



Australian Government

Increasing Indigenous Employment Opportunity

PROPOSED REFORMS TO THE CDEP
AND INDIGENOUS EMPLOYMENT PROGRAMS

INCREASING INDIGENOUS EMPLOYMENT OPPORTUNITY

A Discussion Paper on Proposed reforms to the CDEP and Indigenous Employment Programs

Ministers' Foreword

Closing the gap between Indigenous and non-Indigenous Australians is a national priority. If we are to create a better future for Indigenous people, the time for action is now.

The Australian Government has set ambitious targets for closing the gap on Indigenous disadvantage including a commitment to working towards halving the employment gap between Indigenous and non-Indigenous Australians within a decade.

A job is the key to social and economic progress. A job delivers self esteem and the means to get ahead in life. Seeing parents going to work provides the best role model a child can have.

The Australian Government is determined to unlock the personal and community benefits of employment for more Indigenous Australians.

Meeting our Indigenous employment target means improving on the ways things have been done. It requires important reforms to Indigenous employment programs to put work-readiness skills at the heart of policy and program decisions.

The Community Development Employment Projects (CDEP) program and the Indigenous Employment Program (IEP) must be clearly focused on giving people the skills needed to get and keep a job.

Increasing Indigenous Employment Opportunity: Proposed reforms to the CDEP and Indigenous Employment Programs lays out the Government's proposed reforms.

In May this year, the Government released its first discussion paper on Indigenous employment program reform, *Increasing Indigenous Economic Opportunity*. Detailed consultations on the future of CDEP and the IEP followed around Australia. This paper builds on those consultations and outlines the Government's planned reforms for the future.

The Government is proposing a model of employment program reform that will benefit Indigenous job seekers, communities, service providers and employers.

The proposed reforms would see CDEP and the IEP working in partnership with the Government's new Universal Employment Services (UES) to provide greater support to Indigenous Australians in finding sustainable employment.

The Government recognises that needs are often different between remote and non-remote Australia and that solutions must be adapted to local needs and to local economies. Our long term approach to closing the gap involves linking the growth of new jobs and economic activity to support that will help Indigenous Australians to access and benefit from these.

In areas where the local economy offers greater employment opportunities and better access to

services, our focus will be on intensive support for Indigenous job seekers to help them get and keep jobs through the Universal Employment Service. Community support funding is also proposed to assist Indigenous people to link to employment and other services.

In many parts of remote Australia there are limited economic opportunities. Supporting the capacity of organisations and communities in these areas is vital as they are focal points for community life and service delivery. In remote regions, the Government's proposed model focuses on both community development and achieving job readiness for individuals.


A second round of consultations will follow the release of this discussion paper. We are seeking extensive feedback on the proposed model and want to hear from as many organisations and sections of the community as possible. We want Indigenous Australians to fully participate in the consultation process.

Indigenous employment program reform is a key element in the Government's comprehensive strategy for closing the gap. The Australian Government is determined to deliver programs that are effective in getting people into work.

It's time to move forward to a new phase of jobs and training for Indigenous Australians.



The Hon. Julia Gillard MP
Deputy Prime Minister



The Hon. Jenny Macklin MP
Minister for Families, Housing,
Community Services and
Indigenous Affairs



The Hon. Brendan O'Connor MP
Minister for Employment
Participation

October 2008

1. INTRODUCTION

This discussion paper details the Government's proposed model of Indigenous employment program reform. It builds on feedback from the first round of consultations on the future of the Community Development Employment Projects (CDEP) program and the Indigenous Employment Program (IEP).

We encourage you to comment during this next phase of consultations.

Following consultations, the Government will announce the new model later this year.

Reforms will be implemented from 1 July 2009.

2. WHY CHANGE IS NEEDED

Closing the gap between Indigenous and non-Indigenous Australians is a national priority. The Australian and State and Territory Governments have signed up to ambitious targets to close the gap in health, education and employment. A key target is halving the gap in employment outcomes over the next decade.

In 2006 there were approximately 121,500 Indigenous Australians aged between 15 and 64 years counted as employed. Indigenous unemployment is three times the rate for other Australians and, at the last Census, only 48 per cent of Indigenous workforce aged people were in employment compared to 72 per cent of non-Indigenous Australians. Halving the gap within ten years means that an additional 100,000 Indigenous Australians will need to find and keep jobs.

In 2007-08 more than 49,100 Indigenous job seekers were placed into work by Job Network members and other job placement organisations. However, many of these jobs were short term and more needs to be done to increase sustainable employment.

Also in 2007-08 more than 24,000 Indigenous people commenced employment and training through the Indigenous Employment Program (IEP). The most recent data shows that between 60 and 70 per cent of participants in the main

IEP activities were in employment more than three months after the end of IEP assistance.

Employment placements in CDEP increased over the last four years, from less than 5 per cent to close to 12 per cent of all participants.

If we do not make changes to the way our Indigenous specific and universal employment services work and how these work together we will not meet our target. As a result of demographic change the employment gap will actually get worse if we don't act now.

Aspirations and incentives play a big part in people's capacity to stay in work over time. In moving to new arrangements it is important to build aspirations and work readiness capabilities, to remove disincentives to take up and keep work and to align the income and participation requirements of community members undertaking similar activities.

This paper outlines the Australian Government's preferred model for changes to Indigenous specific employment services. The preferred model is based on the views we heard from the community consultation process earlier this year and is designed to achieve improvement in services and increased Indigenous employment. All three of the Government's employment programs – Universal Employment Services, the Indigenous Employment Program and CDEP – need to work together to close the employment gap.

3. FIRST ROUND OF CONSULTATIONS—MAY AND JUNE 2008

In May this year, the Australian Government released the discussion paper, *Increasing Indigenous Economic Opportunity*. Extensive consultations followed in May and June of this year. Written submissions were invited and public consultations were held in all states and territories.

Through the consultation process, we asked for ideas on how to ensure the Indigenous employment programs, CDEP and IEP, meet Indigenous people's needs into the future so that more Indigenous people get the skills and training needed to find and keep a job.

We asked for views on what works and how best to assist individuals, business and local economies, communities and partnerships. We also asked stakeholders to think about what this would mean in different economies: established economies such as major regional centres, emerging economies such as smaller regional and remote locations, and limited economies such as very remote communities and outstations.

Around 2000 people attended close to 70 consultation sessions. More than 120 written submissions were received from individuals, service providers, industry and others.

Community feedback – a summary

A wide range of views were expressed about the best ways of improving the Australian Government's Indigenous employment programs.

Many people supported keeping both programs, and reforming them to make them operate better. People said that reforms should draw on what is already working and focus on developing local solutions. Many people raised the importance of work readiness, literacy and numeracy, and life and foundation skills that can help people get and keep a job.

