

# Chapter 5

## Impacts of CDP on providers

### Introduction

5.1 The previous chapter focused on the impact of the Community Development Program (CDP) on individuals and communities. This chapter examines whether the CDP provides the incentives and structures necessary for employment providers to be able to deliver for program participants. Evidence taken by the committee points to a number of barriers faced by providers in doing so, including:

- Misaligned incentives for providers;
- Limited local decision-making;
- Difficulty in assessing employment outcomes;
- Impediments to employment; and
- Uncertainty about the future.

### Misaligned incentives for providers

5.2 The two key mechanisms for managing provider activity within the CDP are the Programme Management Framework, against which providers are assessed every six months, and a new fee structure that attaches the bulk of potential revenue to attendance at Work for the Dole.<sup>1</sup>

5.3 Submitters gave evidence that this administrative framework meant that incentives for providers were misaligned with the needs of CDP participants and their communities.

### *Increase in administrative burden*

5.4 Providers gave evidence that CDP's administrative systems prioritised monitoring participants' mutual obligation activities, rather than delivering job outcomes for them. In their experience this manifested in an increased administrative burden of CDP when compared to its predecessor programs. At the committee's public hearing on Palm Island, Ms Kylie Van Der Neut, Senior Manager, Contract Assurance at Campbell Page noted that 'there was always a requirement for attendance, but the administration side of that has definitely increased with the CDP contract'.<sup>2</sup> Ms Van Der Neut described the increased burden in more detail:

With the change to CDP, to participate five days a week, five hours a day, for 48 weeks a year. There are the administration requirements, along with the performance framework. As a provider, you need to make sure that job

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1 Kirrily Jordan, Lisa Fowkes et al., *Job Creation and Income Support in Remote Indigenous Australia: Moving Forward with a Better System*, CAEPR, Topical Issue 2/2016, p. 13.

2 Ms Kylie Van Der Neut, Senior Manager, Contract Assurance, Campbell Page, *Proof Hansard*, Palm Island, 4 October 2017, p. 3.

plans are correct and that you have your system up-to-date and always up-to-date. Then you also have the side where a participant doesn't attend for an invalid reason. You're required to submit the no show, no pay for every day that occurs. I've spoken with the staff here and they're saying that each no show, no pay can take between five and 15 minutes, depending on the competency of the staff member—whether they're new or have been with us for a while. There is the increased administration and also attending the activity diary every day, as well as our contact appointments, and making sure that they're booked on a regular basis as well.<sup>3</sup>

5.5 Submitters such as the National Employment Services Association described the recording of daily attendance as 'cumbersome and time-consuming'.<sup>4</sup> The Ngurratjuta/Pmara Ntjarra Aboriginal Corporation explained that some of these difficulties stemmed from the CDP Information Technology (IT) system:

The CDP IT system is not user-friendly and a lot of time has been devoted to developing government-sanctioned 'work-arounds' to make the system fit the policy. CDP staff become swamped with the demands of the IT system, which prevents them from engaging with clients and other community members and stakeholders. We also must remember we are talking about clients with English as a second or third language, who have difficulty with the language and terminology of the system.<sup>5</sup>

5.6 The most significant implication of a provider's resources being diverted into administrative tasks is that this distracts providers from working on improving the job-readiness of participants:

The employment consultants who currently spend hours on data entry each day could be utilising that time to provide a better service to clients, including facilitating job placement, providing more post placement support, etc.<sup>6</sup>

5.7 The primary reason why so much of the provider's energies are devoted to administrative processes around attendance is that a CDP provider is funded based on attendance rather than a set value amount based on the number of participants in a particular location.<sup>7</sup>

### **Limited local decision-making**

5.8 Submitters also gave evidence that the CDP was structured and operated in a manner which undermined local decision-making capability and opportunities.

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3 Ms Kylie Van Der Neut, Senior Manager, Contract Assurance, Campbell Page, *Proof Hansard*, Palm Island, 4 October 2017, p. 3.

4 National Employment Services Association, *Submission 45*, p. 7.

5 Ngurratjuta/Pmara Ntjarra Aboriginal Corporation, *Submission 27*, p. 2.

6 Ngurratjuta/Pmara Ntjarra Aboriginal Corporation, *Submission 27*, p. 2. See also: National Employment Services Association, *Submission 45.2*, p. 6.

7 Ms Kylie Van Der Neut, Senior Manager, Contract Assurance, Campbell Page, *Proof Hansard*, Palm Island, 4 October 2017, p. 3.

