23 February 2018

The First Assistant Secretary
Community and Economic Development Division
Department of the Prime Minister and Cabinet
Canberra, ACT
Via email: cdpconsultation@pmc.gov.au

Dear Secretary,

My Pathway welcomes the opportunity to contribute ideas that will assist to shape an improved remote employment and participation program. We share the Minister's ambition to implement an enhanced model that delivers improved outcomes for remote job seekers and communities while retaining the best parts of the Community Development Programme (CDP) to maintain momentum.

My Pathway is a high performing provider of the CDP nationally. We support 12.6% of total participant commencements and have facilitated 16.7% of all employment placements since the Programme commenced (PMC Report – RJCP14 – CDP Employment Outcomes and Conversions – Sep 2017). Over the past decade, our organisation has placed around 13,000 remote job seekers into work.

We employ more than 750 people who are passionate about building stronger communities and have developed both the experience and connections to make a difference in the communities where we work. We are committed to employing and developing Indigenous people, and 71.9% of staff who implement CDP in communities are Indigenous. Across our total workforce, including major regional centres, 59.3% of our people identify as Aboriginal or Torres Strait Islander.

We believe that CDP is more than just a jobs program. It can build local capability that enables remote communities to thrive socially, culturally and economically. There are numerous examples of success, and our challenge is to keep that momentum going while addressing areas of the CDP that could be improved.

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The CDP addresses complex and long-standing issues in remote communities that will take time and commitment to overcome. It is crucial that we implement a model with a long-term view to provide clarity and stability for communities and provider's employees. We are hopeful that the Department of Prime Minister and Cabinet (PM&C) is close to confirming the approach for a remote employment and participation model so that we can proceed with detailed design, engagement and transition efforts.

Our response to PM&C's Discussion Paper outlines the objectives, principles and options we believe would enhance the CDP to deliver improved outcomes. My Pathway is also a member of the National Employment Services Association (NESA), and we have made contributions to their response on behalf of the industry.

If you have further questions or concerns, please contact me.

Regards,



Paul Synnott
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Approach to remote employment and participation program

Transition to increased local service delivery

My Pathway recognises that remote communities have consistently called for greater local control and decision-making powers. We agree that remote employment and participation programs need to address community needs effectively and locals should be involved in the design and delivery of services and projects as well as setting the desired outcomes.

My Pathway will meet PM&C's new requirement for providers to have at least a 50 percent Indigenous interest in their business. We have existing partnerships with local, Indigenous organisations in Cooktown and Doomadgee, and we are confident we can build on our success with further partnerships that deliver improved outcomes for individuals and communities.

While we support community-based decision making, it is beneficial to retain a level of independent governance. This can be achieved through a combination of government oversight and involving organisations or individuals who do not directly benefit from the remote employment and participation program. Independence protects the interests of job seekers who should be enabled to access the program, irrespective of their cultural position or connections within the community.

We maintain there is a role for both Indigenous and non-Indigenous organisations in the delivery of a remote employment and participation program. Providers should be held accountable to agreed performance indicators and appointed according to their:

- Capability: systems, governance, scalability and financial stability.
- Ability to advance Indigenous staff: ongoing employment progression, learning and development and mentoring.
- Commitment to local staff: prioritising local employment, upskilling, Indigenous and non-Indigenous opportunities.
- Strong local networks and capacity to facilitate local decision-making: local staff representation, community engagement, Indigenous Advisory Groups and joint ventures.

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Remote communities deserve access to the services, education and opportunities afforded to other Australians - including the best providers who are proven to deliver outcomes and prepare communities for the jobs of the future.

Proposed objectives of a new approach

My Pathway supports an overall, long-term objective to increase the prosperity of remote Australia, which is consistent with the current CDP and previous remote employment and participation programs.

It is central to a successful program that participants are continually motivated to progress and contribute. Passive welfare models fail to benefit individuals, communities or taxpayers.

Offering subsidies and incentives may be useful tactics to boost local employment, but should be accompanied by long-term, local capability development strategies and the establishment of sustainable job markets.

Creating jobs for prosperity will be unique to each community. Environmental and cultural factors will impact the approach needed; as will other income streams, such as royalties, which may diminish the need to engage in employment.

Design principles

My Pathway considers the following four principles important to any program design changes:

1. Clarity and stability
   Within the past five years, remote communities have transitioned from the Community Development Employment Program (CDEP), to the Remote Jobs and Communities Program (RJCP), to the CDP with varying levels of communication from PM&C. This has generated some disengagement, mistrust of providers, and caution should be taken when implementing reforms to enable generational clarity and stability.

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2. Innovation
   Retain flexibility in contractual obligations to enable providers to innovate for the benefit of communities.