Other key issues included:

- mentoring and role models for building confidence and self-esteem
- better support for Indigenous people to develop businesses, including through partnering with non-Indigenous businesses and mentoring by the broader business community
- building the capacity of communities and supporting and developing the capacity of local service providers
- streamlined and flexible programs that complement each other rather than compete
- flexible local solutions and placed-based approaches, and
- converting CDEP positions that have supported government service delivery into properly paid jobs, particularly in remote locations.

Areas of debate included the role of CDEP wages and the issue of people moving to areas with better training and job opportunities.

CDEP Wages

Views on CDEP wages were mixed.

Some people felt that CDEP wages give people an opportunity to participate in meaningful work in communities where few jobs are available. They viewed CDEP positions as enabling Indigenous people to work whilst caring for country, living off the land and attending to cultural obligations.

Some thought that it was inequitable that two people doing the same thing could receive different amounts of money depending on whether they were on CDEP or income support. Others thought that CDEP wages meant people don't want to take lower paid jobs or undertake training, even if later this could lead to higher paid jobs.

Some people said that paying CDEP wages stopped properly paid jobs from being created in the private sector and in the delivery of government services.

Mobility

There was debate about whether people should move for training and job opportunities.

Some people thought that better support should be provided to assist people to access training and jobs away from home if they wanted to. Others said that communities should be supported to develop local economies and businesses so that it was less necessary for people to move away.

The May and June consultations also raised broader issues about Indigenous economic development. The proposed reforms to IEP and CDEP respond to some of this feedback. Other elements will be addressed in the Indigenous Economic Development Strategy (IEDS) to be developed over the coming six months. Any comments and ideas regarding economic development provided during the current consultation round will further inform the development of the IEDS.

More detail on the feedback from the first round of consultations is at Attachment A.

4. THE GOVERNMENT'S PROPOSED REFORMS

The Government's proposed reforms outlined in this paper reflect the key themes of the earlier consultation process, building on the strengths of IEP and CDEP and maintaining these as separate, distinct programs.

The reforms to IEP and CDEP will complement reforms to the Universal Employment Services (UES) and contribute to closing the employment gap by building economic and social capacity among Indigenous individuals and

communities. The new UES model, which will replace a range of employment programs including the Job Network and will be implemented across Australia from 1 July 2009, will have a much greater focus than before on assisting the most disadvantaged job seekers including many Indigenous people.

4.1 Proposed Reforms to IEP and CDEP – Key Features

Reforms to IEP and CDEP are proposed to commence from 1 July 2009.

Proposed Reforms to IEP - Key features at a glance

The proposed reforms to IEP would build on IEP's strengths of flexibility and responsiveness and ability to quickly address urgent and specific needs in Indigenous employment:

- Reformed IEP would:
 - meet the needs of more employers and employees including small and medium size businesses
 - help more Indigenous people get jobs and start businesses
 - encourage, recognise and promote achievements in Indigenous employment
 - build aspirations
 - provide mentoring to individuals and businesses through all elements of IEP, and
 - reduce red tape.
- Regions, industries and employers would be able to access packages of assistance to suit their needs:
 - support for employers including pre-employment training and mentoring, employment training and post-placement support
 - training and mentoring of Indigenous people to become self-employed and develop businesses
 - work focused literacy and numeracy training, and
 - voluntary mobility assistance.

Reforms to CDEP - Key features at a glance

Remote Australia

- The reformed CDEP program would be restructured to:
 - build individual skills and capacity to take up work where opportunities arise
 - provide on-the-job work experience
 - provide voluntary mobility assistance
 - build capacity of communities including through supporting priority projects
 - build capacity of local Indigenous organisations to deliver a range of services, including UES and IEP, and
 - make sure community members undertaking similar activities have the same income and participation requirements.
- CDEP positions that have supported the delivery of government services would be converted to properly paid jobs.
- New participants in reformed CDEP would access the program while on relevant income support payments rather than be paid CDEP wages.
- Existing CDEP participants would be eligible to receive CDEP wages until 31 March 2010 to allow for an adjustment period, subject to allowable breaks of two weeks.
- Funding agreements for reformed CDEP would be offered for a three year period.

Non-remote Australia

- CDEP would no longer operate in non-remote regions. Instead, services would be provided by the UES and IEP.
- CDEP providers are encouraged to consider submitting a tender to become providers of Universal Employment Services.
- A new Community Support program would be introduced to support Indigenous Australians to link to a range of services. This would be separate from reformed CDEP.

Reforms to CDEP – Overview

Non-Remote	Remote Economies	
CDEP will cease to be available from 1 July 2009	Reformed CDEP – two streams	
<p>Community Support</p> <p>Community Support (new program, not CDEP)</p>	<p>1. Community Development</p> <p>Community Development Projects</p>	<p>Funding for local projects with strong community buy in.</p> <p>Existing non-commercial ventures continue as Community Development projects.</p> <p>Local people participate in projects.</p>
<p>Support for Indigenous community members to link up / obtain referrals to a range of services including mainstream</p>	<p>Community Capacity and Support (includes business support)</p>	<p>Community development workers and local trainees, mentors to support local people to understand and participate in new arrangements.</p> <p>Business support for existing enterprises, and capacity development of existing CDEP providers.</p>
	<p>2. Work Readiness Service</p> <p>Work Readiness training:</p> <ul style="list-style-type: none"> ■ New entrants on income support from 1 July 2009. ■ Existing participants on grandfathered CDEP wages to 31 March 2010. 	<p>Life/foundation skills, literacy and numeracy, basic work skills, and vocational/accredited training. Mentoring, case management, and mobility support as needed.</p>
	<p>On-the-job Work Experience:</p> <ul style="list-style-type: none"> ■ Participants will receive wages from the employer. ■ Employers will be eligible for wage subsidies. 	<p>Work experience with an employer in a real work situation.</p>

4.2 Proposed Reforms

– The benefits

The proposed model is designed to benefit Indigenous job seekers, communities, employers and service providers.

Indigenous Job Seekers

Under the proposed reforms, Indigenous people would access a broader range of integrated employment services with a focus on:

- skills, training and mentoring to assist individuals to take up and retain a job
- literacy and numeracy support to overcome barriers to training and employment, and help for those who want to move to take up better opportunities
- helping the most disadvantaged job seekers based on assessed need
- partnerships between local employment service providers to develop a package of appropriate services for the job seeker
- better support for Indigenous people who currently do not participate in the labour market to achieve sustainable employment
- better support for Indigenous people to become self-employed and develop businesses, and
- recognition of barriers in remote areas through additional funding for services.