5.9 In a recent paper, Dr Kirrily Jordan stated that the CDP has impeded the capacity of providers to make decisions at a community level:

For some [providers], the implementation of CDP has corroded their organisational standing, compromising their ability to act in accordance with community interests...the ability to make decisions about how to best maximise participation...in their communities has been taken out of their hands.<sup>8</sup>

5.10 As a consequence of the funding incentives, some witnesses argued that providers are not incentivised to facilitate people moving from the CDP into permanent work. The Mayor of Palm Island Aboriginal Shire Council, Councillor Alf Lacey, repeated anecdotal evidence from his constituents to the committee:

We hear consistent concern, raised along the lines of: 'The provider's all about numbers and would prefer to keep people on their books rather than see them get work, as it means more money for them.' True or not, this is the perception.<sup>9</sup>

5.11 CDP providers are encouraged, through contractual arrangements, to report non-attendance and trigger penalties even if they do not believe it is in the participants' best interests.<sup>10</sup> The provider is only paid CDP service fees if they report non-attendance to DHS.<sup>11</sup> The committee were told that 'if something goes wrong, if someone has a car accident—if their car breaks down—then they're in breach if they don't turn up'.<sup>12</sup> This lack of flexibility has been discussed in earlier chapters.

5.12 Jordan and Fowkes noted that the implementation of CDP brought about greater centralisation of control, with providers serving as the 'delivery arm of government'.<sup>13</sup>

5.13 In his submission to the inquiry, Mr Peter Strachan argued that current CDP provider processes are micromanaged and inflexible and that the emphasis on compliance and contract management means there is minimal scope to 'genuinely engage with participants and their community'.<sup>14</sup>

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8 Kirrily Jordan, Lisa Fowkes et al., *Job Creation and Income Support in Remote Indigenous Australia: Moving Forward with a Better System*, CAEPR, Topical Issue 2/2016, p. 14.

9 Councillor Alf Lacey, Mayor, Palm Island Aboriginal Shire Council, *Proof Hansard*, Palm Island, 4 October 2017, p. 13.

10 Dr Kirrily Jordan, *Submission 30*, p. 12.

11 Dr Kirrily Jordan, *Submission 30*, p. 12.

12 Mrs Christine Boase, Treasurer, Laverton Leonora Cross Cultural Association, *Proof Hansard*, Kalgoorlie, 23 August 2017, p. 30.

13 Kirrily Jordan, Lisa Fowkes et al., *Job Creation and Income Support in Remote Indigenous Australia: Moving Forward with a Better System*, CAEPR, Topical Issue 2/2016, p. 13; for a list of providers see Australian Government, Community Development Programme Regions, updated 22 November 2016, <https://www.pmc.gov.au/sites/default/files/publications/CDP-regions-factsheet-nov-2016.pdf> (accessed 1 June 2017).

14 Mr Peter Strachan, *Submission 4*, p. 5.

5.14 Jobs Australia also noted that the decision to roll the Community Development Fund (CDF) into the Indigenous Advancement Strategy (IAS) has reduced the focus on employment, participation and community development opportunities identified locally, and shifted decision making about funding priorities to the Department of the Prime Minister and Cabinet (PM&C). Locally-identified employment and community development opportunities were previously negotiated by Remote Jobs and Communities Program (RJCP) providers with their communities and set out in Community Action Plans.<sup>15</sup>

### ***Lack of community involvement***

5.15 Earlier in the chapter, the committee discussed the increase in administrative burden. In a joint submission, former Federal Minister for Aboriginal Affairs Mr Fred Chaney and former Indigenous Affairs public servant Mr Bill Gray noted 'that providers are swamped with the demands of the IT system which prevents them from engaging productively with participants at a local level in any meaningful way'.<sup>16</sup>

5.16 One witness highlighted excessive "red tape" as the key impediment to local decision-making:

Anecdotal evidence suggests that because so much emphasis is placed on compliance and contract management/administration, there is minimal scope to genuinely engage with participants and their community to determine priorities, despite the Minister's claim in 2016 the programme is "flexible and focussed on local decision making and local solutions". Daily input of attendance and other activity is essential for financial viability and non-compliance sanctions are just as severe for the providers as they are for CDP participants. Accountability for the use of public funding is fully understood and accepted but the current CDP processes are micromanaged, inflexible and counterproductive to the aspirations and needs of Indigenous people.<sup>17</sup>

5.17 Many communities and individuals feel disempowered by the CDP process, stemming from the lack of consultation during development and changes to policy as described in Chapter 2. As Dr Kirrily Jordan noted, this disempowerment leads to an increase in social problems within communities:

Some people in communities said to me that there are social problems in their communities, but people, who, for example, may not be turning up for their work-for-the-dole requirements or drinking et cetera, have a lot of skills and abilities to offer, but they've come to the point where they've given up or they're fed up, disempowered and alienated by the process. If you engaged in consultation with them in a proper way—you went and sat

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15 Jobs Australia, 'The Design and Implementation of the Community Development Program', April 2017, p. 10, [https://www.ja.com.au/sites/default/files/jobs\\_australia\\_submission\\_design\\_and\\_implementation\\_of\\_cdp.pdf](https://www.ja.com.au/sites/default/files/jobs_australia_submission_design_and_implementation_of_cdp.pdf) (accessed 20 June 2017).

