



Australian Government

Australian Government response to the Senate Finance and
Public Administration References Committee inquiry report:

*The appropriateness and effectiveness of the objectives,
design, implementation and evaluation of the Community
Development Program (CDP)*

November 2018

© Commonwealth of Australia 2018

ISBN 978-1-925363-58-6 (Hardcopy)

ISBN 978-1-925363-59-3 (PDF)

ISBN 978-1-925363-60-9 (DOCX)

Copyright Notice

With the exception of the Commonwealth Coat of Arms, this work is licensed under a Creative Commons Attribution 4.0 International licence (CC BY 4.0)(<https://creativecommons.org/licenses/by/4.0/>).



Third party copyright

Wherever a third party holds copyright in this material, the copyright remains with that party. Their permission may be required to use the material. Please contact them directly.

Attribution

This publication should be attributed as follows:

© Commonwealth of Australia, Australian Government response to the Senate Finance and Public Administration References Committee inquiry report: The appropriateness and effectiveness of the objectives, design, implementation and evaluation of the Community Development Program (CDP)

Use of the Coat of Arms

The terms under which the Coat of Arms can be used are detailed on the following website:

<http://www.pmc.gov.au/government/its-honour>.

Introduction

The Australian Government welcomes the opportunity to respond to the Senate Finance and Public Administration References Committee's (the Committee) report *Appropriateness and effectiveness of the objectives, design, implementation and evaluation of the Community Development Program (CDP)*.

The Australian Government's response to the report comprises input from the Department of the Prime Minister and Cabinet (PM&C), the Department of Human Services (DHS), the Department of Jobs and Small Business (DJSB), the Department of Social Services (DSS), the Australian National Audit Office (ANAO), and the Productivity Commission.

Overview of CDP

The Australian Government introduced the CDP on 1 July 2015. The CDP was designed for remote Australia, taking into account the unique challenges of remote labour markets and the scarcity and sporadic nature of jobs. The design of the program was informed by extensive consultation with communities, providers, stakeholders and Aboriginal and Torres Strait Islander people.

The CDP is successful at getting job seekers into work, and keeping them actively engaged. There has been an increase in job seeker employment outcomes over the life of the program, with remote job seekers supported into more than 26,960 jobs, and engagement lifted to over 70 per cent.

CDP reforms

Many of the report's recommendations are addressed through the suite of reforms to the CDP announced at the 2018-19 Budget. The reforms build on the success of CDP and continue to drive employment in remote Australia by improving the skills and employability of job seekers. The reforms will increase participation through greater community engagement, more pathways to employment and increase support for vulnerable job seekers.

These reforms were developed in close consultation with a range of stakeholders including communities, CDP service providers, local organisations, the Prime Minister's Indigenous Advisory Council, peak bodies, Indigenous leaders, community advocates and academics. The reforms draw on feedback to the PM&C's *Discussion Paper: Remote Employment and Participation* (2017) and feedback from peak organisations including the Aboriginal Peak Organisations Northern Territory (APO NT) and National Employment Services Australia (NESA).