Communities

The reforms would ensure that communities would benefit from a wider range of local employment and community development services that are targeted to their overall needs and local opportunities through:

- greater community involvement in local planning – communities would help to identify local priorities, determine the required service mix and decide on projects to support community development

- access to improved, more flexible employment services and, in remote locations, support for capacity building
- in non-remote regions, new mechanisms to help Indigenous community members to access information, resources and other services (for example, legal, funeral, health and family services)
- in remote regions the conversion of CDEP positions involved in government service delivery into properly paid jobs, and
- making sure community members undertaking similar activities have the same income and participation requirements.

Employers

Employers would benefit from coordinated services and increased government resources focussed on meeting their needs, including:

- flexible and targeted support to employ and retain Indigenous people including mentoring, cross-cultural training and wage subsidies
- increased focus on assisting small and medium sized businesses (and businesses that have not previously provided jobs to Indigenous people) to help them employ and retain Indigenous staff
- targeted regional strategies in areas with demonstrated labour shortages in industries such as agriculture, resources, tourism and hospitality
- assistance to develop recruitment and retention strategies to provide long term employment to Indigenous Australians, and
- assistance in providing work experience opportunities to develop future workforces.

UES, IEP and CDEP Service Providers

As a result of the reforms, service providers would have new opportunities and support including:

- additional resources and flexibility to assist the most disadvantaged job seekers
- a requirement to work cooperatively, not in competition, with other providers through formal agreements to meet the needs of communities, individuals and employers
- for Indigenous organisations – particularly at the local level – support to build their capacity to deliver a range of services including new universal and Indigenous specific employment services, and
- collaborative planning at the local level to develop packages of complementary services.

5. INTEGRATED SERVICES

The views we heard in the consultations supported a comprehensive approach to closing the gap in Indigenous employment, where key players work together cooperatively.

Under the proposed new model, reformed UES, IEP and CDEP would all have a critical part to play in supporting Indigenous job seekers to develop their capacity and skills, and take up and progress in jobs:

- The reformed UES, which will operate across Australia, will continue to be the largest provider of employment services for Indigenous people. It will provide tailored assistance based on job seekers' needs to get them ready for work, into training and referred to sustainable jobs.
- The reformed IEP would continue to focus on assisting employers. It would operate across Australia using projects to meet the specific workforce needs of employers quickly.
- The reformed CDEP would operate in remote areas where there are fewer opportunities and provide work readiness training and work experience. It would also support community development projects and building the capacity of Indigenous organisations and communities.

Providers of universal and Indigenous specific services would work in partnership. UES and CDEP providers would be required to enter into Service Level Agreements which set out how they will work together in communities, providing complementary support for individual Indigenous job seekers.

All Indigenous job seekers, including CDEP participants, would be required to register with the UES to ensure these have the best possible opportunities to develop skills and move into jobs where these are available. Joint servicing by UES and CDEP in remote regions would mean

that more than one provider would deliver work readiness training and work experience services in one location. This would better assist Indigenous people with high levels of disadvantage, and would ensure that:

- there are no service gaps while the new UES builds up its presence in remote Australia, and other services and infrastructure are expanded
- disadvantaged job seekers receive additional support where required, and
- UES and CDEP providers focus on their strengths and specialise to help improve employment outcomes for individuals.

The proposed reforms would also facilitate local services working together and using their respective strengths: community linkages, infrastructure and local workforce to assist local people.

Indigenous job seekers would have access to a wide range of employment services to meet their individual needs regardless of whether they live in a remote, regional or urban area. Through local planning to identify community needs government, communities and service providers would work together to design packages using the full range of options available in both universal and Indigenous specific programs.

6. REFORMS TO THE UNIVERSAL EMPLOYMENT SERVICES

Reforms to the UES will commence on 1 July 2009 and will bring together a number of existing employment programs, the largest of which is the Job Network that has been in place for around ten years. Many of the reforms are designed to provide a better, more appropriate service to Indigenous job seekers. The new employment services will provide more tailored assistance to job seekers, particularly disadvantaged Australians. It will also place greater emphasis on assisting employers in addressing skills shortages by matching job-seekers to the vacancies employers need to fill.

The new UES will ensure better local servicing of Indigenous job seekers, including in remote locations, and better local cooperation between service providers by:

- for the first time having contract requirements for employment service providers to have Indigenous employment strategies, including within their own organisations, for employing and retaining Indigenous Australians
- encouraging CDEP organisations to tender for UES contracts
- asking UES providers to enter into Service Level Agreements with CDEP providers on how they will work in partnership to maximise Indigenous work readiness and employment outcomes
- encouraging UES providers to enter into similar agreements with Indigenous Employment Program (IEP) providers on specific projects, and
- providing more resources for disadvantaged job seekers and for services operating in remote areas.

Higher service fees, a larger and more flexible Employment Pathway Fund and additional remote outcome fees recognising commencement and completion of education and foundation skills such as literacy and numeracy will be paid in remote areas.

There is provision within the model for the new system for organisations to service a specialist client group such as Indigenous Australians. The selection criteria for employment services include past performance in assisting highly disadvantaged job seekers and in developing local strategies and partnerships to assist job seekers.

In remote areas tenderers will need to demonstrate, amongst other requirements, how they will maintain a visible presence on the ground in each community and tailor strategies to reflect the opportunities in each community.

Organisations with experience in delivering services to Indigenous Australians including current CDEP providers are encouraged to consider submitting a tender for the new Employment Services Contract, including as a specialist Indigenous provider.

The tender closes on 7pm on 7 November 2008. Further information can be obtained by workplace.gov.au/ESPurchasing

7. REFORMS TO THE INDIGENOUS EMPLOYMENT PROGRAM

Reforming IEP to better meet the employment needs of Indigenous Australians

Through the consultations we were told that IEP's strengths are its flexibility and responsiveness and its ability to quickly address urgent and specific needs in Indigenous employment. The proposed IEP reforms build on these strengths.

Resources for IEP would be increased to enable it to meet the needs of more employers and help more Indigenous people get jobs and start businesses. It would have a greater focus on encouraging Indigenous employment in small and medium sized businesses. Reforms would also reduce red tape and support mentoring of individuals and businesses and post-placement support.

New elements would help to overcome specific barriers faced by Indigenous people in getting and keeping a job. These would develop and test innovative ways to address literacy and numeracy barriers, build the aspirations of Indigenous people, particularly young people, and support families who wish to move to take up employment opportunities.

The reformed IEP would also increase support available for Indigenous employment initiatives from the private sector, such as the Australian Employment Covenant.

What a reformed IEP would look like

Individuals, employers and industry bodies and communities would be able to access packages of IEP services to support their needs.