16 Mr Fred Chaney and Mr Bill Gray, *Submission 2*, p. 4.

17 Mr Peter Strachan, *Submission 4*, p. 5.

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down with people over the course of a few days and got to know them and got a bit of trust and engaged them in the policy process that way—then people could engage and could have a lot to offer. Whereas at the moment the approach is based on punishment—punishing people to change their behaviour—and it just doesn't work.<sup>18</sup>

5.18 The Mayor of Palm Island Aboriginal Shire Council, Councillor Alf Lacey relayed widespread concerns around interactions between providers and the broader community:

The provider does not know the community, so the efforts are so often misdirected. Sometimes they do not even have an office open in the community, so what is the point? That has been reported on a number of occasions...it's a common perception from the 17 Indigenous shire[s] in Queensland.<sup>19</sup>

5.19 In some cases, local community organisations are not being engaged or contacted by providers until after the provider has won the contract when 'they need a building' and want some land 'to roll out a program'.<sup>20</sup> There is a view that current providers are not part of the local community and have replaced other organisations that may have a more in-depth knowledge and affinity with the local community. As Mayor Lacey explained:

There have been cases where providers with good records were replaced by providers who we can only assume are very adept at writing tenders. It would seem that a paper-based assessment by a person based down south who has little understanding of community is the preferred methodology for awarding these very important contracts. And it seems that regardless of performance the community has no resources but to put up with that provider until such time as the contract expires. There must be a better way, where prior and local knowledge around suppliers and services play some part in the awarding of contracts. Moreover, contracts must have an opt-out clause where performance does not meet expectation.<sup>21</sup>

5.20 Ms Rachel Atkinson, Chief Executive Officer of the Palm Island Community Company raised another issue which can impede relations between a provider and a community by noting the 'massive turnover of staff—we'd think we were getting somewhere and new staff would come on'.<sup>22</sup>

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18 Dr Kirrily Jordan, *Proof Hansard*, Alice Springs, 28 August 2017, p. 21.

19 *Proof Hansard*, Palm Island, 4 October 2017, p. 13. See also: Ms Rachel Atkinson, CEO, Palm Island Community Company, *Proof Hansard*, Townsville, 4 October 2017, p. 27.

20 *Proof Hansard*, Palm Island, 4 October 2017, p. 14.

21 *Proof Hansard*, Palm Island, 4 October 2017, p. 13.

22 Ms Rachel Atkinson, CEO, Palm Island Community Company, *Proof Hansard*, Townsville, 4 October 2017, p. 24.

5.21 Witnesses submitted that when CDP was implemented, funding for regional or community scale planning processes that was present in RJCP was removed.<sup>23</sup> Removal of this funding has further entrenched the lack of community involvement and ownership within the CDP creating significant barriers between providers and local communities. In evidence to the committee, Dr Lisa Fowkes, Research Scholar at the Australian National University noted that the 'funding bucket' for community development available under the RJCP was amalgamated into the IAS:

When the RJCP was established, it had a funding bucket that was to deliver the main program and it had a \$234 million community development program. That was essentially the job creation, economic development side of the package. That budget allocation was rolled into the Indigenous Advancement Strategy, and I understand that that occurred for the 2014-15 financial year. So that no longer exists...That \$234 million bucket was there for development, and that's what was rolled into the IAS.<sup>24</sup>

5.22 Councillor Lyn McLaughlin, Mayor of Burdekin Shire Council pointed out this breakdown in communication does not make sense from a strategic standpoint:

In my previous job, I was chair of the Queensland Local Government Grants Commission and I visited a lot of the Indigenous councils. What Mayor Lacey talks about is true; that if you have the CDP separated from the council, sometimes the projects that this group are delivering aren't in that strategic plan for this group. We visited most of them, and we didn't go to a couple because they had sorry business at the time, and when we asked about some infrastructure, they would say that would be the CDP—which has that disconnect.<sup>25</sup>

### ***Co-ordination and classification issues***

5.23 The lack of integration between the Department of Human Services (Centrelink) and PM&C creates confusion on the ground, as well as a lack of coordination of approach between the identification of job opportunities and training required.<sup>26</sup> In its submission, Uniting Communities described this issue:

It would appear that there is not a joint or integrated approach to identifying what jobs are needed across a community and the requisite training or skills-set available to execute these jobs. There are, in some cases, a number of training courses provided in the absence of the development of a practical continuum of employment demand. Training for training sake is frequently undertaken, without necessarily giving attention to the jobs that trainees can then feed into. All too often service providers, training

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23 See, for example: Ms Katie Owens, Manager, Rainbow Gateway Ltd, *Proof Hansard*, Townsville, 4 October 2017, p. 10

24 Dr Lisa Fowkes, Research Scholar, Centre for Aboriginal Economic Policy Research, Australian National University, *Proof Hansard*, Alice Springs, 28 August 2017, p. 14.