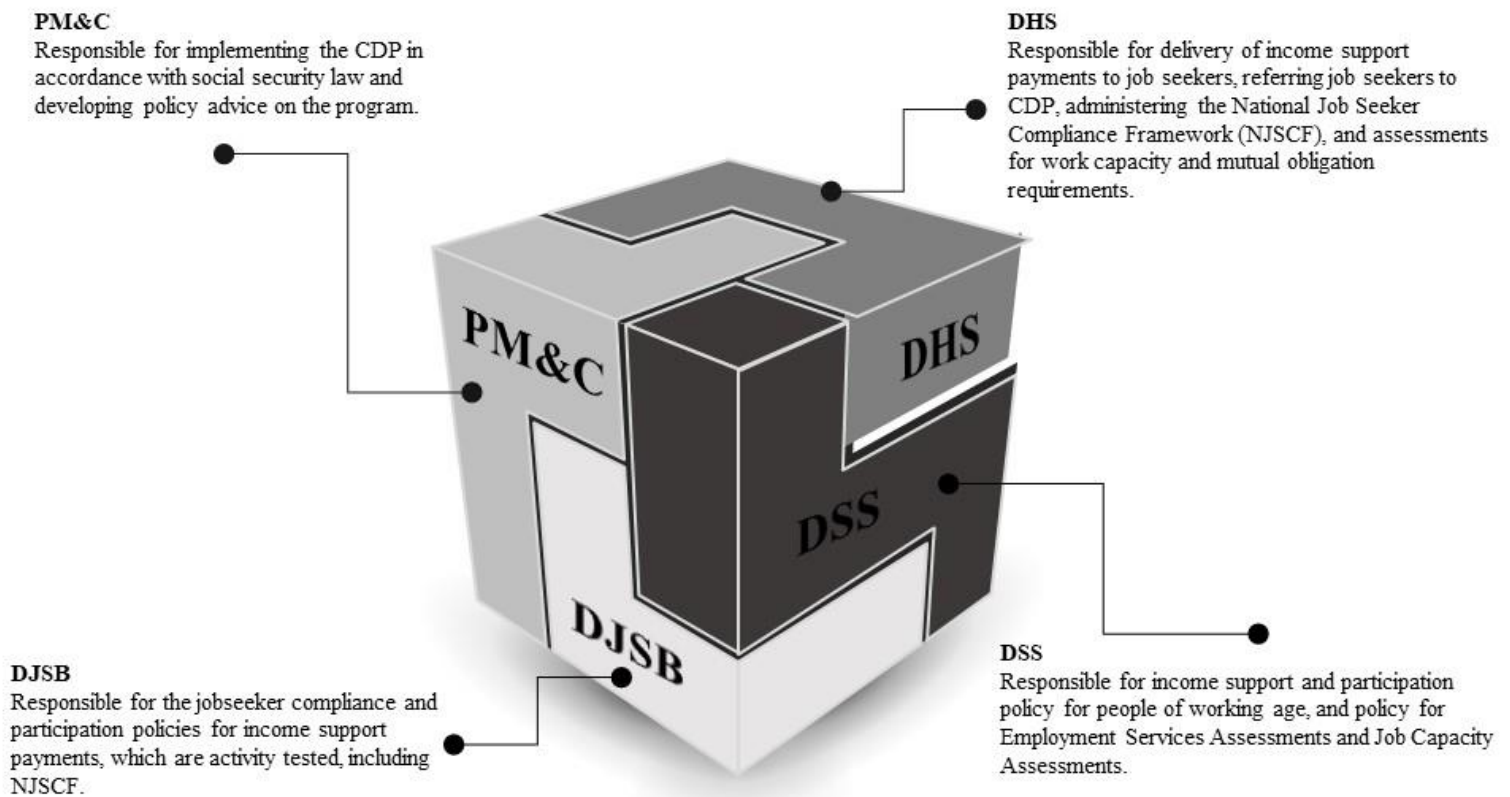
The reforms focus on:

- Supporting 6,000 subsidised jobs for CDP participants across remote Australia.
- Reducing income reporting requirements to Centrelink for those job seekers who have mutual obligation requirements of between zero and 14 hours per week.

- Ensuring job seekers are not required to participate beyond their capacity through an improved assessment process, including provision for local health workers, nurses and allied health professionals to provide the medical evidence needed to change a job seeker’s participation requirements.
- Realigning required participation of job seekers from up to 25 hours per week, to up to 20 hours per week.

Administration arrangements for the Community Development Programme

The CDP is the Government’s remote employment service and only one component of Australia’s social security system. There are a number of agencies which have a role in administering the program.



Detailed response to the recommendations of the majority report

Recommendation 1

The committee recommends that the Australian Government immediately replace the current CDP compliance and penalty regime with obligations that are no more onerous than those of other income support recipients. CDP participants must have the same legal rights and other responsibilities as other income support participants, taking into account special circumstances such as remote locations and cultural obligations.

The Australian Government does not support this recommendation.

Employment services in remote communities have a long history of differences with non-remote employment services. The Australian Government in 2013 introduced a Remote Jobs and Communities Program that included different obligations than those of other income support recipients.

CDP was designed to take into account the unique nature of remote Australia. Jobs in remote areas are often sporadic and short-term, and each remote area has unique opportunities and barriers. CDP has been designed specifically for remote Australia, in recognition that the requirements under *jobactive* in non-remote areas (such as up-to-20 job searches per month) are not appropriate.

The CDP is not more onerous than its non-remote counterpart, *jobactive*. The current mutual obligation requirements under CDP require job seekers aged 18–49 years to participate up to a maximum of 25 hours per week, noting that only 39 per cent of job seekers within the program are required to participate the full 25 hours. Further, from February 2019, the Australian Government will decrease the mutual obligation hours for CDP participants to a maximum of 20 hours per week (fewer hours per week than *jobactive*).

The current compliance system has been focussed on building engagement in CDP. This has been successful, with engagement increasing from around 7 per cent at the end of the Remote Jobs and Communities Programme (RJCP) to 70.4 per cent, at 31 August 2018. Remote communities called for an end to the misery and harm of passive welfare, and the CDP delivered this.

However, the Australian Government has proposed changes to the compliance system to build in more protections and support for vulnerable job seekers, and assistance for all job seekers to meet their mutual obligation requirements. On 1 July 2018, the new Targeted Compliance Framework (TCF) was introduced for mainstream employment programs, replacing the National Job Seeker Compliance Framework. The Australian Government introduced legislation into the Senate in August 2018 to allow for the TCF to apply to CDP job seekers from February 2019. This means that all job seekers around Australia will fall under the same compliance framework, and have the same legal rights and protections as set out in social security law.