Support for employers

This would be the major component of a reformed IEP, designed to increase the Indigenous workforce. It would build on and improve the existing successful IEP elements:

the Structured Training and Employment Projects (STEP), STEP Employment Related Services, and Wage Assistance. There would be an increased focus on supporting small to medium businesses and businesses that have not previously provided jobs to Indigenous people. This support would include:

- pre-employment training and mentoring support, employment training and post-placement mentoring for Indigenous employees, mentoring for employers, cross-cultural training for workplaces and time limited wage subsidies
- targeted regional strategies in areas with demonstrated labour shortages in industries such as agriculture, resources, tourism and hospitality
- assistance packages that would help individual employers or groups of local employers develop recruitment and retention plans and strategies to employ Indigenous Australians in their enterprises in the long term
- tailored assistance to meet the needs of large corporate organisations including through direct contracts with providers that have particular experience and expertise in dealing with these organisations
- working with industries that are experiencing or forecasting skills shortages
- workforce strategies in areas of government service delivery to build workforces to deliver services that will assist in closing the gap between Indigenous and non-Indigenous Australians for example in childcare, health and education, and
- support for cadetships and work experience opportunities.

Support for Indigenous people to become self-employed and develop businesses

This element would draw on experience under the existing business development elements of the IEP such as the Indigenous Capital Assistance Scheme and the Indigenous Small Business Fund (ISBF). Support would be delivered in two streams - urban/regional and remote - to cater for local requirements and would be tailored to individual needs. There would also be capacity to support the development of family and community-based businesses as well as self-employment.

Encouragement, recognition and promotion of achievements

This element would increase emphasis on the corporate and philanthropic sectors building partnerships with Indigenous individuals, communities and businesses. These partnerships would provide mentoring, work experience and aspiration building opportunities, particularly to young Indigenous Australians, as well as increased business and employment opportunities. The existing Corporate Leaders for Indigenous Employment Program (CLIEP) would be replaced by a high profile program that recognises and supports significant achievements in Indigenous employment.

Literacy and numeracy assistance

This new element would see literacy and numeracy assistance available directly through IEP pre-employment training recognising that low levels of English literacy and numeracy are a significant barrier to employment for Indigenous Australians, particularly in remote areas. It would provide literacy and numeracy assistance where the Workplace English Language and Literacy (WELL) program is not able to be used.

Aspiration building

This new element would help prepare Indigenous people to make the most of education and employment opportunities. A range of initiatives would be trialled including

promoting the success of peer role models, expanding career guidance and aspiration building programs tailored to Indigenous cultures, providing work exposure opportunities, and career fairs in remote and regional areas, and developing multimedia products that highlight a range of career alternatives.

Voluntary mobility assistance

This new element would support adult Indigenous job seekers and their families wishing to relocate for better opportunities. The support would include job and/or training placement, securing temporary and long-term accommodation and assistance to settle into the new community and maintain links with their home community where appropriate. Support would also be provided to family members, such as assistance to get children enrolled in school. The element would be initially offered on a small scale.

The menu of IEP services elements would be purchased through a mix of direct sourcing, just as the Department of Education, Employment and Workplace Relations (DEEWR) does now by:

- contracting directly for the existing STEP, Wage Assistance and Indigenous Small Business Fund elements of the IEP, and
- tender arrangements including for panels such as the existing Structured Training and Employment Projects Employment Related Services (STEP ERS) panel, with services delivered to employer and job seekers through third party organisations which have a contract with the DEEWR.

Additional Workplace English Language and Literacy places

The Workplace English Language and Literacy (WELL) program would be expanded. Under this initiative participants would receive intensive vocationally oriented language, literacy and numeracy assistance to help them secure and retain employment, perform their work safely and effectively and undertake future skills development.

8. REFORMS TO THE CDEP PROGRAM

CDEP's strengths are its understanding of local issues, its strong local presence and its ability to provide activities to meet community needs. The Government's CDEP reform proposals build on these strengths and address the key issues raised in consultations.

During the consultations, people said that more needs to be done to prepare people to move into jobs.

The Government's proposal for reform focuses on providing better work readiness training, on-the-job work experience and assistance to take up jobs outside CDEP. The proposed model includes improved incentives for providers and individuals to focus on these outcomes and increase the take up of employment.

People also raised the importance of community development and the need to have well functioning communities and strong local service providers in remote communities. Under the Government's model, CDEP would retain a specific Community Development stream to support and strengthen communities and local organisations.

Many people called for intensive assistance for more than 12 months to overcome barriers to employment or active engagement. To address this, we are proposing that individual development needs would be assessed and services provided to meet these needs – including for longer than 12 months where needed.

Many people said that CDEP wages have created incentives for some people to participate in community activities and supported many essential community services. At the same time we heard about inequalities and different incentives between those on CDEP and those on income support, with CDEP becoming a long term destination for too many people.

To remove these arbitrary differences, it is proposed that access to CDEP wages would be phased out:

- new participants from 1 July 2009 would access CDEP while on income support, and
- existing CDEP participants may continue to receive wages until 31 March 2010, subject to remaining eligible.

CDEP positions that support the delivery of government services would be converted to properly paid jobs. Much work has already been done to date in converting former CDEP positions to properly paid jobs and the Australian Government is continuing to progress this in partnership with state and territory governments.

The proposed reforms to CDEP recognise that different regional economic opportunities have a significant impact on the nature of required services. Different approaches are proposed depending on whether the local economy is well developed or more limited. More detail is at Attachment C:

- Under our proposed model CDEP would be offered in remote regions only. From 1 July 2009, CDEP would no longer be delivered in non-remote regions where there are stronger economic opportunities and other services available.
- Existing CDEP participants in non-remote regions would transition to jobs or income support, if eligible, and receive services through UES and/or IEP, according to their eligibility.
- Where a provider currently delivers CDEP in both established and emerging or limited economies, CDEP would only continue in remote locations.

To address concerns about the uncertainty faced by providers arising from the current annual funding process, funding agreements would be offered for a three year period.

Organisations and participants would be assisted with the transition to the new arrangements.

8.1. Reformed CDEP in Remote Australia

It is proposed that from 1 July 2009 the CDEP program would be restructured into two streams to deliver:

- Work Readiness services, and
- Community Development projects/services.

Participants in the reformed CDEP would be serviced by both CDEP and UES providers, with providers working cooperatively to build the capacity of individuals in remote regions. The UES provider would work with participants to develop an Employment Pathway Plan that specifies activities that meet their needs and participation requirements as appropriate. Both providers would be required to work in partnership to develop a package of appropriate services for the individual, with Service Level Agreements between the providers focussing on how they will work together.

CDEP providers would be funded to deliver a mix of Work Readiness and Community Development services according to local needs, and for an agreed number of participant places in each stream. Funding would also be available for supporting communities as a whole and strengthening the capacity of local Indigenous organisations.