25 Councillor Lyn McLaughlin, Mayor, Burdekin Shire Council, *Proof Hansard*, Townsville, 4 October 2017, p. 21.

26 Uniting Communities, *Submission 23*, p. 8.

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organisations and training facilities do not sufficiently link-up or co-ordinate their efforts.<sup>27</sup>

5.24 Concerns around classification of regions as remote or non-remote were also raised. Broome is classified as a non-remote town (and therefore not eligible for CDP), while larger WA centres like Geraldton, Kalgoorlie, Port Hedland and Karratha are classified as remote for CDP purposes. This seems to be an anomaly, given that Broome is a small town with a seasonal tourism industry and a significant Aboriginal population.<sup>28</sup>

### **Difficulty in assessing employment outcomes**

5.25 The committee has received evidence from submitters and witnesses highlighting a number of issues with the assessment of employment outcomes under the CDP.

5.26 Jobs Australia argued that comparative employment outcomes under CDP are difficult to assess because, prior to the implementation of CDP, providers were not required to record attendance in the IT system, so there is no publicly available comparative data on the 26-week outcomes under RJCP and CDP. Jobs Australia claimed that:

In remote areas, long-term full time work is scarce while short term seasonal and contract work often provides the best opportunities for employment. The change to CDP made it harder for providers to achieve employment outcomes.<sup>29</sup>

5.27 In 2013, the Department of Education, Employment and Workplace Relations (DEEWR) released a draft Performance Management Framework (PMF) and invited written submissions. The framework sought to assess RJCP provider performance on a nationally consistent basis while providing flexibility for different labour markets, levels of disadvantage, geographic size of regions and community priorities in remote regions.<sup>30</sup>

5.28 Also, in 2013, a change in administrative arrangements led to a shift in policy responsibility for this work to PM&C and the replacement of the PMF with a draft Remote Employment Programme Delivery Framework (REPDF) which was formally released as Programme Management Framework. The key differences were that:

- Regional Employment Targets would not be individually negotiated with providers;
- Job placement measures and seven- and 13-week outcomes were abolished; and

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27 Uniting Communities, *Submission 23*, p. 8.

28 Aarnja Ltd, *Submission 25*, p. 5.

29 Jobs Australia, 'The Design and Implementation of the CDP', pp 12–13.

30 Jobs Australia, 'The Design and Implementation of the CDP', p. 11.

- A strong focus on measuring new full-time Work for the Dole attendance was introduced.<sup>31</sup>

5.29 The REPDF was formally adopted with these principles and when released as a final framework was called the Programme Management Framework.<sup>32</sup>

5.30 According to Jobs Australia, the new REPDF moved the focus away from building relationships with participants, communities and employers and towards transactions that can be measured and quantified.<sup>33</sup> Jobs Australia explained:

The Regional Employment Targets (RETS) have a major impact on the measurement of provider performance under the PMF, but many providers report that they are often unrealistic and unachievable. The processes for determining the targets are centralised in Canberra and are not transparent. The RETS do not reflect historical performance and local labour market issues and opportunities. They have not been set and made available to providers prior to each related performance period, undermining their capacity to achieve them. Most providers are judged to be underperforming. Almost every provider is on a Performance Improvement Plan (PIP) because they haven't achieved a satisfactory overall rating, supporting the contention that the RETs are set too high.<sup>34</sup>

5.31 Many providers have also reported confusion over how Work for the Dole activity payments are calculated and linked to performance.<sup>35</sup> This is compounded by an IT system that is not coping with the upsurge in recording attendance and reporting participation, and loss of trust in the data used as a the basis for payments because of discrepancies between reports used by providers and those used by PM&C to calculate payments.<sup>36</sup>

### *Evaluation of the effectiveness of CDP*

5.32 In addition to providers indicating that the performance framework is unclear, the committee has heard that the absence of transparent data-sets across the program makes it difficult for local communities to draw any real conclusions on the success or otherwise of the CDP.

5.33 Councillor Lacey put forward his view that it is nearly impossible to assess performance at a local level as the providers 'are not forthcoming with meaningful information about their progress, and the [PM&C] rarely will provide us with information and data'. Councillor Lacey added:

The challenge with all of these programs is whether the practice matches the rhetoric. Does the investment in these programs deliver an appropriate

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31 Jobs Australia, 'The Design and Implementation of the CDP', p. 11.