The TCF recognises that most job seekers try to meet their requirements. It removes financial penalties for one-off mistakes or instances of non-compliance, and aims to ensure that only the deliberately and wilfully non-compliant job seekers progress to financial penalties. The

TCF also builds in new protections for job seekers, such as additional mandated assessments to ensure they are fully capable of meeting their requirements, and that the requirements are appropriate, before penalties for not meeting requirements are applied.

Recommendation 2

The committee recommends that CDP requirements should be adjusted in order to ensure that participants are able to meet them for the majority of the time and are more closely aligned with the requirements of other income support participants. Those in work or work-like activity should have the general obligations and benefits of any worker.

The committee recommends that eight-week serious non-compliance penalties should not be applied during this transition period except under exceptional circumstances.

The Australian Government notes the recommendation.

It is critical that job seekers in CDP remain active between jobs, ensuring they are ready to move into work when it becomes available. This is why CDP activities are designed with increased flexibility and why immediate activation and regular participation is important.

The CDP has delivered great results in supporting the majority of participants to engage in activities to meet their mutual obligation requirements. The engagement rate for CDP is 70.4% at 31 August 2018).

Under the TCF, eight-week serious failures no longer exist and the maximum length of a penalty is four weeks. Job seekers receive intensive and targeted support prior to progressing to financial penalties under the TCF. This includes additional protections including mandated assessments, in the first instance completed by the local provider to ensure that job seekers' individual circumstances are considered and appropriately addressed.

Recommendation 3

The committee recommends that the Department of the Prime Minister and Cabinet undertake an immediate audit of all existing Community Development Program providers. The audit should assess service delivery quality and employment outcomes in order to inform any extension of contracts until the roll-out of a new program. In cases where underperformance is identified, the Department of the Prime Minister and Cabinet should work to ensure appropriate action is taken to ensure that providers meet expected standards.

The Australian Government notes the recommendation.

The PM&C already undertakes formal, six monthly performance audits of CDP providers, and has completed five audits of all providers since the program commenced in 2015. A sixth audit of CDP providers and their performance is currently underway and is due to be completed in the second half of 2018. These audits assess the performance of each provider for service delivery, quality of and attendance in activities, community engagement, and employment outcomes.

These performance audits, as well as additional assessments of provider's risk and service delivery inform decisions about contracting, including the contracting decisions through to June 2018. This information will also inform future selection processes.

If providers do not meet certain standards, more intensive and regular assessments are conducted to improve performance. In serious cases, some providers have been removed from the program due to poor performance.

In addition, the Australian Government has replaced many of the non-Indigenous providers that were introduced as part of the Remote Jobs and Communities Program with Indigenous owned or Indigenous joint ventures.

Recommendation 4

The committee recommends an audit be conducted of interpreter services available to clients and Department of Human Services officers. The committee recommends the Department of Human Services invest in identifying, training and employing local people in remote communities and community controlled organisations who can provide Centrelink CDP-related liaison services in local Indigenous languages.

The Australian Government notes the recommendation.

The PM&C has responsibility for policy and program development related to support and capability development for the Indigenous interpreting sector.

The PM&C funds the delivery of Indigenous language interpreting services through the Northern Territory Aboriginal Interpreter Service (NTAIS) across a range of areas including health, legal and justice agencies across the Northern Territory, and in the cross-border regions of the Northern Territory, Western Australia (WA) and South Australia. Aboriginal Interpreting Western Australia (AIWA) is also funded to deliver Indigenous interpreting for Kimberley languages, and the National Accreditation Authority for Translators and Interpreters is funded to provide the specialist training and accreditation necessary to work as a credentialed interpreter.

The Commonwealth Ombudsman's Office has conducted investigations into the engagement of Indigenous language interpreters, the most recent in 2016 which showed that DHS is the largest Commonwealth agency that engages Indigenous interpreters.

This reflects the DHS commitment to providing Indigenous Australians access to an Indigenous language interpreter. The DHS works closely with two main Indigenous interpreter providers within the Indigenous interpreting sector – the NTAIS and AIWA – to access trained Indigenous language interpreters.

The DHS has also established an 'on-demand' Indigenous telephone interpreting service. This was developed in partnership with the NTAIS in 2016. This service enables immediate access to an interpreter over the telephone. It is the first Indigenous 'on demand' telephone interpreting service of its kind in the country with eight languages currently offered.

The DHS continues to support the identification and recruitment of Indigenous interpreters. For example, the DHS remote servicing teams identify potential Indigenous interpreters for referral to the NTAIS to increase its interpreting pool.