Work Readiness Service stream

The Work Readiness Service would offer personal development pathways for participants, from foundation skills to work readiness, in order to build individual skills and capacity to take up work where opportunities

arise. The main focus would be on providing training and work experience, and brokering job placements outside CDEP.

Providers would work closely with individuals to support them to build skills and take up and retain opportunities through a case management approach. Support would include mentoring, including for families, and youth support as required, to focus on life skills and aspirations, attendance and completion of education, training and work experience and retention in work placements. Providers would work to assist people, especially young Indigenous people, to re-engage in education or vocational training.

Strategies to support access to training, work experience or jobs outside home communities would also be developed including through support for transport and accommodation costs, support with living away from home to avoid social dislocation, and connecting back to home communities and families (for example, paid trips home).

Broadly, the Work Readiness Service would comprise:

- work readiness training, and
- on-the-job work experience.

Work readiness training

Education and training are crucial for ensuring that Indigenous Australians are able to get the jobs and opportunities available to other Australians. There is an urgent need to address the gap in education outcomes for Indigenous Australians. Many need assistance to develop basic foundation skills to build their capacity to take up training and employment opportunities.

Providers of work readiness training would be contracted to deliver the broad range of training that people need to enter the workforce, from foundation to basic work and vocational skills. This may be delivered directly by the reformed CDEP provider or purchased

from accredited trainers such as Registered Training Organisations.

Training would be matched to individual needs and aspirations, employment opportunities and skills shortages identified in the community or region.

Examples of work readiness training

Foundation and basic work skills (pre-vocational)

- Language, literacy and numeracy
- Personal and household finance
- Personal, health and household management
- Communication, problem solving and teamwork
- Computing and IT
- Driver’s licences
- Occupational health and Safety
- Pre-apprenticeship training

Vocational training in/as:

- Retail and Business Management
- Administration and Bookkeeping
- Childcare, social work, and counselling
- Mentors
- Construction
- Health and education
- Hospitality and tourism
- Community Development Officers
- Environmental and Land Management
- Local Government Services

On-the-job work experience

CDEP providers would work with employers to broker work experience with local and other employers to help participants develop confidence and self-esteem, and regular work attendance patterns and skills.

Employers would be encouraged to provide real working conditions that would prepare the participant to take up future work opportunities. In some cases this could lead directly to a job, either in an existing job vacancy, or as part of a succession strategy for the employer. Providers would work with participants and employers to build tangible skills and expertise, with participants supported through mentoring support and job specific training as required. These placements would be for a minimum of 15 hours per week, and where possible would gradually build up to full-time hours.

People on work experience would be paid wages directly by the employer. Employers who provide on-the-job work experience opportunities would have access to wage subsidies to encourage them to take on work experience participants. For new entrants the wage subsidy may be provided through IEP or UES, and for grandfathered participants through CDEP wages.

The length of each placement would be flexible and depend on the participant’s need and the arrangements that can be negotiated with employers. As a general rule placements would be a minimum of three months and limited to a maximum of 12 months. The longer term placements would be for those with high levels of disadvantage.

Community Development stream

The Community Development stream would fund local Indigenous organisations and others

to undertake community projects as well as support the capacity of communities, local organisations and enterprises.

It would have the following elements:

- Community Development Projects, and
- Community Capacity and Support.

Community Development Projects

These would focus on priority local needs and enhancing community cohesion, but would exclude functions that should either be supported by other programs or services, including State or local governments or which would displace jobs and business opportunities.

Community development projects would be driven by local plans and community priorities.

Projects may include activities that provide important community functions but are not commercially viable – or activities that may eventually lead to a business, but which generate only marginal income in the start up phase.

Projects would be routinely reviewed to ensure that these are meeting community and individual needs and to assess the potential to become stand alone businesses.

Community development workers would be employed to help develop local ideas that link to local priorities and to promote strong community buy-in to maximise incentives for people to participate.

Examples of Community Development projects

- improving local amenities
- documenting local history
- market gardens, sewing clubs, community laundry
- environmental and land resource management activities that would not otherwise be paid jobs

Community Capacity and Support

This stream would provide a community meeting place where community members can access the internet or other resources, receive information and/or be referred to a range of services (for example, legal, funeral, health, family violence, safe houses, drug and alcohol).

Providers would engage local people as mentors and engagement officers, including providing local trainee positions, to help community members to understand changes in employment servicing arrangements and participation requirements, support them to engage in the new system and link up with other services. Funding would also be available for trainee positions for local people interested in becoming community development workers, with professional development from experienced community development mentors.

Support to build the capacity of local Indigenous organisations would also be available, including assisting community enterprises that currently rely on CDEP and that can be commercially viable to move towards sustainable businesses over time. This may involve access to business expertise and short term wage assistance on a case by case basis.

Indigenous organisations currently delivering CDEP would be supported to review and strengthen their governance, as well as to develop organisational plans and build expertise and capacity to enable these to compete for the delivery of other services, including other employment services such as IEP and UES, and local government services.

Service requirements and participation in the reformed CDEP

Registration with the UES:

- Participants in the reformed CDEP would be required to be registered with the UES to ensure they have the best possible opportunities to move into jobs and receive appropriate support services. They would

have access to the full range of UES services depending on their assessed need and eligibility, including while being serviced through reformed CDEP.

- The UES provider would work with the job seeker to develop an Employment Pathway Plan which specifies activities including activities they need to do to meet their income support participation requirements, if applicable. These activities may include both CDEP and UES activities depending on the individual's needs.
- Where these activities involve a mix of UES and CDEP activities both providers will be required to work in partnership to develop a package of appropriate services for the job seeker.
- CDEP providers would report to the UES on a participant's non-attendance or non-compliance with the agreed activities.

Participation in reformed CDEP:

- Participation options in CDEP would be structured to ensure that a person is actively and productively engaged for at least 15 hours per week.
- "No Work No Pay" would continue to apply to all grandfather participants.

Services and activities delivered through reformed CDEP:

- CDEP providers would only place participants in Work Readiness services and Community Development projects that are agreed with the UES.
- Where activities are completed, the participant would be moved to another agreed activity or, where no other activity is suitable or immediately available, leave CDEP and be serviced by the UES only.

Grandfathering of CDEP wages for existing participants

New CDEP participants would be on income support. However, all participants on CDEP at 30 June 2009 in remote locations would continue to receive CDEP wages, subject to them remaining eligible for the program and not having a break from CDEP for more than two consecutive weeks after 1 July 2009:

- Grandfathered participants would only receive CDEP wages while they are participating in CDEP.
- Providers of Work Readiness Services and Community Development projects would receive funding to pay CDEP wages.

CDEP wages would continue to be available until 31 March 2010, with participants being transitioned off wages over the three months after that date. Removal of CDEP wages would be undertaken on a community by community basis.