32 Jobs Australia, 'The Design and Implementation of the CDP', p. 11.

33 Jobs Australia, 'The Design and Implementation of the CDP', p. 11.

34 Jobs Australia, 'The Design and Implementation of the CDP', p. 11.

35 Jobs Australia, 'The Design and Implementation of the CDP', p. 11.

36 Jobs Australia, 'The Design and Implementation of the CDP', p. 11.



return? How much of the money actually is spent on the ground in communities, directly benefiting Indigenous people, and how much money goes into overheads of companies and profits where the money is spent in other economies? How do we measure the return? Is it the number of people registered with CDP providers? Or is it the number of people who are successful in proceeding through the program and have meaningful and sustainable employment afterwards? These are the questions that we always ask when we examine these programs, and rarely; actually, never, do we get the answer in a manner that allows us to offer genuine, evidence-based comments and feedback to government.<sup>37</sup>

5.34 The committee has received very limited information that would assist in drawing conclusions on the effectiveness of the CDP. The committee also understands that there is no publicly available information detailing the funding arrangements and activities of individual providers.

5.35 In a response to a question on notice, Campbell Page (the local CDP provider on Palm Island) informed the committee that 30 outcomes for sustained employment beyond 26 week outcomes were achieved for the six-month period from April to September 2017. Of these, five people gained formal qualifications including two concreting traineeships, one sewerage and water treatment traineeship, and two paramedic cadets.<sup>38</sup> The 30 employment outcomes were drawn from a pool of 490 CDP participants—a placement rate of about six per cent.<sup>39</sup> Campbell Page also noted that it has placed 239 people in sustained employment beyond 26 weeks since the inception of the CDP on 1 July 2015.<sup>40</sup> In comparison, Mr Hobday noted that RISE Ventures (a provider for multiple regions in northern Queensland) delivered 12.5 per cent of CDP job placements (1 937 job placements) despite only holding 7.5 per cent of the CDP caseload since the commencement of the CDP.<sup>41</sup> My Pathway noted that it placed 19.4 per cent of all 26 week placements from 12.6 per cent of participants since the CDP began.<sup>42</sup>

5.36 Dr Cassandra Goldie, CEO of the Australian Council of Social Services outlined the deficiency in the government's approach to describe the effectiveness of the CDP:

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37 Councillor Alf Lacey, Mayor, Palm Island Aboriginal Shire Council, *Proof Hansard*, Palm Island, 4 October 2017, p. 13.

38 Campbell Page, answers to questions taken on notice, received 20 October, following a public hearing in Palm Island on 4 October 2017, pp 2–3.

39 Campbell Page, answers to questions taken on notice, received 20 October, following a public hearing in Palm Island on 4 October 2017, p. 1.

40 Campbell Page, answers to questions taken on notice, received 20 October, following a public hearing in Palm Island on 4 October 2017, p. 1.

41 Mr Michael Hobday, CEO, RISE Ventures, *Proof Hansard*, Townsville, 4 October 2017, p. 17. See also: RISE Ventures, answers to questions taken on notice, received 23 October, following a public hearing in Townsville on 4 October 2017.

42 My Pathway, *Submission 46*, p. 1.

The government emphasises the number of people involved in 'activities'. There is much less emphasis on the communities' or the local provider's experience of this program, of any sense of how meaningful these activities are either to the person participating in the program or to the community, and how much time and energy is devoted to propping up to administering this damaging system. Employment outcomes have been listed—12,000 have found jobs since July 2015. But unless it's compared with the number of participants over two years or, better still, the number who have found jobs without the program, it doesn't mean much. These questions are fundamental to employment program evaluation.<sup>43</sup>

5.37 Dr Goldie also offered her view that the effectiveness of the CDP in improving employment outcomes is negligible:

We know that evaluations of programs like Work for the Dole that make work schemes such as this are well removed from regular paid employment and from employers, and that, with these features, they have little or no impact on people's employment prospects. With the Work for the Dole program, the evaluation shows that it barely touches the employment outcomes that [lead] to a two per cent increase in the probability of employment in a more regular labour market environment. Where such a scheme is rolled out on a large scale in remote communities and participation is ongoing, it is all the more likely to lock people out of regular paid employment opportunities that may be available, because it's almost impossible to design and sustain meaningful activities on that scale that are connected to the real paid employment opportunities that may be available.<sup>44</sup>

5.38 Councillor Lacey recommended that local communities should have a greater say in how Australian Government funds provided through the CDP are spent in the community, with local councils providing oversight of the providers activities:

I would encourage the committee to demand the program...includ[e] a reporting regime determined by government, with the prior approval of communities—which these companies are funded to service. Council would be an ideal organisation to sign off on such a reporting regime, which would include providing regular prescribed reports to government as well as to the community.<sup>45</sup>

5.39 Councillor Lacey also offered his view that more transparency was required about how Australian Government funds are expended in local communities:

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43 Dr Cassandra Goldie, CEO, Australian Council of Social Service, *Proof Hansard*, Canberra, 8 September 2017, p. 2.

44 Dr Cassandra Goldie, CEO, Australian Council of Social Service, *Proof Hansard*, Canberra, 8 September 2017, p. 1.

45 Councillor Alf Lacey, Mayor, Palm Island Aboriginal Shire Council, *Proof Hansard*, Palm Island, 4 October 2017, p. 13.