The DHS also has in place:

- Pre-booked Indigenous interpreters over the telephone for languages that are not currently one of the Northern or Central Australian Indigenous languages offered via the NTAIS telephone service.
- Regularly rostered onsite interpreters who work in service centres in known high demand regions. There are currently regularly rostered Indigenous interpreters at the Groote Eylandt, Broome and Kununurra service centres (supplied by NTAIS and AIWA).
- Interpreter services supplied by the NTAIS working with the DHS remote servicing teams who travel to remote and extremely remote communities across Northern and Central Australia.
- An Indigenous Language Officer (ILO) who provides Indigenous language assistance to customers in the Wadeye Service Centre. ILOs interpret via direct customer contact in both a one-on-one and three way setting.

Recommendation 5

The committee recommends that Centrelink provides a dedicated telephone service for CDP participants staffed by officers familiar with the CDP program.

The Australian Government notes the recommendation.

CDP participants are directed to a service officer skilled in CDP (through the Participation Solutions Team phone line) under current arrangements – this routing is based on the caller’s remote location. This has the same result as a dedicated telephone service, with remote job seekers accessing specialist DHS support.

The DHS is committed to its customers in rural and remote regions. Through the DHS, the Australian Government continues to invest in a number of services specifically targeted to CDP, such as contacting CDP participants who have a participation failure prior to their next reporting date.

The reforms to the CDP will decrease job seekers’ interactions with DHS, further minimising the need for a specific phone line. Changes to income reporting requirements and the introduction of the TCF results in local CDP providers playing a greater role in managing a job seeker’s attendance and engagement with the program. Under the current compliance system for CDP, the DHS considers the application of all participation failures lodged by CDP providers. The changes with the TCF ensure local providers are the decision-maker in the demerit phase, removing the obligation for the job seeker to engage with the DHS at this stage.

Recommendation 6

The committee recommends that the Department of the Prime Minister and Cabinet, led by the Minister for Indigenous Affairs, engage in genuine and comprehensive consultation with remote communities, Indigenous organisations, employment providers and other stakeholders on the reforms required to be made to the Community Development Program.

The Australian Government notes the recommendation.

CDP reforms were developed in close consultation with a range of stakeholders, including job seekers, local communities and organisations and CDP service providers, as well as Indigenous leaders and peak bodies. This is in stark contrast to the consultation that occurred prior to other changes to remote employment services such as the Remote Jobs and Communities Program.

On 14 December 2017, the Minister for Indigenous Affairs, Senator the Hon Nigel Scullion, announced the commencement of a formal consultation on a new employment and participation model with the release of the *Discussion Paper: Remote Employment and Participation*. Submissions closed on 23 February 2018 and 40 were received. Submissions were provided by key stakeholders including CDP providers, Indigenous leaders, community advocates and academics.

The PM&C consulted on the CDP reforms with a variety of stakeholders, including:

- CDP service providers, at provider business meetings in Perth in December 2017, and Adelaide in June 2018, and on an individual basis, and with their peak body representatives.
- Communities – as part of the Minister for Indigenous Affairs’ ongoing community engagement (he has visited around 200 communities since becoming Minister) and through the PM&C’s Regional Network who visit communities regularly and obtain feedback.
- The Prime Minister’s IAC.
- The APO NT about their Remote Development and Employment Scheme model.

Consultation on implementation is ongoing. The PM&C continued consultation with CDP service providers at the Provider Business Meeting in Adelaide in June 2018. Consultation has also continued with stakeholders including remote job seekers and communities, peak bodies, Northern Territory Land Councils, the IAC and NESAs.

Recommendation 7

The committee recommends that the reform process for any new program should be focussed on the goal of community empowerment, and give active consideration to the proposals as outlined in the Aboriginal Peak Organisations of the Northern Territory's submission and supported by others. The establishment of an indigenous-led board and local governance committees as recommended by Aboriginal Peak Organisations of the Northern Territory should be considered.

Communities must be given a greater say in how a community development program is delivered in their area including the prioritisation of projects and the nature of approved work activities. Greater community control should harness the skills, experiences and knowledge of local community and Indigenous organisations.

The Australian Government notes the recommendation.

In the *Discussion Paper: Remote Employment and Participation*, the PM&C noted that one of the key design principles for any remote employment model would be a tailored, community-based approach, with greater local control and decision-making.

The Australian Government considered a number of models in the development of reforms to the CDP. The reforms have adopted aspects of the Remote Development and Employment Scheme model proposed by the APO NT, including the development of a pathway to long-term employment through subsidised jobs and reducing obligations hours to a maximum of up to 20 hours per week.

The CDP reforms will place local community boards and leaders as key participants in delivery, ensuring greater community control with a focus on local decision-making. Providers will work directly with community boards and leaders to design work-like activities, and identify jobs and training opportunities in their region. Community boards will also play a role in ensuring activities are culturally appropriate and contribute to the economic and cultural sustainability of the community. This will ensure activities are meaningful and motivating to participants, better aligned to local circumstances and linked to the economic opportunities of cultural work.

The Australian Government has transitioned many of the non-Indigenous providers that were introduced as part of the Remote Jobs and Communities Program with Indigenous owned or Indigenous joint ventures.