3. Engagement, development and growth
   Any model changes should enable a tailored pathway to employment recognising the differences in capability across communities and individuals. Operational activities should support community engagement, capability development and economic growth.

4. Simplicity
   Where possible, reduce the compliance burden and refocus the program toward community-based outcome indicators. This would include investment in more sophisticated and automated reporting systems.

Options for a future model

My Pathway acknowledges the Department's preference for a wage-based model underpinned by three tiers of participation. Aligning support with a job seeker's capacity to work is a desirable approach and enables gradual and sustainable capacity building. We do have some concerns regarding the perceived complexity of the program and the ability for each tier to appropriately accommodate job seeker's needs.

The following factors are what we believe are the key considerations that will have the greatest impact on improving the effectiveness of the remote jobs and participation program.

Participant obligations

Remote community leaders and participants have consistently indicated to My Pathway their disapproval for a 'sit down' money model. It is our view that a level of mutual obligation should be maintained.

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The inconsistency between CDP and jobactive Work for the Dole obligations has been a point of contention for many stakeholders. Specifically, the standard 25 hours per week of participation required of many remote job seekers.

A fairer approach would be to ensure remote job seeker obligations are better matched to their capacity, allowing them to address other barriers to employment that may exist. Creating work-like conditions, by requiring 25 hours of participation over a five-day week, assists in preparing job seekers for paid work. Enabling job seekers to compress their hours of activity for significant projects and receive top-up payments or accrue leave would improve flexibility while simulating a work-like environment.

My Pathway's staff have signalled overwhelming support for improvements to the assessment process, to accommodate community knowledge and understanding. They have identified that increased alignment between the type and hours of participation with a job seeker's capability and circumstances would better support sustainable outcomes. Assessing a job seeker's obligations would need to recognise the work-like activities, health, education and personal development supports available in each community.

Improving the suitability of obligations for individual job seekers' circumstances could be achieved through detailed individual assessments, followed by tailored development or job plans. The process could better recognise that each person is at a different point in their journey to employment, ranging from basic capacity development and work readiness support through to sustainable paid work.

In circumstances where a person has limited capacity for participation in any organised activity, a safety net payment would aim to avoid poverty. Providers could provide referral services to address physical, mental or family issues where available, however many communities lack sufficient health and wellbeing support.

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CASE STUDY: A PATHWAY TO EMPLOYMENT
Building traineeships support new housing construction
Arlparra, NT



In October 2017, six Arlparra residents accepted building traineeships in preparation for the construction of 12 new homes.

They are working with ProBuild to construct two training houses, with the remaining ten scheduled to commence in 2018.

My Pathway coordinated education, development and mentoring for participants including a Certificate II in Construction Pathways delivered by the Centre for Appropriate Technology Ltd (CAT Ltd).

This foundation prepared participants to move on to the paid traineeships which will run for two years and include a Certificate III in Remote Australia Building Repairs and Maintenance

More broadly, the housing construction project is creating opportunities for the Arlparra community to develop new enterprises and capabilities. Services such as catering, cleaning and laundering are being considered to supply contractors and the community. Local women are developing their food preparation skills in anticipation of future possibilities.

The path to employment for many remote community members is multifaceted and unique. My Pathway aims to firstly enable people to participate in their community and then provide access to relevant training or life skills. In some cases, there are jobs to place people in and other times we work with the community to establish culturally-appropriate, income-generating businesses.

Top-up payments

Top-up payments provide a valuable incentive for job seekers to engage in additional participation hours and further develop their employability. Those who are capable of contributing more hours to activities and projects should be financially rewarded. The benefits of additional income can be an effective motivator for job seekers to pursue employment in their own community or regions with stronger labour markets.

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A top-up arrangement supports larger scale community projects that require significant resources and offer meaningful, work-like activity. It enables job seekers to demonstrate their ability to commit and perform under full-time work conditions, making them more attractive to employers.

Any top-up structure should avoid becoming a long-term destination, rather a stepping stone to achieve ongoing paid work. To avoid this, top-up caps could be applied to each job seeker.

A community investment fund, built from non-attendance penalties would enable top-up payments to be made within existing budgets.

Community-based performance frameworks

There exists a tension between the community development aspects of the current CDP and provider performance measures and administration requirements, which focus on the individual. While the CDP is an employment program, greater employment opportunities in remote communities cannot be created through individual development alone.

The current framework that assesses provider performance and community outcomes focuses on individual indicators, such as job plans, participation, attendance and hosting placements. Beyond an assessment of 'activity appropriateness to participants, local labour market and the community', there is scope for a greater proportion of community-based outcome indicators that enable cultural, social and economic outcomes to be measured.