Too often, the public are informed of the millions of dollars invested in our people. They should also be told just how much of this money actually reaches our people, and what the results of that investment are.<sup>46</sup>

## **Impediments to employment**

### ***Government procurement policies***

5.40 The poor implementation of government procurement policies in remote communities and its role in perpetuating joblessness in these communities has already been discussed in Chapter 2. It is also important to acknowledge the role that these policies play in impeding providers from placing remote jobseekers in employment.

5.41 According to the Tangentyere Council Aboriginal Corporation, the Northern Territory's Department of Housing and Community Development procurement processes have resulted in a proliferation of for-profit companies being responsible for service delivery in remote communities, employing a 'drive in and drive out' approach that does not provide any meaningful employment outcomes or support for vulnerable communities.<sup>47</sup> In their submission, Mr Fred Chaney and Mr Bill Gray provided an example of the 'drive in and drive out' procurement culture:

Present government approaches, involving contracting out to external agencies and reduced funding to Aboriginal corporations, result in the essential and meaningful tasks in communities being done by non-Aboriginal visitors. The recent example of the ten-year housing maintenance contract for remote communities in Western Australia being let to a company in Queensland inflating costs and leading to massive travel costs as against actual maintenance while at the same time depriving locals of work, is an extreme but not atypical way in which employment possibilities in remote communities are destroyed by government approaches in the name of mythical efficiencies.<sup>48</sup>

### ***Lack of training and start-up funding allocated under CDP***

5.42 The committee were told that there is very limited funding made available as part of the CDP to provide for certified training or start-up capital to encourage the creation of businesses.<sup>49</sup> In a response to a question taken on notice, Campbell Page stated that the delivery of 'formal accredited training for our job seekers' is 'funded by either Campbell Page or state government (or a blend of both)' rather than through the CDP.<sup>50</sup>

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46 Councillor Alf Lacey, Mayor, Palm Island Aboriginal Shire Council, *Proof Hansard*, Palm Island, 4 October 2017, p. 13.

47 Tangentyere Council Aboriginal Corporation, *Submission 34*, p. 14.

48 Mr Fred Chaney and Mr Bill Gray, *Submission 2*, p. 9.

49 See, for example: Mr Sotir Kondov (Interim CEO) & Ms Kylie Van Der Neut (Senior Manager, Contract Assurance), Campbell Page, *Proof Hansard*, Palm Island, 4 October 2017, pp 2–3.

50 Campbell Page, answers to questions taken on notice, received 20 October, following a public hearing in Palm Island on 4 October 2017, p. 1.

5.43 At the committee's Townsville hearing, Mr Hobday noted that there is also no funding available for projects to put people into work or to start their own businesses:

There are opportunities, but there is a complete lack of funding to do so. There is a complete lack of business mentorship and knowledge and understanding. I will give you an example: if someone wanted to start a lawn-mowing business in any of our communities, we would probably go out and buy the lawnmowers for them. But we would also provide them with the assistance to get their ABN or to run their business or to market it.<sup>51</sup>

5.44 The committee were also told that there are many other unfunded job-seeker costs which are impediments to individuals and job providers placing CDP participants in work:

...the lack of access to funds for critical tools to assist people get jobs, like wage subsidies and training; the lack of transport reallocation or relocation assistance to assist participants to seek employment away from their community.<sup>52</sup>

5.45 Notwithstanding this, the committee did hear some positive stories from providers in relation to small-business initiatives that were being implemented outside the CDP, often self-funded and initiated by providers such as the 'small business hub'.<sup>53</sup> Mr Sotir Kondov, Interim CEO of Campbell Page (the provider for Palm Island) explained:

We have a very community led approach in that we look at, assess and understand, talking to elders and others, what is needed on the island. We identified that the small-business hub was an opportunity for locals who would like to create a business but just don't have the means, the knowledge or the capacity to do so. Through those mechanisms, we look at ways to go beyond just the program.<sup>54</sup>

### ***Indigenous Advancement Strategy***

5.46 At its Canberra hearing, Mr Andrew Tongue, Associate Secretary for Indigenous Affairs at PM&C told the committee that applications can be made to the IAS to fund a variety of needs within remote communities including infrastructure.<sup>55</sup>

5.47 Further to this, PM&C informed the committee that the Minister was seeking to expand the role of the IAS by funding CDP providers in the future through the

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51 Mr Michael Hobday, CEO, RISE Ventures, *Proof Hansard*, Townsville, 4 October 2017, p. 9.

52 Mr Michael Hobday, CEO, RISE Ventures, *Proof Hansard*, Townsville, 4 October 2017, p. 12.

53 See, for example: Mr Sotir Kondov, Interim CEO, Campbell Page, *Proof Hansard*, Palm Island, 4 October 2017, pp 1–2. See, for example: Mr Cameron Miller, CEO, Ngurratjuta Pmara Ntjarra, *Proof Hansard*, Alice Springs, 28 August 2017, p. 2.

