



Australian Government

Increasing Indigenous Economic Opportunity

A DISCUSSION PAPER ON THE FUTURE OF THE CDEP
AND INDIGENOUS EMPLOYMENT PROGRAMS

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A Discussion Paper on the future of the CDEP and Indigenous Employment Programs

The Australian Government wants to talk to you about economic development and jobs for Indigenous people.

The Government is planning a strategy for Indigenous economic development. The Indigenous Economic Development Strategy (IEDS) will address the foundations of sustainable economic development across Australia. The Australian Government is developing this strategy for launch later this year.

This consultation is one step in that process, focusing on how two existing employment and work-readiness programs can be reformed.

We want to hear suggestions on how Community Development Employment Projects (CDEP) and the Indigenous Employment Program (IEP) can be better linked to the Government's new universal employment services model to be implemented from July 2009.

We are looking for your views on what works now and asking for fresh innovative ideas to ensure both programs meet Indigenous people's needs into the future.

This consultation process and the Indigenous Economic Development Strategy are part of the Australian Government's commitment to close the gap between Indigenous and non-Indigenous Australians. We have set national targets across six areas, including halving the gap in employment outcomes within a decade.

Indigenous employment participation is low and many communities cannot access job opportunities. Demographic change means that, on current settings, the gap will get worse.

This challenging target requires an intense focus on Indigenous employment and major reforms to existing programs and services.

The questions in this paper are the hard questions that need answering to bring about meaningful reform.

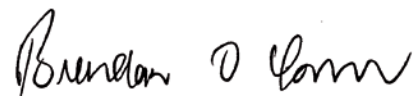
We look forward to hearing your views on the questions we are asking.



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

May 2008

A. LOCAL SOLUTIONS

Solutions developed at the local level tend to work best.

Good local solutions need partnerships linking communities, government, local businesses and industry, and service providers.

We need to work together to strengthen investment and growth and opportunity in specific places, in ways which reflect the location, identity, assets and opportunities of that place.

In developing good local strategies, questions to be asked include:

- What's the local economy like – is it well-developed, growing or limited?
- What services and infrastructure are already in place?
- What investment is needed to build skills and capacity?
- Do people need to get training and employment outside the local area?
- How can government and local businesses work and plan together to achieve common goals?

B. LABOUR MARKET

In considering your responses, keep in mind how labour markets vary from place to place. There are big differences between remote and urban Australia, but also differences between various regions and remote settings.

The broad categories are:

Type of economy	Challenges to be met
Established economies	Places where the economy is well established and offers a wide range of opportunity – Indigenous people still have higher levels of unemployment and need support to develop skills and sustain work
Emerging economies	Places where significant growth is occurring and there are opportunities to link Indigenous people to employment, education and participation with the right strategies
Limited economies	Places where enterprise, cultural activities and community are all important, but developing a fully-fledged labour market and full range of services may not be realistic

This framework is designed to be useful to think about employment servicing issues in the area where you live.

CDEP is no longer available in capital cities and many regional centres, but programs for Indigenous people will continue to play a role there, complementing universal employment services.

C. REFORM PRINCIPLES AND DIFFICULT QUESTIONS

The steps to reform must involve individuals, businesses and local economies, communities and partnerships.

There are some difficult issues that we need to confront in order to achieve meaningful and constructive reform. We want to build on what works, and learn from what has failed.

INDIVIDUALS

We are looking for ideas on good approaches to help people into jobs. We need to understand how we help people develop the **skills** they need for employment.

Young people should go on to get good jobs. Young people need to want to do this. Job skills and **aspirations** should start at school.

Too many young people in remote areas see CDEP as their only future. CDEP provides work experience skills and training for participants, but it should not be a barrier to education, training and employment outside CDEP.

The current arrangements are different for CDEP and income support. These differences may result in unequal treatment for people doing the same or similar activities and discourage people from getting jobs off CDEP.

