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Community Development Program: Phase 2 Trials Interim Report

Synthesis of Early Learnings from July – December 2023

The Government is delivering on its election commitment to replace CDP with a new program with real jobs, proper wages and decent conditions – developed in partnership with First Nations people. Between November 2022 and June 2023, CDP providers were able to re-direct around 25 per cent of their funding to work with remote communities and trial new approaches to securing real jobs for participants. CDP providers were subsequently required to work with communities to expand their community projects and/or implement new initiatives during Phase 2 (July 2023 – October 2024). Fifty-eight trial projects were undertaken in this phase, with an approved total value of \$123 million.

This report synthesises the NIAA's early learnings from this second phase of the CDP Trial, based on interim reporting for the six months from July to December 2023. It includes analysis of self-reported data from CDP providers, as well as insights from site visits made by NIAA regional office staff and the NIAA's Monitoring, Evidence and Learning partner, Keogh Bay. It builds on similar analysis undertaken for Phase 1 of the CDP Trials.¹

Phase 2 Progress Overview

The CDP Trials continue to provide valuable insights into how to better support CDP participants into work. CDP providers reported that 61 per cent of projects trialled led to a 'strong' or 'very strong' improvement of participant engagement in CDP, and that CDP participants were supportive of nearly all (94 per cent) projects. The vast majority (93 per cent) of projects expect to deliver their anticipated benefits by the end of October 2024.

In the initial 6-month period of Phase 2, around 5,700 CDP participants – or 15 per cent of the caseload in regions that participated in Phase 2 – had benefitted in some way from community projects, up from around 5,500 in Phase 1. This represents over half (59 per cent) of the total number of anticipated beneficiaries over the full Phase 2 period (9,600 participants). It is also an increase in the number of participants supported by Phase 1, where a total of 5,500 participants benefitted during an eight month period.

Providers reported spending an estimated \$30.6 million in the first six months of Phase 2, or around 22 per cent of funds available. The average cost was around \$5,400 per beneficiary, up from around \$4,700 in Phase 1. One of the primary drivers of the increase was an increase in wage subsidies paid. This appears due to an increase in

¹ See <https://www.niaa.gov.au/resource-centre/synthesis-early-learnings-trial-pathways-real-jobs>



average wages paid, although it is difficult to ascertain if this is due to increased average hours or higher average wage rates.

Nearly 1,300 participants – or over 3 per cent of the caseload in regions that participated in Phase 2 – attained paid work opportunities during the reporting period, similar to the around 1,300 reported in Phase 1. Overall, there were 14.9 per cent more job placements during the reporting period, compared with the same period twelve months prior (that is, July – December 2022). Consistent with Phase 1, placements continued to be driven by services and manual labour roles, with the largest increases in individual occupations being community workers, builder’s labourers and garden labourers.

The majority of paid work opportunities continued to be casual and short term, with a focus on providing participants with work experience. Casual and part-time roles are generally for a maximum of 20–25 hours per week, which provides flexibility in retaining job seekers. In addition, this level of additional income does not generally risk significant impacts on much-needed social services entitlements (such as housing and income support). Yet despite the focus on shorter-term placements, overall the initiative was still successful in creating longer-term employment outcomes. A quarter (25 per cent) of placements converted to 13-week employment outcomes, with 9 per cent reaching 26 week outcomes during the reporting period, broadly similar to Phase 1 (24 per cent and 11 per cent, respectively).

There were, however, persistent challenges associated with delivering community projects in remote and very remote parts of Australia. Providers again reported difficulties in accessing materials, contractors and equipment, especially on remote islands. Some projects were unable to attract or house qualified staff for an extended period, leading to delays. Several providers again reported troubles in procuring training organisations in a timely manner.

Learnings

As is the nature of place-based approaches, contextual factors have often been the key determinants of the success or shortfall of specific trial projects. However, there are some general learnings for each of the overarching themes of the CDP Trials, with these Phase 2 learnings aligning closely with those that emerged from Phase 1. They provide insights relevant for the design of both the Remote Jobs and Economic Development (RJED) program and a new remote employment service.