54 Mr Sotir Kondov, Interim CEO, Campbell Page, *Proof Hansard*, Palm Island, 4 October 2017, p. 2.

55 Mr Andrew Tongue, Associate Secretary, Indigenous Affairs, Department of the Prime Minister and Cabinet, *Proof Hansard*, Canberra, 8 September 2017, pp 63 & 65.

IAS.<sup>56</sup> Mr Hans Bokelund, CEO of the Goldfields Land and Sea Council was supportive of this approach which would recognise, for some remote communities, that the IAS would be the most appropriate source of funding for 'a social Aboriginal assistance program' in areas where there are serious challenges to job creation.<sup>57</sup>

5.48 Despite this evidence, some providers expressed their frustration at the application process to access funds from the IAS. Mr Hobday explained that providers are encouraged to apply for funding through the IAS for projects that may assist a community; however, the fate of the applications lodged is unclear:

We are encouraged to make grant applications to the Indigenous Advancement Strategy for projects locally. For some of those projects we've put in submissions for, we have never received a reply at all. These can be projects such as power, solar power and renewable energy projects in Kowanyama and Pormpuraaw. We've put in two applications for the same one and still not received a reply. The length of time it takes when it gets lodged and it gets stuck is at various levels, but I would have to say there is an issue there.<sup>58</sup>

### ***Work experience***

5.49 Some witnesses pointed out that one of the problems with the CDP is that it is not flexible enough to allow people to trial employment through work experience. If a person finds that a particular job does not suit their interests or experiences, there is no flexibility for them to voluntarily leave that job placement and seek a more appropriate placement without incurring a fine. Mr Graeme Hastie, CDP Case Manager and Co-ordinator at Kullari Regional Communities Indigenous Corporation explained:

There is a reason that we do the work experience—and this goes to one of the problems with the CDP when it comes to employment. When a young person says, 'Graeme, I don't really know what I want to do,' I say, 'Well, have a crack at something and, if you don't like it, cross it off.' But, if they have a go at something and they don't like it and they leave, they get penalised for two months, because they've voluntarily left their employment. How does that encourage people to try different employment opportunities?<sup>59</sup>

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56 Mrs Bronwyn Field, Acting First Assistant Secretary, Community and Economic Development Division, Department of the Prime Minister and Cabinet, *Proof Hansard*, Canberra, 8 September 2017, p. 56.

57 Mr Hans Bokelund, CEO, Goldfields Land and Sea Council, *Proof Hansard*, Kalgoorlie, 23 August 2017, p. 45.

58 Mr Michael Hobday, CEO, RISE Ventures, *Proof Hansard*, Townsville, 4 October 2017, p. 9.

59 Mr Graeme Hastie, CDP Case Manager and Coordinator, Kullarri Regional Communities Indigenous Corporation, *Proof Hansard*, Kalgoorlie, 23 August 2017, p. 61.

## Uncertainty about the future

5.50 The committee understands that the current CDP funding arrangements between the Commonwealth and the providers 'expire in June 2018'.<sup>60</sup> Mr Hobday, told the committee that many providers are unsure of arrangements beyond that date, even though it is less than seven months away:

None of us in this provider group know what is going to happen from 1 July, so we are all living in limbo. We can't invest. We can't look at long-term projects. We cannot do anything at this point in time. No-one has heard from the minister for a number of months. Substantial change is proposed. We are now into October. We have major reviews by this committee, by the ANAO and by the department itself. We are under constant and consistent review status. In terms of what we are going to do in the future, can I say a lot of us are just getting on with the day-to-day job. When it comes to planning for longer term solutions and longer term contracts, we have to wait for the government.<sup>61</sup>

5.51 Furthermore, providers have not heard from the Minister and PM&C since July 2017 about possible reforms to the program or when tendering for contract renewal might commence. Mr Hobday explained:

We were invited to a meeting in July [2017] in Canberra for the purpose of being asked what we think about the changes that were announced by the minister at a conference in Cairns. That's the only consultation we've had. We do believe that the Department of the Prime Minister and Cabinet has been trying to keep us as up to date as possible and we certainly don't have a problem with our relationship with the department, but it has gone into a period of 'no comment' type of stuff.<sup>62</sup>

5.52 Mr Hobday advocated about the need for certainty for providers, and for individuals and communities. Under current funding arrangements, there is an 'inability of CDP providers to invest in long-term solutions and programs due to [a] lack of funding being available'.<sup>63</sup>

5.53 Some witnesses argued that in order for providers to invest in long-term solutions, there is a requirement for government to 'provide a stable platform for providers to operate' including 'a five-year contract period and minimal changes throughout that period'.<sup>64</sup> Councillor Lacey spoke about the necessity for even longer funding cycles of up to 10 years:

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60 ACTU, *Submission 29*, p. 4.