CDEP	INCOME SUPPORT
CDEP participants typically work 15–16 hours a week and are paid a wage at rates similar to the Government’s Newstart Allowance. There are flexible arrangements that allow some people to top up their wages if others work fewer hours and earn less. CDEP has a ‘no work no pay’ rule, but this is not applied by all CDEP providers	People on income support receive payments according to their individual circumstances under the <i>Social Security Act 1991</i>
Most people on CDEP are not required to look for off-CDEP work	To get income support payments, people who are able to work have to look for work or participate in activities that may lead to work. This is called ‘participation’. Payments may stop after three participation failures
Participants can earn up to \$5166 a quarter from outside CDEP. This does not affect their CDEP payments	If people earn money from other sources, above a certain level their payments go down or stop

One way of fixing these inequalities would be to move away from the system of **CDEP wages** and move participants into the income support system.

Labour markets vary across regions – some provide lots of opportunities, others very few. People in areas with poor opportunities need to be able to travel for training and work.

Even travelling short distances can be hindered by poor roads or lack of transport. People who have to travel long distances and be away for some time need places to stay.

Transport and accommodation choices have to be provided, as well as support with living away from home, especially for young people. At the other end of their journey they need intensive training and on-the-job experience.

The best solutions come from partnerships involving communities, business and government. For example, a civil construction company owned by a group of traditional owners has established a construction camp to train up people from communities across Queensland. The 13 week training period includes work experience with employers and normally one or two visits home.

Principles of reform: individuals

- How can we best develop individuals' skills and capabilities?
- How can we improve expectations and opportunities for young people?
- How can we improve the incentives (financial or otherwise) to take up work and training?
- How do we encourage people living in areas with poor opportunities to travel in order to take up training and work opportunities?

Hard questions: individuals

- How do we make sure no-one falls through the system, and that all people have the opportunity for meaningful economic participation?
- How do we make sure CDEP wages do not create a disincentive for people to study, train, or take up other work outside of CDEP?
- How does government ensure that individuals receive similar income levels for similar participation requirements?
- How do we help individuals who wish to study, train or work but live in family or community environments that do not support this work ethic?
- What measures to create a mobile workforce would appeal to individuals and families living in remote regions with poor economic opportunities?

BUSINESS AND LOCAL ECONOMIES

Economic development means involvement by Indigenous people in employment, in business and in building assets and wealth in the communities and regions where they live.

Economic development needs to build on local opportunities and be sustainable. It needs to connect your region into the wider Australian economy.

We know there are barriers to economic development in remote areas, including sub-standard roads, public transport, information technology, housing and other facilities.

Local industries and businesses are very important to getting Indigenous people into jobs.

Successful Indigenous businesses provide jobs, develop ideas and skills, provide role models for others and bring money into the community, whether that community is in Perth, Shepparton, Wadeye or Aurukun.

Principles of reform: business and local economies

- How can government programs better support building local businesses and regional economic growth?
- How can we help Indigenous enterprises to grow and connect with other business and the wider economy?
- How can we support industry and businesses, including small businesses, to increase the number of Indigenous staff?

Hard questions: business and local economies

- How can government encourage change in employer practices to recruit and hold onto more Indigenous staff?
- How do we provide employment services in communities that have limited employment opportunities?

- How can wage subsidies be used to assist enterprise in Indigenous communities but not push down the value of Indigenous labour and discourage the creation of unsubsidised jobs?

COMMUNITIES

It is important to have services that meet the needs of individuals and families. It is also important to have strong local Indigenous organisations to take a role in delivering services and to provide work for local people.

Organisations or communities may wish to improve their capacity to compete for service delivery or business opportunities that come up in their area. They can be assisted with training in business and financial skills, governance and business planning.

The Government wants to support sustainable organisations that develop younger generations of leaders and show quality in the services they provide for local people.

In remote areas CDEP has supported many essential local services. Wider reforms to local government and the delivery of essential services need to be taken into account in any changes.

Principles of reform: communities

- How can we continue to support meaningful community development?
- How can we ensure that workers delivering government services in remote regions get proper pay and conditions?
- How can we create the skill base that Indigenous communities need to take advantage of emerging economic opportunities?
- How can we minimise disruption caused by program reform to communities and organisations?
- How do we make sure essential services are provided?