The Australian Government has already committed to a policy that the CDP is delivered by local Indigenous organisations where possible. New eligibility requirements were introduced from July 2018, which require all CDP providers to meet Indigenous eligibility criteria through ownership, control or partnerships with local organisations. This policy will continue, with an ongoing focus on engaging local Indigenous organisations in the design and delivery of CDP.

Recommendation 8

The committee recommends that the Department of the Prime Minister and Cabinet provide practical support to local remote and Indigenous organisations to build governance and service delivery capacity in areas that enables these organisations to successfully tender for the new community development program.

The Australian Government agrees to the recommendation.

The Government is committed to supporting Indigenous organisations to deliver CDP. The Minister requires CDP providers to meet Indigenous eligibility requirements in order to maximise outcomes for Indigenous job seekers and communities in remote locations. Local Indigenous organisations are building capacity to take on CDP service delivery in future through the requirement for large national providers to have strong partnerships with local providers from July 2018. Additionally, the Government is expanding the footprint of microfinance in regional and remote areas as part of the Indigenous Business Sector Strategy to support more start-up businesses in these areas.

The PM&C Regional Office staff work with local Indigenous organisations to identify opportunities to build capacity and governance, including through the Indigenous Advancement Strategy, the Office of the Registrar of Indigenous Corporations (ORIC) and other programs. The PM&C staff will continue to work with local Indigenous organisations to build the ability to successfully deliver CDP.

Recommendation 9

The committee recommends that the Australian Government implement a payment scheme for remote jobseekers with income based on participation in agreed work-like activities, and incentives for additional activities in community development programs. The committee recommends that participation in community development program work activities should be compensated at an hourly rate commensurate with the national minimum wage.

The Australian Government does not support the recommendation.

Income support is not a wage and does not attract the usual employee conditions.

Consultation has indicated that there is a strong view that communities do not want to see a return of passive welfare without mutual obligation requirements and the negative impacts of what has been termed 'sit down money'.

The CDP reforms have drawn on the best and most feasible aspects of previous, past and proposed models and were designed in close consultation with a range of stakeholders. The reforms focus on providing more pathways to employment ensuring more job seekers move off welfare and into real jobs. For example, the proposed Capital Investment Fund (CIF), as part of the broader CDP reform package, is a \$2 million per annum measure intended to support increased participation in CDP activities and enterprise development by providing grant funding to CDP providers for the purchase of small capital items. CDP providers will

also be able to apply for funding on behalf of job seekers and microbusinesses accessing a CDP Business Incubator.

As part of the reforms, the PM&C will establish a new employment program to support 6,000 new subsidised jobs in remote Australia. Participants in subsidised jobs will be paid a wage in line with their relevant award or enterprise agreement and will have access to standard workplace entitlements and conditions, including superannuation.

Recommendation 10

The committee recommends that the Department of the Prime Minister and Cabinet carefully consider and, where appropriate, minimise the administrative processes required of providers engaged in the new community development program.

The Government agrees to the recommendation.

As part of CDP reforms, CDP will move to a modern IT platform currently used by other employment programs.

Recommendation 11

The committee recommends that funding agreements between the Australian Government and providers delivering services in future community development programs include a requirement that information on the quantum of funding, the allocation of funding and the investment in training and basic vocational skills be collected and made publicly available. The publicly available financial information should include the dollar value of Centrelink payments that are foregone by participants due to CDP breaches.

The Australian Government does not support the recommendation.

A key benefit of the CDP is that it is flexible to allow local providers to deliver the activities and training that meet the needs and wants of local communities and job seekers.

To collect information on the quantum, allocation and investment of funding in training and basic vocational skills would require costly enhancements to the CDP IT system and introduce additional administrative burden for providers.

The DSS is responsible for income support payment policy and the DHS is responsible for the delivery of these payments. CDP providers are not responsible for the payment of income support to job seekers.

The DSS does not have data on the monetary losses of income support following compliance actions. Many factors contribute to penalty amounts, including penalty periods not being fully served, reimbursement of previously served penalties, and job seekers moving off income support during a penalty period.

Recommendation 12

The committee recommends that the Department of the Prime Minister and Cabinet work closely with Indigenous Business Australia (IBA) to ensure that remote communities are aware of the lending products that IBA can provide and assist individuals to lodge applications.

The Australian Government notes the recommendation.

The PM&C has worked with IBA to refocus the Business Development and Assistance Programme (BDAP) to better support early stage and pre-bank customers, and includes a key performance indicator requiring that at least 30 per cent of support is provided to regional and remote clients. The Government will continue to work with IBA to ensure CDP providers, employers and those involved in the future CDP business incubator initiative are aware of BDAP products, support and workshops.