The implementation of community-specific performance frameworks created through consultation between communities, government and providers would drive appropriate engagement, development and work options. Combined with an assessment of broader economic growth, community-specific performance frameworks and subsequent targets could be used as a more accurate reflection of success.

My Pathway has discussed this issue with local Indigenous organisations who agree that measures to track our performance against community expectations would be beneficial.

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CASE STUDY: MEETING COMMUNITY NEEDS
New bike track for play, exercise and learning
Doomadgee, Qld



The Pre-Preps at Doomadgee State School have been enjoying their new bike track delivered by local job seekers. It is providing a new space for kids to play, exercise and learn some useful road rules.

During the two-week construction, participants excavated, prepared, concreted and landscaped the school's latest feature. Through the process, they learned to use Con-Form, a plastic formwork system, which is flexible, light and produces a seamless finish. The landscaping was completed using native trees and plants from the Doomadgee nursery.

The school kids enjoyed being able to see daily progress and job seekers doing valuable work for the community. Now completed, the bike track has proven popular with the Pre-Preps and their families enabling them to be more active in a welcoming and safe environment.

This project was a result of the partnership between My Pathway and Doomadgee Aboriginal Shire Council to deliver the Community Development Programme (CDP) in the region.

Throughout the project, participants were enabled to work up to 40 hours each week to build their capacity for full-time employment. The first 25 hours counted toward their CDP obligations and the following 15 hours were paid at award wages by Council. Over the past year, the Council have employed 15 job seekers full-time through similar project structures.

Community investment funds

Currently, activity budgets reflect the level of expected participation, constraining the ability to embark on significant infrastructure projects or introduce new community services and capability.

Any payments not made due to non-participation penalties could be held in a community fund that would be accessed for top-up payments or investment in training, infrastructure projects, health services, schooling, equipment and enterprise development.

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This would return some control to communities to decide where funds are best spent and build funding reserves to cover large-scale projects.

EXAMPLE: COMMUNITY INVESTMENT FUND
Building capital over time to support community development

Community A has a caseload of 300 job seekers = $3.6M annually in welfare payments
Average job seeker attendance = 75%
Non-attendance penalties = $1M

Each year, around $1M could be invested in significant projects or infrastructure that would develop the community.

NOTE: These numbers are indicative only and would vary according to community caseloads and average attendance rates.

Provider-pays system

Within the current model, non-attendance is disconnected from a job seeker's payment. Penalties can be delayed by up to two months, failing to correspond with the non-attendance and imposing an isolated pecuniary penalty. Participation reports are often assessed by Centrelink staff located in capital cities and regional centres, who have limited understanding of community nuances that can result in non-attendance.

A more efficient approach would be to enable providers to approve and process payments for meeting minimum obligations or by hours of activity participation (whichever is greater). It would avoid an additional layer of reporting and align the timing of payments with participation, meaning any penalty would have a direct causal link to non-attendance in the job seeker's mind. This was proven an effective and well-received approach within the Community Development Employment Projects (CDEP).

Removing participation payments from the National Income Support System would go some way to shifting the perception that remote Australians are exploited for free labour or dependent on the welfare system. Receiving provider payments in line with hours of

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participation enables a stronger link between effort and income and better reflects employment conditions.

We recognise there are concerns regarding remote staff safety and protections available to providers. Our experience shows that most job seeker aggression or abuse relates to frustration with the length of the Centrelink process, or being taken by surprise with penalties for absences they believe are justified or occurred some time ago. A weekly provider-pays system would alleviate these common frustrations and reduce the likelihood of abuse. We believe that over the long-term, a provider-pays system would deliver a clearer and simpler experience for job seekers and lead to improved outcomes.

The implementation of a provider-pays system would require significant support from PM&C to inform and educate community members. It would need to be clear that any funds forfeited by an individual through non-attendance, are directed to community projects or top-up payments. Providers would continue to receive payments based on outcomes and would never benefit financially from a job seeker's failure to meet their obligations.

My Pathway is confident in our ability to facilitate job seeker payments, but we acknowledge there may be some providers who lack the scale, systems or experience to take on this additional function. With this in mind, a suitable transition period and options for back-end service support should be explored.

It would also be useful for PM&C to define the work-like activities and conditions that are appropriate for Work for the Dole participation and the circumstances that would trigger paid employment.

Wage subsidies

We recognise the role of wage subsidies and incentives in boosting employment opportunities. However, a more flexible approach to awarding incentives to focus on those that need it most could avoid subsidising employment that could be sustained regardless.

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Not all employers require a subsidy to maintain their profitability and effectively engage local staff. Where an employer chooses not to accept a wage subsidy, those funds could be reallocated to emerging employers who may need extra support to create jobs. Some employers lack the capacity and experience to train and develop remote job seekers and could benefit from improved in-work support rather than funding.