Hard questions: communities

- How do we build relationships between Indigenous and non-Indigenous families, communities and business to break down social barriers to employment?
- How can we ensure essential services are provided in remote areas without using CDEP participants to deliver these services? How can this be done even in areas where there is a limited local rates base or no local government servicing?
- How does government ensure both local service delivery by local community organisations and the highest quality services delivered by the most capable bodies?
- How do we define work participation in very remote areas? Do we include forms of cultural maintenance, such as land management, in that definition?

PARTNERSHIPS

How we do things is very important. Government services and policies need to work in partnership with people, with local and community organisations, and with employers in order to create the right new opportunities. This means planning and working together in new and better ways.

Principles of reform: partnerships

- How can we ensure services complement each other in each place?
- How can we better involve local communities in setting priorities and influencing the way services are delivered?
- How can public agencies work together with employers and communities to pursue shared goals and coordinate effectively?

Hard questions: partnerships

- How does government develop a simple system for delivery which can also differentiate between needs in different communities?
- How should the Australian, State and Territory, and local governments work together?
- What structures for joint planning and coordination should be used in developing local strategies?
- What incentives and new capabilities do public agencies need in order to collaborate successfully with Indigenous communities?
- How can very large employers and smaller enterprises be brought together into the same strategic framework?

Partners	What would economic development look like?	What action would you need to take?	What support would you require?
Individuals			
Families and Communities			
Employers			
Service Providers			
Government			

D. POSSIBLE FOCUS FOR DIFFERENT AREAS

Reforms must address the varying needs of Indigenous people across Australia. Flexibility is needed so communities, service providers and employers can develop local solutions to local needs.

Reform must embrace what already works in Indigenous communities and share knowledge of what works and why. This table sets out how the focus of reform might work across different economies in Australia.

Type of economy	Potential response
Established economies For example, capital cities, major regional centres and some regional and remote locations	<ul style="list-style-type: none"> ■ Services to focus on work-readiness, training, employment and business development ■ Strong focus on industry strategies and partnerships ■ Assistance for individuals to take advantage of opportunities ■ Those on CDEP to be moved off CDEP wages to iron out differences in incentives
Emerging economies For example, mainly smaller regional and remote locations	<ul style="list-style-type: none"> ■ Similar to the above, plus ■ A stronger focus on mobility to bring people to training and jobs ■ A focus on wage subsidies and business support ■ Specific pathways for young people into training and work outside of CDEP ■ Those on CDEP to transition to income support or jobs or training over the medium term
Limited economies For example, remote and very remote communities and outstations	<ul style="list-style-type: none"> ■ Services to increase training, employment and business development ■ A continuing focus on mobility, wage subsidies, business support and opportunities for active participation ■ CDEP wages to remain available ■ Services to include a range of community development initiatives

The Government is working on a new approach to Indigenous employment servicing. It builds on the principle that improved universal employment services and training places be made available to all Indigenous people, including in remote areas.

Universal employment services are being reformed to focus on the most disadvantaged job seekers. The reforms are summarised in the appendix to this paper.

Programs for Indigenous people would complement these universal services and provide more targeted assistance to those in need. CDEP and IEP could be reformed to support projects focusing on:

- developing personal and work-readiness skills
- increasing active and productive participation through structured on-the-job training and work equivalent activities
- developing business opportunities.

We want individuals to receive more comprehensive support to help determine a person's interests, guide them to realistic employment expectations, train them to address gaps in skills and mentor them before and after they are placed in a job.

APPENDIX I—EXISTING PROGRAMS AND SERVICES

1. UNIVERSAL EMPLOYMENT SERVICES

The Australian Government provides employment services for all Australians. At the end of March 2008 there were more than 80,000 Indigenous job seekers on the active caseload of the Job Network.

Until recently many Indigenous people living in remote areas did not have to meet participation requirements in order to get income support payments. With the removal of remote area exemptions, these people are now expected to look for a job or do training.

There are, however, challenges in providing universal employment services in remote areas due to servicing difficulties and a lack of local job opportunities.