Additionally, the Government is expanding the footprint of microfinance in regional and remote areas as part of the Indigenous Business Sector Strategy to support more start-up businesses in these areas. The \$90 million Indigenous Entrepreneurs Fund provides one off grants for the purchase or lease of business plant and equipment, as well as tailored business advice to assist businesses to identify potential business opportunities, plan for sustainability and access appropriate commercial finance. To date, the IEF has supported over 80 Indigenous businesses to acquire crucial business infrastructure worth \$30 million.

Recommendation 13

The committee recommends that the penalty funds (breaches) currently diverted from the community as a result of non-compliance and any ancillary payments allocated for providers should be applied to support local community development program activities identified by the community, or to top-up specific wages where appropriate.

The committee recommends that the Australian Government provide additional funding for community development activities, similar to the Community Development Funding previously available under the Remote Jobs and Communities Programs.

The Australian Government notes the recommendation.

As part of the CDP reforms, the PM&C will deliver initiatives designed to support activities that build the capacity of remote Indigenous communities to develop Indigenous led enterprises.

Through the reforms, the Government is establishing a Capital Investment Fund where CDP providers will be able to apply for a grant to fund small capital items for the running of 'work-like' activities, and to support job seekers take on short-term jobs in the community through their labour hire businesses.

The Government will also support 6,000 subsidised jobs for CDP participants in remote Australia, beginning in early 2019. Employers will have access to wage subsidies and

additional retention payments to encourage them to keep CDP participants in work. CDP participants in a subsidised job will be paid the minimum wage, relevant award or enterprise agreement level. Employers will also pay entitlements, such as superannuation.

Recommendation 14

The committee recommends that the Australian Government work closely with all relevant state and territory and local governments to develop a five-year strategic plan for infrastructure and service delivery in remote communities. The strategic plan should be updated annually.

The Australian Government notes the recommendation.

The Australian Government has committed \$75 billion in transport infrastructure through a combination of grant funding, equity investment and concessional loans over the next 10 years.

Through Infrastructure Australia, the Australian Government maintains an Infrastructure Priority List which is a prioritised list of nationally significant investments. The Priority List informs Commonwealth, State and Territory in their decision making around the priority of their investments.

The Australian Government continues to work with state and territory governments and local government to determine future infrastructure investments including in remote areas.

Recommendation 15

The committee recommends that the Department of the Prime Minister and Cabinet mandate that all service providers delivering the new community development program, in consultation with the local community and potential employers, develop a local jobs plan taking into consideration the job-readiness of the community. The local jobs plan would seek to transition service delivery staffed by non-local personnel, apart from highly specialised professionals, to local employment in a staged manner. In addition, the local jobs plan should ensure that paid work experience and training positions are created to enable young people to gain employment experience on leaving school.

The Australian Government agrees to the recommendation.

Current arrangements require providers to work with employers to understand existing opportunities and potential opportunities in the pipeline, including paid work experience and training positions. Under CDP reforms, providers will be required to work directly with community boards and leaders to set work-like activities, and identify the pipeline jobs and training opportunities in their region.

Additionally, the Government is supporting 6,000 subsidised jobs across remote Australia. This provides more pathways to employment and opportunities for job seekers, including young people, to transition into work.

Recommendation 16

The committee recommends that the definition of work activities under the revised CDP program should be expanded to include cultural transmission activities that are prioritised by the local community in their local jobs plans.

The Australian Government notes the recommendation.

Current CDP policies already provide adequate flexibility for providers to deliver cultural activities. Under reforms to the CDP, providers will be required to work directly with community boards and leaders to ensure activities are culturally appropriate and contribute to the economic and cultural sustainability of the community.

Recommendation 17

The committee recommends that the Australian National Audit Office conduct an audit of Australian Government contracts that relate to service delivery in remote locations. This audit should have a specific focus on the use of, and compliance with, Indigenous Employment Targets.

As part of this audit, the committee recommends that the Australian National Audit Office include state and territory Australian Government contracts where the Australian Government has made a funding contribution for a particular purpose. The audit should also report on how these contracts impact on Closing the Gap employment targets.

The Australian Government notes the recommendation.

The Auditor General recently published the Annual Audit Work Program 2018-19. Potential audit topics identified in the Program relevant to PM&C can be found at www.anao.gov.au/work-program/portfolio/prime-minister-and-cabinet.

Further information on this topic can be found at: www.anao.gov.au/work/performance-audit/implementation-indigenous-employment-targets-government-contracts.

The Auditor-General is an independent officer of the Australian Parliament and has discretion in the performance or exercise of their functions or powers. In particular, the Auditor-General is not subject to direction in relation to: whether or not a particular audit is to be conducted; the way in which a particular audit is to be conducted; or the priority to be given to any particular matter. The Auditor-General must, however, have regard to the audit priorities of Parliament, as determined by the Joint Committee of Public Accounts and Audit.

The Auditor-General is able to receive requests for audit from Members and Senators of the Parliament of Australia. Requests that are received and responses to these requests are published on the ANAO website.

