentives
Ongoing support & help
Long-term economic, social & skills development
Higher skilled jobs in communities and beyond
Long term support to move into higher skilled employment. Job retention support for as long as necessary. Assistance to access work and education outside the community where wanted.
Ongoing support & help
Long-term economic, social & skills development
Maintaining incentives to take up unsubsidised work
INCENTIVE
Maximising distribution of job opportunities across unemployed workers
Transitioning into higher skilled jobs
Remote Job Centres provide initial support to employer and employee, then can continue to provide assistance when needed and requested with no time limit.
JOB CENTRE
Support for individuals to find work, stay in work and move into higher quality work over time, making way for new entrant. Priority placed on increased employment and income for the whole community over the long term.
REMOTE JOBS INVESTMENT FUND

APPENDIX B: COMPARISON OF DISCUSSION PAPER OPTIONS WITH APONT PROPOSAL

Option		Option 1 – New Wage Based Model	Option 2 – CDP2	Option 3 – Current CDP with Improvements	APONT Proposal – Remote Development and Employment Scheme
Defining Features	**Service Streams**	Three service tiers: **Tier 1.** Basic Services for highly vulnerable and those with low work capacity. **Tier 2.** Training and work experience activities. **Tier 3.** - subsidised (max. 2 years) or independent jobs or economic development. Providers supported to establish labour hire businesses to contract for regional work.	Two service levels: **Basic Services** only **Basic Services with Work for the Dole**.	Two service levels: **Basic Services** only **Basic Services with Work for the Dole**.	Three categories of services: **Personal support** for people with health or other significant barriers. **Income support**. Individual and family case management to help find a job, or train for a job. Obligations no more onerous than mainstream. Communities to decide what is included, how hours are arranged, approach taken to participation failure. Discretion to engage in a way that meets community needs and aspirations. **Jobs.** Wages fund to create 10,500 new part-time jobs on award wages – 30% of caseload. Ability to top up with employer. Jobs up to 5 years. Also training account to support skill development.

Option	Option 1 – New Wage Based Model	Option 2 – CDP2	Option 3 – Current CDP with Improvements	APONT Proposal – Remote Development and Employment Scheme
Role of Centrelink	Tier 1 – Initial assessment. Reduced / simplified interactions with Centrelink. Regular reviews of work capacity. Tier 2 & 3 – 'No touch points' with Centrelink. Outside national income support system.	Reduced / simplified interactions with Centrelink.	Within national income support system.	Retain current role. Volume of interactions with Centrelink will reduce, as 30% of caseload in employment, some in 'personal support', and the rest with more flexible activity requirements.
Payments to Participants	Tier 1 – Centrelink makes payments. Tier 2 - Providers pay 'enhanced welfare payment or training wage' to Tier 2 participants instead of Centrelink, based on hourly attendance in activities. Withheld payments reinvested in community. Can be combined with part-time work. 'Top up' payments available. Tier 3 – Participants earn wages. Certain level of provider profits through labour hire paid to participants as 'top up'.	Providers pay income support to WFD participants instead of Centrelink, based on hourly attendance in activities. Increased income thresholds.	Income support paid by Centrelink.	Income support paid by Centrelink.
Assessments	Tier 1 – Initial barrier assessment by Centrelink. Tiers 2 & 3 – Initial assessments by providers. Providers may recommend an in-depth capacity and behavioural assessment, specifically tailored for remote Australia.	Provider conducts JSCI on commencement. Centrelink assesses work capacity through ESAt and intentional non-compliance through CCA.	Provider conducts JSCI on commencement. Centrelink assesses work capacity through ESAt and intentional non-compliance through CCA.	DHS would retain current role, but providers will have more discretion at local level to place people in the personal support stream until the right assessment is arranged.

Option	Option 1 – New Wage Based Model	Option 2 – CDP2	Option 3 – Current CDP with Improvements	APONT Proposal – Remote Development and Employment Scheme
Mutual Obligation Requirements / Compliance	Hours of participation matched to capacity. May be determined by in-depth assessment. Tier 1 – within national job seeker compliance framework. Tiers 2 & 3 – outside national job seeker compliance framework. Maximum would be reviewed. Up to 20 hours per week with top up payments for Tiers 2 & 3. Local community boards and leaders to work closely with service providers to set activities, identify priority employment industries and identify investment needed in support services, such as literacy and numeracy.	Within national job seeker compliance framework. For those in Work for the Dole, five days a week up to 25 hours, depending on assessed capacity to work.	Within national job seeker compliance framework. For those in Work for the Dole, five days a week up to 25 hours, depending on assessed capacity to work. Expanded definition of activities.	Minimal obligations for those in personal support stream. Obligations no more onerous than in mainstream / non-remote areas (around 650 hours per year), with same basic rights and penalties as under national legal framework. Local communities decide what activities should be included, how hours should be arranged and what approach should be taken to participation failures. Providers have discretion to engage and set obligations based on capabilities, aspirations and needs and views of communities.
Youth	Portion of subsidised jobs set aside for Indigenous youth			1,500 paid work experience and training places of 6-9 months for young people, supported by locally driven youth development strategies.

Option	Option 1 – New Wage Based Model	Option 2 – CDP2	Option 3 – Current CDP with Improvements	APONT Proposal – Remote Development and Employment Scheme
Management of Program	PM&C. All providers must be Indigenous, Indigenous focused or local community organisation.	PM&C. All providers must be Indigenous, Indigenous Focused or Local Community Organisation.	PM&C. All providers must be Indigenous, Indigenous Focused or Local Community Organisation.	Managed with independent body with Indigenous led board. Local decision-making structures that enable local Indigenous people to have a say and be represented in decisions that affect them. Existing providers replaced with Remote Job Centres. Where possible they will be Indigenous organisations. Long-term focus. Changes based on consultation, evidence and transparent evaluations.