From 1 July 2009 there will be a new way of delivering universal employment services. The new model will:

- tailor assistance to each job seeker providing them with the skills and training they need

- help job seekers with an Employment Pathway Fund (EPF) which can be used to buy training, services and support. The EPF can be pooled to support a group of job seekers
- develop new ways of tackling unemployment in disadvantaged communities with a \$41 million Innovation Fund
- retain Work for the Dole activities, but provide broader opportunities for work experience
- take account of the higher costs and other barriers to service delivery in remote locations by providing 1.7 times the normal level of service fees and EPF.

A discussion paper on the new employment services model has been released and can be accessed by phoning **1300 733 514** or visiting workplace.gov.au/ESpurchasing.

2. INDIGENOUS EMPLOYMENT PROGRAM

The Indigenous Employment Program was set up in 1999 to supplement universal services in meeting the special needs of Indigenous people.

IEP Employment is focused mainly on helping employers to recruit and retain Indigenous workers, with a secondary focus on increasing Indigenous job seekers' work readiness and skills. It includes:

- Structured Training and Employment Projects (STEP) and Structured Training and Employment Projects Employment Related Services (STEP ERS)

- Corporate Leaders for Indigenous Employment Project (CLIEP)
- Wage Assistance
- National Indigenous Cadetship Project (NICP)
- CDEP Placement Incentive
- Aboriginal Employment Strategy (AES)
- Indigenous Youth Employment Consultants (IYECs).

IEP Business addresses barriers to Indigenous people establishing businesses or becoming self-employed. It includes:

- Indigenous Small Business Fund (ISBF)
- Indigenous Capital Assistance Scheme (ICAS)
- Emerging Indigenous Entrepreneurs Initiative (EIEI).

Indigenous Employment Program continued

Strengths	Weaknesses
<p>Focuses on the needs of employers</p> <p>Projects can be tailored to employers, industries or regions</p> <p>Timely response to changing circumstances</p> <p>STEP participants and Wage Assistance have good outcomes with 68 per cent in employment, education or training three months after completion</p>	<p>Too many different elements of the program</p> <p>Too much red tape in accessing assistance</p> <p>Not enough partnerships with small and medium sized businesses</p>

3. COMMUNITY DEVELOPMENT EMPLOYMENT PROJECTS (CDEP)

CDEP began in 1977 after several remote Indigenous communities asked the Government for an alternative to 'sit down' money. It expanded across Australia, but since July 2007 CDEP no longer operates in capital cities and many regional centres.

CDEP provides a range of employment, training and business development activities and in recent years has been focused on employment outcomes. CDEP's other important community development roles have included building community capacity, subsidising local businesses and running other community organisations.

CDEP has supported the delivery of government services and the management of community business, from aged care, child care, night patrols and women's shelters to garbage collection and road maintenance, particularly in remote areas. CDEP has therefore masked the costs of delivery of essential services across the three levels of government.

Recently the Australian Government has been working with State and Territory Governments to:

- assume responsibility for delivery of essential and municipal services
- convert CDEP places delivering government services into properly paid jobs.

Strengths	Weaknesses
<p>Flexibility allows for a range of activities and projects tailored to community needs</p> <p>Has supported many vital community services and development of community capacity and enterprises</p> <p>CDEP wages are seen by some as an incentive to participate in CDEP</p>	<p>Government services and business ventures rely on CDEP as a source of cross-subsidies</p> <p>Too few business activities become viable enterprises</p> <p>Need stronger training and employment outcomes, and incentives for young people to seek training and employment outside CDEP</p> <p>Disincentives to getting a job or training outside CDEP</p>

Providing feedback

- By attending consultation sessions. Details are available by visiting **Indigenous.gov.au** or freecall **1300 733 514**
- By fax to **(02) 6121 0207**
- By email to **feedback@indigenous.gov.au**
- By post to:
CDEP/IEP Feedback
PO Box 7576
Canberra Business Centre ACT 2610

The closing date for receiving written submissions is Thursday 12 June 2008.

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