Provide support to access existing job opportunities, and increase the number of jobs filled by local job seekers, in remote communities

Key learning: Employment subsidies are a ‘win-win’ opportunity – giving job seekers paid opportunities to build valuable skills and lowering risks for employers – but many employers remain wary about taking on participants

Almost all projects (55, or 95 per cent) funded employers to offer paid employment opportunities for CDP participants. The cost of wages funded depended on the level and length of support, but averaged around \$10,000 per employed participant (an increase from around \$9,200 in Phase 1). Most (44, or 76 per cent) involved participants being employed by CDP providers, either for direct employment or placement with host employers. The majority (29, or 57 per cent) reported employer subsidies as either ‘successful’ or ‘very successful’. Three providers created employment opportunities for over 10 per cent of their caseload during Phase 2, with one



employing 123 participants. The majority of these projects saw participants directly employed by the relevant provider.

Many providers agreed again that subsidies were a 'powerful' mechanism to engage job seekers with paid work experience, while giving employers a low-risk opportunity to assess candidates in on-the-job settings. They noted that it helped 'bridge the gap between the job requirements and the skills of potential employees', leading to better longer-term success in the role. However, there are still many businesses who do not wish to engage CDP participants, even for fully subsidised positions. Employers reported an administrative burden, even where providers handled human resources functions. Some employers are reluctant to provide the training and other supports that CDP participants often need. Others (often smaller employers) report being too stretched by meeting their core responsibilities to on-board new staff, emphasising the need for subsidies to extend beyond employee salary and on-costs to cover related supervision and administration costs.

Given this context, CDP providers have in many cases employed participants directly. They report being well placed to provide intensive support and mentoring in the workplace, often beyond the capacity of most employers. Several providers noted that, despite an intention to place participants with local employers, a lack of work readiness prompted a shift to directly employing participants. By employing multiple people to staff a variety of roles, providers are also able to better manage complex dynamics such as individual preparedness for work, the effects of mental health and trauma, cultural responsibilities and broader community functioning. Keogh Bay did encourage providers, though, to ensure participants have good career pathways and aren't held back in repetitive or unskilled work.

'The challenges I had to face in finding work is confidence in myself. Having to go out and find employment in a small town was hard. There isn't many jobs you can apply for without the workplaces already having enough staff or not having the specific qualifications for that job... Ever since gaining my employment, I have never looked back and enjoy working every day.'

– CDP Participant, Central West Region QLD

Re-engage job seekers with the program

Key learning: Although not as effective as award wages, financial incentives helped foster consistent participation from participants; however, chronically disengaged participants are often more motivated by community service

Thirty-five projects (60 per cent) aimed to re-engage participants on their caseload through incentives. These projects offered food, voucher or cash incentives to attend work experience, activities or training. Nearly 900 participants received an average of around \$520 in incentives during the reporting period, down from nearly \$800 in Phase 1. Keogh Bay found this was a popular method for re-engagement in the absence of mutual obligations, although 28 per cent of these projects were rated by providers as 'not successful' or having only 'limited success'.

Many providers reported that small incentives do help to get participants 'in the door', and keep those participants who had initially expressed interest in a project engaged. The incentives fostered better relationships with case managers, as well as increased attendance at training and work experience opportunities. In addition, they offset the 'stresses of starting a new job' and helped alleviate cost-of-living impacts for participants and their families. Individual non-financial incentives – such as sport merchandise, home appliances, and food – also helped

to provide more holistic benefits (e.g. 'encouraging healthy eating'). The most successful approaches consistently employed incentives through a reward-based system, such as by bookending incentives at the start and completion of training, work experience placements or pre-employment requirements.