Recommendation 18

The committee recommends that the Australian Government review the guidelines for Indigenous employment and work closely with the Council of Australian Governments in order to establish a uniform approach to the application of Indigenous Employment Targets to state, territory and Commonwealth contracts in remote locations. Such an approach should include a mandatory target that forms the basis of a key performance indicator which is then used to assess the performance of a contractor for a current contract and used to assess suitability for subsequent tenders.

The Australian Government notes the recommendation.

A current focus of work for the Council of Australian Governments is improving reporting and delivery on Indigenous procurement and employment policies, and Indigenous business and employment have been key areas of discussion in relation to the Closing the Gap refresh.

Since the last Census the number of Indigenous Australians with a job increased by 23.3 per cent. As at 30 June 2018, the number of employment commencements supported through the Indigenous Advancement Strategy is around 70,000.

The Minister for Indigenous Affairs has encouraged state and territory governments to take up policies similar to the Indigenous Procurement Policy and Indigenous employment requirements. The below table outlines state and territory progress in jurisdictions with the CDP. Indigenous procurement policies have been implemented in most jurisdictions, albeit with varying degrees of stretch targets and requirements, see table 1.

Table 1: Jurisdictions with Indigenous Procurement Policies

Jurisdiction	Indigenous Procurement Policy	Public Sector Employment Requirements
Commonwealth	Yes	Yes
ACT	Under development	Yes
NSW	Yes	Yes
NT	Yes	Yes
QLD	Yes	Yes
SA	Yes	Yes
TAS	No	Targets under development
VIC	Yes	Yes
WA	Yes	Yes

The Indigenous Procurement Policy (IPP) has supported significant growth in the Indigenous business sector. Since the IPP was introduced in July 2015, over 1000 Indigenous businesses have won over \$1.084 billion worth of contracts, which compares to the former policies where 30 Indigenous businesses won \$6.2 million in contracts in 2012-13.

Building on the success of the IPP, the Australian Government is now looking to ensure that federally funded infrastructure projects systematically include employment and supplier-use targets for working with Indigenous Australians. For example, the Western Sydney City Deal includes targets of three per cent for procurement, matching the IPP, and 2.4 per cent for employment for construction projects in the area of the Deal, which matches the Indigenous

population within the area of the Deal. The Townsville Stadium, being built under the first City Deal, includes a target of 6.6 per cent for Indigenous jobs (proportionate to the local Indigenous working age population). The initial application of targets based on the Indigenous working age population in the area of a project was applied to the \$700 million of roads arising from the Northern Australia White Paper. An early indication of the potential of this approach can be seen in the results to date from the Cape Leveque road project outside Broome. The Western Australian Government recently reported that the project is currently achieving 68 per cent Indigenous employment (mainly local people) compared to a target of 45 per cent and 56 per cent of contract value has been awarded to Indigenous businesses, exceeding the target of 20 per cent.

Recommendation 19

The committee recommends that the Department of the Prime Minister and Cabinet undertake an organisational review of its regional network to ensure that it has the capabilities necessary to properly administer a program featuring decentralised and local decision making focussed on the needs of remote communities.

The Australian Government notes the recommendation.

The Australian Government has already introduced reforms to staffing in remote areas by introducing a Regional Network, headed by senior public servants, who are focused on local engagement and solutions. The Regional Network is already delivering better local engagement and decision making for local communities.

Decisions about the capability required within the PM&C's Regional Network into the future, including delivering on the Australian Government's priorities, may be informed by the findings and recommendations of the ANAO Audit on Indigenous Affairs Regional Network 'Management of the Regional Network' found at: www.anao.gov.au/work/performance-audit/indigenous-affairs-regional-network, as well as other internal organisational reviews.

Recommendation 20

The committee recommends that the Australian Government formally cost the Aboriginal Peak Organisations of the Northern Territory submission. This costing should include a comparison to the complete costs of the previous Community Development Employment Projects (CDEP) and the current CDP, including costs such as the portion of the Department of Social Services' budget (including outsourced funding arrangements) spent on administering the CDP.

The Australian Government does not support the recommendation.

The PM&C sought input from APO NT on elements of its proposed model with the view to undertaking a costing exercise. While the APO NT high level proposal was well developed, a further level of detail was required to support such costing. Given this, a decision was made not to pursue more detailed costings further noting the administrative burden this presented.

Elements of the APO NT model were incorporated into the CDP reforms, including the development of a pathway to long-term employment through subsidised employment and reducing obligations hours to a maximum of up to 20 hours per week.

Recommendation 21

The committee recommends that the Australian Government, in designing the new program, ensures that a rigorous, transparent and impartial evaluation process be developed to guide implementation and delivery. This evaluation function may be considered as part of the role for the planned Indigenous Commissioner in the Productivity Commission.

The Australian Government agrees to the recommendation.