The incentive payments could be aligned to the payment of wages rather than a retention milestone. This would assist to embed local staff and develop them to a point where they are generating value for their employer.

A tax credit incentive, rather than a cash payment, is an option that could be administered through existing government tax and employment systems. It has the potential to streamline the process for employers and provide an improved benefit to their bottom line.

Overall, wage subsidies should be structured in a way that levels the playing field, so more remote employers are enabled to engage and develop local staff.

Complementary options

Generational capacity building

Currently, remote community members enter unemployment before they enter the CDP. To effectively build long-term community capability, support for young people and school attendance should be retained and greater efforts made to bridge the gap between school and employment.

Options for a transition program should be explored to support students to shift from school to further education or work, both within and outside their community. The transition support needs to occur over the critical final years of schooling including year 10, 11 and 12. This would include exposing young people to work through vocational training and work experience, which can be completed alongside their study. The goal is to increase participation from school to work by proving youth with the skills and experiences to help them to self-motivate and self-organise once the structure of school is removed.

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The existing programs such as Remote Schools Attendance Strategy (RSAS) and Youth Engagement Strategy (YES) are providing good foundations for children and young people to reach their potential. Stronger interactions between these programs and remote employment and participation activities could support inter-generational learning.

Remote communities should be supported to raise expectations for their young people and encourage them to pursue in-demand jobs and professional careers. Preparing future skilled workers such as teachers, healthcare professionals or tradespeople is a long-term effort that needs to start in early school years. Funding and program commitments that extend over a longer period would assist in developing a pipeline of skilled remote employees.

Job creation and enterprise development

Many remote communities simply have a much higher number of job seekers than jobs. While employment and participation programs assist in facilitating job seekers into paid positions, there is limited support for establishing new local enterprises.

Empowering remote job seekers to consider and initiate their own enterprises is an area of opportunity. Greater investment in enterprise development would assist locals to meet local needs and generate income and jobs that would stay in communities.

Funding for enterprise hubs or a remote New Enterprise Incentive Scheme (NEIS) could provide start-up support, business and finance assistance and mentor job seekers in the development and running of their enterprise.

Enterprise development services would be adjunct to employment and participation program providers. They would work collaboratively to assist job seekers into self-employment or progress income generating activities into self-sustaining operations.

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CASE STUDY: EMPOWERING REMOTE ENTERPRISES
Lockhart Asset Services
Lockhart, Qld



Lockhart Asset Services has been in operation since January 2017, facilitating the cleaning and security contract at Lockhart School.

Five local employees operate the enterprise with mentoring and support from Community Owned Enterprises (a subsidiary of My Pathway).

It generates thousands of dollars in revenue, which remain in the Lockhart community.

Lockhart Asset Services continues to grow and develop community capabilities. It has attracted business supporters ISS and Bunzl who have donated their time, training support and ongoing cleaning supplies and equipment.

An Employee, Elma Butcher, said: "Working for Lockhart Asset Services gives me extra money to shop for food for the kids' school lunches."

"I have three kids who are 8, 10 and 12 years' old. My income will help pay for boarding school when my eldest goes away next year. I have also picked up extra cleaning work."

Industry development

Communities that require basic infrastructure such as housing and utilities can depend on some state-awarded contracts. However, many contracts are granted to external companies, and there should be a stronger commitment or requirement to develop and employ local people.

A whole-of-community approach to preparing for infrastructure contracts has proven successful and generates positive community sentiment towards the projects. In Arlparra, Northern Territory, commitments from the community, Governments, contractors and the CDP provider helped to prepare locals for construction work on 12 new homes. At least six previous job seekers have commenced two-year traineeships. Additionally, Arlparra women

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are learning food preparation skills and services and catering contractor meals on a regular basis.

Rarely have we seen efforts to draw new commercial industries into remote areas. Identifying options for local product and services development with a scalable sales and distribution model could attract greater income for communities.

Additionally, a mechanism to attract private investment or philanthropic funding to remote communities could boost infrastructure and services. This could include social bonds, rebates or tax incentives.

Implementation and transition

The level of change required for providers and job seekers will ultimately determine any implementation and transition plans.

As a guide, at least six months' notice would be required for an effective transition including planned development and change strategies. Some consideration should be afforded to developing provider capability and where that expertise will be sourced.

We support the point made by NESA that providers make a valuable contribution to the design process and should be included in any advisory or working groups to test proposed policy against operational issues.

Engagement with communities should occur jointly between PM&C and providers across multiple channels including face-to-face, mass media, direct correspondence and community information sessions. In some communities, local translator services may need to be considered.

The time and investment required to build local relationships and momentum should be reflected in the program period. At least five years of unchanged program conditions would help to realise benefits to further invest in high impact areas.

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