Grandfathered CDEP wages would be available through both the Work Readiness and the Community Development streams. Grandfathered participants receiving wages for on-the-job work experience would be paid directly by the employer, consistent with arrangements for new CDEP participants.

The CDEP Participant Supplement would continue to be available for those people receiving CDEP wages.

This approach would align payments and incentives for all people in remote Australia, while providing an adjustment period for existing CDEP participants in areas with limited economic opportunities.

The Government is keen to explore options on how to encourage people on grandfathered arrangements to move into sustainable employment, and invites your views on this.

8.2. Community Support in Non-remote Australia

In the consultations, people said that there was a loss of access to a linking/resource support following the withdrawal of CDEP in urban and major regional areas.

To address this, the Government is proposing to introduce a new Community Support program to support social inclusion and community cohesion and provide a vital community linking function. This would be a separate program from CDEP.

This program would provide grant funds to support the operations of a community meeting place which would provide space for Indigenous community members to access the internet and other resources and receive information and referrals to a range of services (for example, legal, funeral, health, family violence, safe houses, drug and alcohol).

Organisations applying for the Community Support funding would need to demonstrate capacity to assist members of the Indigenous community to link up with and obtain referrals to other services, as well as strong buy-in from the local community for this function. The program would generally be expected to be delivered by either the previous CDEP provider or other appropriate Indigenous organisations.

Funding would be available to cover basic operating costs, such as utilities and rent and coordinator or administrator costs.

9. NEXT STEPS AND MOVING TO THE NEW ARRANGEMENTS (TRANSITION)

We will make final decisions about reforms to IEP and CDEP once we have considered your feedback on the proposed reforms. We expect to announce decisions later this year, with a view to implementing reforms to IEP and CDEP on 1 July 2009.

Detailed information about changes will be made available to providers, communities, individuals and employers as soon as possible after that announcement.

Preparations for transition to the new arrangements would be made soon after that, including Departmental staff working with providers and individuals from early 2009 to

explain the changes and support them in transition.

Transition to new arrangements would be governed by the following principles:

- arrangements are well planned and include all stakeholders, and
- affected providers and individuals have comprehensive and up to date information at all times.

We are interested in hearing your views on the best way to assist people to move to new arrangements and what information and action would help make the transition as smooth as possible.

10. PROVIDING FEEDBACK

Consultations will follow the release of this paper. Details about consultation sessions are available at indigenous.gov.au or by calling **1802 102**.

Feedback can also be provided by:

- fax to **(02) 6121 0207**
- email to **feedback@indigenous.gov.au**
- post to:
CDEP/IEP Feedback
PO Box 7576
Canberra Business Centre ACT 2610

The closing date for receiving written submissions is **Friday 7 November 2008**.

Attachments

Attachment A: Themes from the May and June 2008 consultations

Attachment B: Proposed funding arrangements for reformed CDEP

Attachment C: Where CDEP would operate

© Commonwealth of Australia October 2008

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Commonwealth. Requests and inquiries concerning reproduction and rights should be addressed to the Commonwealth Copyright Administration, Attorney General's Department, Robert Garran Offices, National Circuit, Barton ACT 2600 or posted at <http://www.ag.gov.au/cca>.

CONSULTATION FEEDBACK IN SUMMARY

Key Themes

Education, Employment, Training and Support

- concern that the education system is failing Indigenous young people who are leaving school without adequate literacy and numeracy to enable them to transition to employment, further education or training and support for the need to intervene early, through school based interventions
- need for strategies for young people who have left the education system, and adult literacy/numeracy
- support for improved incentives to encourage individuals to complete education, and also seek and retain employment
- the need for improved linkages between education and employment particularly through effective pathways to employment for Indigenous young people
- support for training that leads directly to employment not 'training for training's sake', a strong view that all too often training does not result in real benefits; need to include basic life/foundation skills, work readiness, vocational and on-the-job training / real work experience; be linked to real, available jobs and tailored to the employer, community and individual needs, and
- the importance of mentoring and role models in assisting Indigenous people to succeed in education, training and employment; the critical need to build confidence and self-esteem; two-way mentoring – for employees and employers; need for longer term and more comprehensive support (for example, for whole family).

CDEP

- a range of views on CDEP, from positive comments, in particular, regarding its role in supporting community capacity and development, to more general support and criticism or little comment about the program
- there is support for change and this includes suggestions for expanding or broadening the program; areas for improvement include training, work experience and increased focus on business development
- mixed views on time limiting on CDEP - some saw it as important to provide incentives to obtain off-CDEP jobs, others argued that the 12 month limit is not enough for working with highly disadvantaged people
- mixed views on CDEP wages – from recognising the need to align with the income support system, to seeking funding for more CDEP hours per place and suggestions for CDEP wages to include leave and superannuation
- support for case management and CDEP as a 'stepping stone' to employment off-CDEP; support for CDEP to provide life skills, work readiness, literacy/numeracy training and work experience in a safe, culturally appropriate environment, and
- support for a longer funding cycle, (for example three years) and also parity with Job Network outcome fees.

Business

- support for business playing a stronger role in providing Indigenous employment and being better supported by Government to do this; the need to better engage with small and medium size businesses

- where discussed, mainly positive views about assistance currently provided to employers to help them take on Indigenous employees through, for example, Structured Training and Employment Projects (STEP) and STEP Employment and Related Services (ERS) (however, in a number of sessions little comment about STEP / STEP ERS)
- the importance of supporting Indigenous people/families/organisations (for example, through seed funding, access to venture capital, feasibility studies) to develop businesses, including through partnering with non-Indigenous businesses and mentoring by the broader business community, and support needed at different stages of development, and
- mixed views about wage subsidies - some support increased wage subsidies and over longer durations than apply currently while others questioned its effectiveness including that these can be abused by employers; importance of other types of support for employers (for example, training and mentoring).

Partnerships and local solutions

- the need for governments at all levels to work together and for individuals, communities and employers to have easier access to, and more communication with, government
- the importance of government facilitating the sharing of best practice among stakeholders and acknowledging / rewarding achievement and success
- support for better coordination between CDEP, STEP/STEP ERS and universal employment services, in particular, local level partnerships rather than competition
- support for streamlined and flexible programs that complement each other rather than compete, and

- strong support for flexibility, local solutions and placed based approaches; the need for local level coordination between various service providers, government agencies, employers and businesses.

Communities

- support for building capacity of communities and the importance of supporting / developing capacity of local service providers
- support for more community involvement in the development and implementation of new or amended Indigenous servicing policy as well as more time to prepare for change
- support for proper funding of government functions/services and employing workers in salaried jobs not CDEP
- support for the promotion of community achievements and successes
- support for local employment strategies; working with local employers to identify skill shortages and tailor training, including with local, State and Commonwealth government agencies as employers, and
- concern about lack of access to a linking/resource support for Indigenous community members following the removal of CDEP in urban and major regional areas.