The Australian Government has introduced a specific program focused on evaluation and research, and will undertake evaluation to assess the impact of reforms to the CDP, including the impact of the wage subsidy program.

Recommendation 22

The committee recommends that during consultations on the new program that the Department of the Prime Minister and Cabinet and Centrelink actively explore the reasons for disengagement and seek to develop strategies to address this issue.

The committee also recommends that Centrelink take immediate proactive steps to engage with participants who have disengaged from income support and employment programs and assist them to reconnect.

The Australian Government notes the recommendation.

A common theme emerging from the consultation process for the CDP reforms is that disengagement can occur due to complexity in the income support system.

A number of the design principles were canvassed in the PM&C's *Discussion Paper: Remote Employment and Participation*, and were designed to simplify job seekers' interaction with the system and provide greater support. These include:

- A simplified system which relies less on a national welfare system, and more on local control and decision making by removing the complexity around compliance and simplifying interactions with Centrelink to create a simpler, more flexible and tailored approach.
- Improved access to locally delivered health services to ensure job seekers' barriers and capacity for work are properly identified and appropriate support is provided.

The CDP reforms have adopted these elements through:

- Reducing income reporting requirements to Centrelink for those job seekers who have mutual obligation requirements of between zero and 14 hours per week.
- Ensuring job seekers are supported to participate to their capacity through an enhanced health assessment process, and the ability for local health workers to provide the medical evidence required for job seeker assessments

- Ensuring all job seekers in Australia will come under the TCF, which will address many of the complexities of the current framework.

CDP providers are required to work with the job seekers on their caseload to activate and engage them in the program. This will be better recognised through a rebalanced provider payment model, which will place greater emphasis on case management and engagement. Providers will have greater incentives to activate and maintain engagement with job seekers through the CDP reforms, including through change to the payment model. The revised payment model will remove any payment to providers for progressing compliance action against job seekers, and focus on providing tailored case management and support to keep job seekers engaged.

The DHS takes proactive steps to reconnect disengaged CDP participants. The DHS is finalising arrangements to provide customer information on recently disengaged participants to its Remote Servicing Teams, which will enable remote servicing staff to identify and engage these customers. The approach has been used previously to identify remote customers that required Disability Support reviews with some success.

Australian Government senators' dissenting report

Recommendation 1

Government senators recommend that the findings of the independent Australian National Audit Office be relied upon for any analysis of the introduction of the Community Development Program.

The Australian Government supports the recommendation.

The ANAO audited the CDP to assure its effective implementation. The audit began in December 2016 and the final report was tabled in Parliament in the October 2017 sitting period. The audit's conclusions and findings have been taken into consideration in the design of the CDP reforms.

There was one formal audit recommendation:

The Department of the Prime Minister and Cabinet review the Community Development Programme provider payment structure, particularly the incentives it creates and its alignment with the underlying policy objectives of the program changes.

The PM&C agreed to the recommendation and reviewed the provider payment model, confirming that the settings do incentivise the right behaviour, resulting in a focus on getting job seekers into work. The current CDP reforms provides an opportunity for the PM&C to further review the provider payment model so it aligns with the reforms, whilst driving active participation in communities to further build on outcomes under the program.

The audit concluded that the transition from the previous Remote Jobs and Communities Program (RJCP) to the CDP was largely effective, and that there are appropriate governance, program frameworks and guidance material to administer and deliver CDP. The PM&C will work closely with providers to again ensure an effective transition to changes in CDP.

Although the audit also found that the provider performance model was effective, the PM&C undertook a review to ensure continuous improvement is maintained. The sixth Provider Performance Review will have a greater focus on quality activities and service delivery with three priority areas: tailored support for job seekers; quality activities to engage participants; and supporting job seekers to find and keep a job.

Recommendation 2

Government senators recommend that the government continue the delivery of the successful Community Development Program, which has improved the quality of remote employment services in remote areas in comparison to the Remote Jobs and Communities Program.

The Australian Government supports the recommendation

The CDP is helping job seekers get off welfare and into work. The program is successfully keeping people actively engaged in their community, with engagement rates in the CDP at 70.4 per cent, as at 31 August 2018, up from 7 per cent at the end of RJCP.

The CDP has supported remote job seekers into more than 26,960 jobs, and achieved more than 9,067 six month job outcomes.

While the CDP is successfully engaging communities, the Australian Government has used feedback from communities and stakeholders, to enhance the program and create more jobs in remote Australia.

Recommendation 3

Government senators recommend that the government continue to progress already proposed reforms to the Community Development Program in consultation with remote communities, Community Development Program providers and Community Development Program participants.

The Australian Government supports the recommendation.

As outlined in response to Recommendation 6 of the majority report, CDP reforms were designed in close consultation with remote communities, job seekers, local organisations and CDP service providers. This process engaged with a variety of stakeholders, including CDP Service Providers.