However, individual incentives had more limited success with the (substantial) cohort of disengaged participants. A common theme was that incentives do not effectively outweigh the considerable barriers that inhibit participants' engagement. Many participants remain concerned about the perceived impact that wages and financial incentives have on eligibility for other social services benefits, such as housing. Many providers emphasised the need to work collaboratively with participants to determine a form of incentive that would be a valuable motivator. It was noted that the exclusive use of incentives, without being linked to a broader goal for participants, was unsustainable and 'led to disengagement of job seekers after exhausting funding for incentives'.

Instead, providers and Keogh Bay considered community service a more effective mechanism to motivate the disengaged cohort of participants. They observed that participants' sense of pride and self-confidence is often deeply connected with community service. Over half (33 projects) of projects incorporated community projects, with most featuring community work crews. Providers reported that these successfully combined two important motivators of wages (with large flexibility in hours) and working on projects proposed by local communities.

Six providers explicitly discussed the transition away from activity-related mutual obligations. Perspectives were mixed on how this transition has impacted participant engagement, with some providers reporting that a non-punitive system builds trust with participants. On the other hand, Keogh Bay and provider feedback suggested there is a place for mutual obligations to engage participants in the program and encourage positive behaviours. For example, one provider suggested that mutual obligations could help provide greater surety of attendance for registered training organisations when they travel remotely to deliver face-to-face training.

'I am so happy to have something good to do for my community. Its hard work but when it is finished, I can see what a difference I have made in someone's life by just cleaning up their yard so they got somewhere nice to sit outside.'

– CDP Participant, Kullari Region WA

Remove barriers to employment and improve job outcomes

Key learning: More flexible case management approaches, such as frequent and informal engagement and mentoring, are particularly effective at increasing participant confidence and engagement

Forty-seven projects offered participants some form of enhanced case management to remove barriers for CDP participants. Projects that used an enhanced case management approach were rated the most successful, with 62 per cent (29 projects) achieving most or exceeding the anticipated benefits. Providers reported that around 2,500 participants received some form of benefit resulting from a case-management-focused approach.

A common sentiment reported was that 'less time and focus on [Work for the Dole] processes and compliance allowed greater time for...staff to work on case management functions'. This allowed a more frequent and flexible case management approach (such as meeting with participants daily for a 'cuppa' after their shift) as well as the delivery of more targeted training from ongoing consultations with employers in the region. However, many barriers, for example literacy and numeracy skills, remain difficult to overcome. Keogh Bay noted that

governments and employers need better risk-based, practical solutions for ensuring participants, especially those with prior convictions, are not held back from employment through an inability to obtain drivers licences and work clearances (e.g. Working with Vulnerable People cards).

The most common (20 projects) and successful enhanced case management approach was to employ mentors to provide additional support to participants. Employers often attributed performance issues and higher drop-out rates to poor post-placement support and lack of on-site mentoring, while one provider observed a significant improvement in attendance after filling a vacant mentor position. Mentoring roles in Phase 2 were often filled by local people, who could offer guidance by sharing work experiences, providing encouragement and building confidence. Mentoring was identified as a particularly effective mechanism to address motivational barriers for participants, such as low self-esteem, and model the soft-skill aspects of work readiness, such as consistent attendance.

‘The combination of support...changes a CDP participant’s value to themselves, community and commitment to work. They feel respected. The successful participants become the lighthouse for future young people to take charge of their futures through employment and training...CDP participants respond to these “Real Jobs”

– My CDP Ngukurr Numbulwar, NT

Grow local industry, enterprises or self-employment

Key learning: Evidence is growing that providers with strong business management capabilities and adequate time are able to establish effective social enterprises, but greater support for business planning is required

Providers have taken early steps in creating 55 enterprises in Phase 2, across industries such as hospitality, maintenance and construction, art centres, and community farms. Around 250 participants received income from new and existing social enterprise, with 67 per cent of those employed by a single provider delivering CDP across four regions. Providers own the vast majority (87 per cent) of enterprises, although many (40 per cent) aim to transition them to community ownership when economically viable. Moreover, providers expect most (69 per cent) established social enterprises could be sustainable beyond the trial.