Mobility/transport

- a range of views about helping Indigenous people with voluntary mobility
- in some regional and remote locations there is preference for remaining in communities and for training, jobs and economic development to be generated locally, and
- need for assistance with transport in urban / regional areas as well as in limited and emerging economies (for example, public transport, drivers licences, workers accommodation).

Other

- importance of investment in local infrastructure as a vehicle for generating economic development and jobs, particularly in emerging and limited economies; some suggestions for incentives for investment in remote Australia, such as tax incentives
- the importance of other services, such as child care, drug/alcohol rehabilitation/ counselling in supporting successful training and employment; also need for adequate infrastructure for local service delivery, for example, accommodation for trainers
- some support for Indigenous employment targets for government agencies, private businesses, government contractors
- the need for two way cultural awareness training for employers and employees to overcome prejudices and clarify expectations on both sides
- the need for two way cultural awareness training for employers and employees to overcome prejudices and clarify expectations on both sides
- criticism of inadequate presence and performance of Job Network / Work for Dole in some regional and remote locations
- concerns that we do not reinvent the wheel but learn from what is working well, and
- expectation in several sessions that Government will communicate outcomes from consultations and proposals for change before final decisions.

Proposed Response

What we heard	What we propose to do
Retain and reform IEP - particularly what works well now	Expand IEP to provide better employment assistance. Retain Structured Training and Employment Projects (STEP) and STEP Employment Related Services.
Retain and reform CDEP to improve training and employment outcomes, and continue to support communities	Retain and refocus CDEP to deliver work readiness training, work experience, community development, and capacity building for communities and community organisations.
Flexible, local solutions	Make CDEP, IEP and UES all able to be developed to respond to the needs of local communities and employers.
Support for mentoring and role models	In all elements of IEP improve mentoring of individuals and businesses and post-placement support. Include mentoring of individuals and families in CDEP (Work Readiness).
Assistance with mobility	Introduce a new pilot element in IEP to support adult Indigenous job seekers and their families who wish to relocate to areas with better employment opportunities. The Indigenous Youth Mobility Program to be expanded to give more young people access to training opportunities in major centres. Include in CDEP (Work Readiness) support for Indigenous people and their families who wish to access training and employment opportunities outside their home communities.
Better support for Indigenous people who want to start businesses	In IEP provide an expanded package of business development assistance and support with an increased focus on local and individual needs. Fund more Economic Development Officers and business hubs. As part of UES extend Indigenous Australian's access to the New Enterprise Incentive Scheme to support them to create businesses in any industry or geographical location.

Proposed Response cont

What we heard	What we propose to do
Greater emphasis on work readiness	<p>In IEP provide increased support and assistance to employers for the provision of pre-employment training and employment training.</p> <p>In CDEP increase focus on the development of foundation skills and work readiness.</p>
Address literacy and numeracy issues	<p>Expand the Workplace English Language and Literacy Program.</p> <p>In IEP introduce a new element of literacy and numeracy assistance where the Workplace English Language and Literacy Program is not available.</p> <p>In CDEP (Work Readiness) include literacy and numeracy training.</p>
Better transitions from education to work	<p>In IEP introduce new aspiration building initiatives to help prepare people to make the most of education and employment opportunities.</p> <p>Include pathways from education and training to work in workforce, industry and regional strategies.</p>
Better coordination and local level partnerships between CDEP, UES and IEP; flexible programs which complement each other rather than compete	<p>Ensure that CDEP participants also access UES.</p> <p>Require all providers to work together to develop a package of appropriate services for the Indigenous job seekers.</p> <p>Require Service Level Agreements between CDEP and UES providers and encourage partnership agreements between IEP and UES/CDEP providers, to support joint planning and local partnerships.</p>
The need for other services, such as drug/alcohol rehabilitation and counselling, in supporting successful training and employment outcomes	<p>Proposed parallel servicing would provide CDEP participants access to a broader range of services through the UES depending on their needs - would include referrals to services such as drug and alcohol rehabilitation.</p>
Better servicing presence and performance of Job Network/Work for the Dole in some regional and remote locations	<p>The new UES model will be introduced on 1 July 2009 with improvements to benefit Indigenous job seekers such as better incentives for servicing and performance in remote areas.</p>

PROPOSED FUNDING ARRANGEMENTS FOR REFORMED CDEP

Funding for both Work Readiness Service and Community Development streams would be provided through a competitive funding process. Details of this process will be advised once the final reforms have been announced.

To address concerns about the uncertainty faced by providers arising from the current annual funding process, funding agreements would be offered for a three year period unless provider performance needs to be more regularly monitored.

Payments

Providers would be funded to deliver services through:

- Service fees - similar to the management fees in the current CDEP arrangements to support management and administration of the program, and
- Work Readiness and Community Development funds – similar to activity fees in the current CDEP arrangements to cover the costs of delivering the services, such as

materials, training personnel or training fees, and costs of undertaking projects, including adequate supervision for participants involved in projects.

To provide incentives for providers to maximise opportunities for individuals, the CDEP Placement Incentive for achieving employment outcomes for individuals would be retained and increased. In addition, training outcome fees would be introduced for assisting people into vocational or accredited training for the Work Readiness stream.

In addition, funding for supporting capacity of communities and local Indigenous organisations would be agreed through the funding agreement. These funds would be provided to support the delivery of a range of community support and capacity development functions. Funding would be a fixed grant payment for the employment of specific personnel and other costs including administration associated with supporting the capacity of communities and local Indigenous organisations.

Proposed fee structure for the Work Readiness Service stream

Fee	Amount	How paid
Service Fees	\$1,900	Paid in accordance with the number of Work Readiness contracted places
Work Readiness Funds	\$3,740	Paid in accordance with the number of utilised places
Outcome Fees		
<i>Employment</i>		
■ Placement	\$550	Payment on placement in a job
— 13 week outcome	\$2,000	Paid upon reaching retention in employment for 13 weeks
— 26 week outcome	\$2,500	Paid upon reaching retention in employment for 26 weeks
— 52 week outcome	\$500	Paid upon reaching retention in employment for 52 weeks
<i>Training</i>		
■ commencement	\$500	Commencement of accredited training >13 weeks
■ completion	\$1,500	Completion of accredited training >13 weeks

Proposed fee structure for the Community Development stream

Fee	Amount	How paid
Service Fees	\$1,900	Paid in accordance with the number of Community Development contracted places
Community Development Funds Outcome Fees	\$3,740	Paid in accordance with the number of utilised places
<i>Employment</i>		
■ Placement	\$550	Payment on placement in a job
— 13 week outcome	\$2,000	Paid upon reaching retention in employment for 13 weeks
— 26 week outcome	\$2,500	Paid upon reaching retention in employment for 26 weeks
■ 52 week outcome	\$500	Paid upon reaching retention in employment for 52 weeks
Community Support funds	Negotiated for each provider	

CDEP wages would continue to be paid in relation to those participants who are grandfathered and are participating in either stream until the end of the grandfathering arrangements.