61 Mr Michael Hobday, CEO, RISE Ventures, *Proof Hansard*, Townsville, 4 October 2017, p. 15.

62 Mr Michael Hobday, CEO, RISE Ventures, *Proof Hansard*, Townsville, 4 October 2017, p. 16. See also, for example: Rainbow Gateway Ltd, answers to questions taken on notice, received 17 October 2017, from a public hearing in Townsville on 4 October 2017.

63 Mr Michael Hobday, CEO, RISE Ventures, *Proof Hansard*, Townsville, 4 October 2017, p. 8.

64 Mr Michael Hobday, CEO, RISE Ventures, *Proof Hansard*, Townsville, 4 October 2017, p. 8.

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Let's take the government at its face value and say, 'We want you to invest in an employment program in our community, but don't invest on a three or four yearly cycle. Invest in a 10-year cycle so that we can see if we can get some really better results and put our mob in a better position than what they are currently in at the moment.' With the short-term investment, one provider had it four years ago; another provider then gets awarded it for the following four years. The community has to re-educate the new providers every time there is a new provider.<sup>65</sup>

5.54 Councillor Lacey added his view that local councils would be well-placed to deliver CDP services as one way of overcoming the detrimental effects of provider and staff turnover in remote communities. The issue of limited community involvement was also discussed earlier in this chapter.

### **Committee view**

5.55 The committee is concerned that the CDP establishes incentives for providers that are misaligned with the needs of individuals and their communities. In particular, the committee is disturbed by the program's focus incentivising providers to focus on attendance compliance and contract management instead of helping participants to become job-ready and assisting communities to develop. The concomitant increase in administrative burden means that even well intentioned providers are forced to divert their resources from equipping and placing jobseekers in employment.

5.56 The committee considers that any future program must streamline or discard elements that focus on punishing participants instead of promoting community development and improving their job-readiness. There is a need for local communities to be involved in determining their own community development goals.

5.57 A consistent theme heard throughout the inquiry has been that the CDP does not encourage the involvement of the local community or consider its views. Part of this stems from the government's lack of consultation prior to, and throughout the life of the CDP. It is clear to the committee that the lack of community involvement in the development of the CDP has led to many of the problems outlined in this, and the previous chapter. The committee has earlier expressed its view that the lack of consultation is not an appropriate way to develop government policy or to amend existing government programs. Future policy development in this area must have consultation at its heart with this consultation being funded as an on-going component of any future program.

5.58 The committee understands that there are no publicly available figures on the performance of CDP providers and how much CDP providers are paid to progress jobseekers into employment. The committee is grateful to two job providers who have voluntarily shared some of their job placement data with the committee. These numbers provide a starting point for the committee to consider the effectiveness of the program; however, in the absence of comparative figures from other providers and

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65 Councillor Alf Lacey, Mayor, Palm Island Aboriginal Shire Council, *Proof Hansard*, Palm Island, 4 October 2017, p. 15.

average placement numbers across the scheme, it is difficult to ascertain the effectiveness of the CDP. The committee agrees that there needs to be an increased level of transparency around the level of funding being paid to providers, how much of that funding is reaching the local community, and the number of jobs being created as a result of that spending.

5.59 The committee has heard about the impediments that providers face when assisting participants to find employment in remote communities. The haphazard approach to Indigenous employment targets within government contracts concerns the committee. It is the committee view that government procurement in remote areas represents a unique opportunity to stimulate economic activity in remote communities when contractors are obliged to employ local workers. Evidence in this chapter and earlier chapters has shown that better co-ordination of government projects will lead to increased and sustained employment in remote communities.

5.60 The committee notes that the CDP's lack of funding for training and business development works against the CDP's objective to place participants into long-term employment. The committee agrees that funding for training should be made available as part of any employment program to ensure that participants are equipped to meet the requirements of employers. Equally, start-up funding will empower participants to transform activities undertaken as part of an employment program—or indeed, their own ideas and aspirations—into sustainable businesses providing essential services and economic activity in remote locations.

5.61 The committee notes that current CDP funding arrangements expire in mid-2018, less than seven months away. Many witnesses noted that there has been little communication from the Minister or PM&C about the future of the CDP. The committee finds this very troubling for a number of reasons. First, it appears the Minister is repeating the poor community and stakeholder consultation that have characterised the current CDP. Second, the limited period of time before contracts expire mean that if there are changes to the CDP, there is only limited time for providers and communities to engage with the Minister and PM&C in a consultation process. Third, the uncertainty of whether the CDP will change or remain the same will fuel more distrust between communities, providers and PM&C. Finally, capability within CDP providers is eroded as provider's employees seek job security elsewhere. The committee are concerned to hear about the difficulties that some providers have had in applying to the IAS. This concern is compounded by the Minister's future intention to fund CDP provider's from the IAS. It is the committee view that the Minister needs to urgently indicate his intended proposed reforms to CDP, and to then engage in a genuine consultation process with stakeholders.