Projects seeking to establish new community-led enterprises, especially in the care sector, were the most likely to be rated ‘not successful’ or only having ‘limited success’. Keogh Bay raised again that a lack of business planning and insufficient time resulted in poorer economic development outcomes. They noted instances of providers competing with existing services, and others unable to establish or lease suitable infrastructure. Both situations could have been overcome with better pre-feasibility planning. Some enterprises, though, are beginning to show promise, with the 10 enterprises that successfully transitioned from Phase 1 of the Trials generally self-rated as more successful. Providers still anticipate that all enterprises will meet the benefits envisaged by October 2024.

Case Study of Microenterprise in Kowanyama-Pormpuraaw Region QLD

RISE Ventures, as lead of a local consortium delivering CDP in the Kowanyama-Pormpuraaw Region, has sought to develop a number of micro-enterprises in Phase 2. To enable the communities' ambition of greater local business ownership, RISE have set up a bakery, yard maintenance service (targeting NDIS participants and local workers), a retail hub and an air-conditioning cleaning business. In the first six months of Phase 2, 21 participants received income from these businesses, with RISE hoping to rotate participants through the enterprises to cover vacancies as they arise. Keogh Bay report much optimism locally that RISE are on the right track, but note that investment in further business planning will help ensure the enterprises are sustainable.

Other learnings

Key learning: Providers continue to struggle to consistently engage young participants, although leveraging peer influence through group-based activities has seen some success

As noted above, most providers contend the CDP Trials have significantly improved CDP participant engagement, compared with the period after mutual obligation requirements were removed for activity attendance (from May 2021). However, Keogh Bay are concerned that only a relatively small proportion of the caseload (15 per cent) have participated in the trials.² Indeed, they reported that some participants stop taking part due to shame or feelings of guilt from those not able to participate. They also suggested that projects may prove difficult to scale up for the entire caseload. They proposed local workforce development plans to help target approaches to upskill a larger number of job seekers and mobilise them quickly to capitalise on local projects when they arise.

Targeting youth was a key focus of 19 projects, and these projects benefitted around 1,300 youth participants. The most common methods used by these projects sought to provide training, basic pre-employment support, short-term employment positions and dedicated youth-focused case managers. Keogh Bay suggested adopting small group-based activities that interest youth – such as yarning spaces, youth hubs, camps or sports-based programs – as managing both positive and negative peer influence is critical to an initiative's success. Likewise, regions with a strong work ethos amongst adults encourages youth to also be a part of the workforce.

Despite these efforts, youth projects were generally less successful, with only a third (37 per cent) of projects meeting or exceeding their anticipated benefits. Multiple providers discussed the challenges of keeping youth engaged. Many reported that youth would regularly leave positions – often due to drug and alcohol use – despite having access to youth mentors and intensive support. Providers also had difficulties in recruiting youth mentors, especially when trying to recruit from community (such as if there were few older role models available).

Next steps

The Government is investing \$707 million to deliver a new Remote Jobs and Economic Development (RJED) Program in the second half of 2024. The RJED program will provide people in remote communities with real jobs, proper wages and decent conditions. It is being developed in partnership with First Nations people, informed by consultation with communities and learnings from the remote jobs trials. It will fund 3,000 new jobs over three years. A Community Jobs and Business Fund will be an important element of the RJED

² For comparison, prior to COVID around half of the CDP caseload attended at least one activity in any given month (51.7 per cent in 2018/19), with this cohort attending an average of around 44 hours in any given month.



program and responds to what communities have overwhelmingly asked for. As part of this fund, eligible organisations can apply for funding of minor capital and equipment for projects the community needs.

As not everyone will be ready to go into a job or may require other support services, a remote employment service will still be needed. Most CDP provider agreements have been extended until 30 June 2025. CDP Trials Phase 2 will conclude in October 2024, although projects with budget remaining may continue until April 2025. More information on the remote job trials is available on the NIAA website.³

³ See <https://www.niaa.gov.au/our-work/employment-and-economic-development/job-trials-testing-new-approaches-remote-employment>