WHERE WILL REFORMED CDEP OPERATE

The extent of economic opportunity in different regions has a significant impact on the nature of required services. The availability of reformed CDEP in a location will depend on the type of local economy. In the discussion paper, *Increasing Indigenous Economic Opportunity*, we had suggested three types of economies to assist in thinking about how best to reform CDEP, namely limited, emerging and established economies.

These have been assessed using a combination of remoteness classifications, population statistics and labour market data, with communities allocated to one of the three types of economies: established, emerging and limited. For the purposes of the reforms discussed in this paper, these have now been translated to remote (limited and emerging) and non-remote (established).

- The reformed CDEP will be available in remote Australia, in locations where the local economy is either emerging or limited.
- In established economies, that is, urban and regional locations, the CDEP will cease to be provided, and the UES will be the primary employment service provider for Indigenous job seekers.

Remote regions

Emerging economies are in places where growth is occurring and there will be opportunities to link Indigenous people to employment, education and participation with the right strategies.

- These are mainly smaller regional places with a significant Indigenous population and some large remote discrete communities with an emerging industry or industries, such as mining and tourism.

- Examples of emerging economies where reformed CDEP will operate include: Alice Springs, Katherine and Tennant Creek in the Northern Territory; Brewarrina, Ivanhoe and Bourke in New South Wales; Cunnamulla, Palm Island and Woorabinda in Queensland; Kununurra, Derby and Carnarvon in Western Australia; and Ceduna in South Australia.

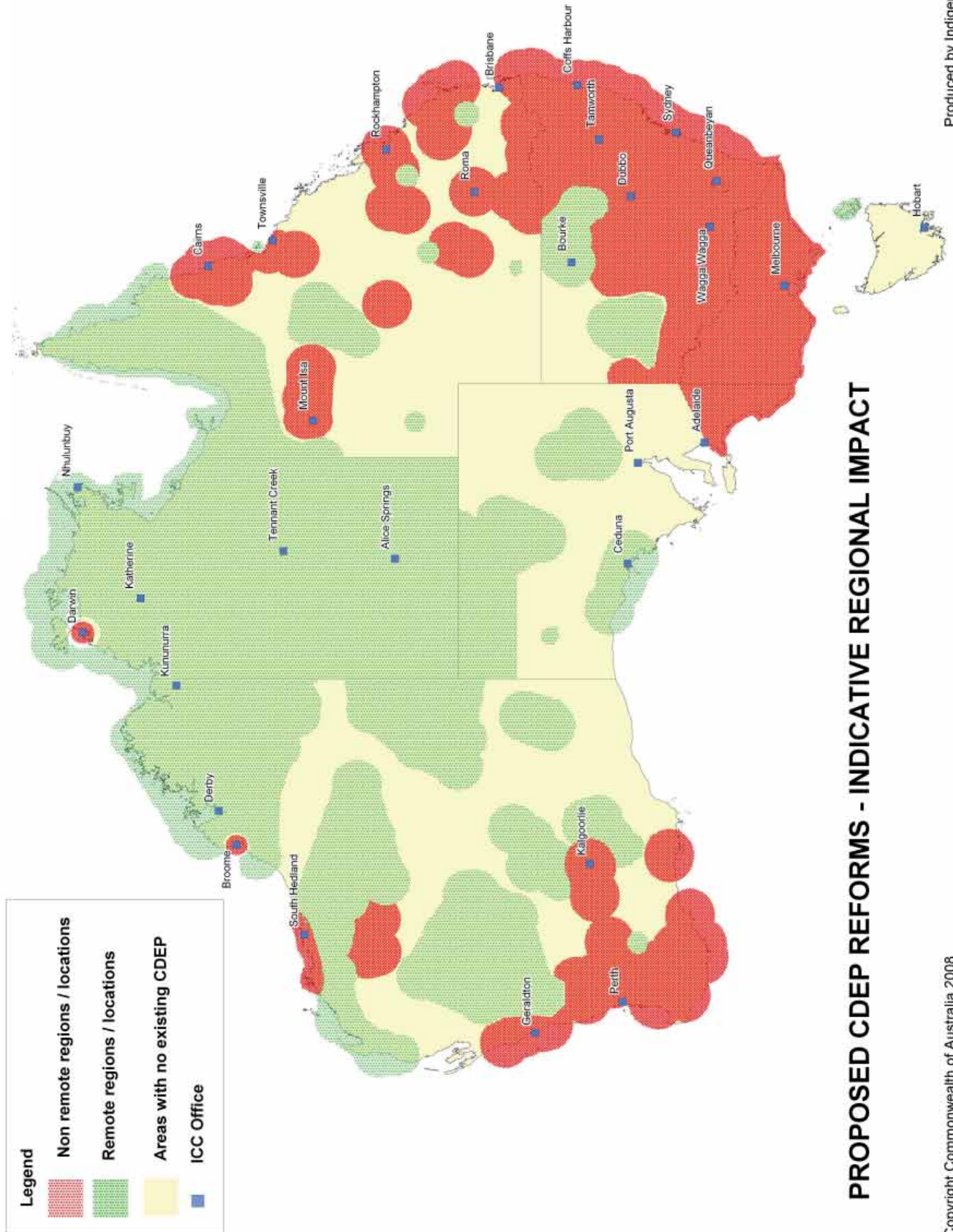
Limited economies are places where enterprise, cultural activities and community are strong, but there is limited access to services and infrastructure and where the development of a fully-fledged labour market and full range of services in may not be realistic in a medium/longer term.

- The more remote communities and outstations fall into this category.
- Examples of limited economies are Lajamanu, Papunya and Oenpelli (Gunbalanya) in the Northern Territory; Doomadgee and Hope Vale in Queensland; Mulan, Wiluna and Bidyadanga in Western Australia, and APY Lands in South Australia.

Non-Remote regions

Established economies are places where the economy is well established and there is a wide range of opportunity:

- Locations include capital cities, major regional centres and some smaller regional locations. CDEP ceased on 30 June 2007 in some of these areas.
- Examples of established economies where CDEP currently operates are Wollongong, Coffs Harbour, Kempsey and Batemans Bay in NSW; Innisfail, Cloncurry and Charters Towers in QLD; Meningie in SA and Coolgardie, Northam and Kalgoorlie in WA.



PROPOSED CDEP REFORMS - INDICATIVE REGIONAL IMPACT