



Community Development Programme

Response to

Proposed Changes to the Social Security Act



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About NESA

As the peak body for all Australian employment services, NESA members have extensive coverage of the new jobactive services (formerly Job Services Australia), Disability Employment Services (DES), the Community Development Programme (formerly Remote Jobs and Communities Programme) and other critical complementary employment related programmes.

Established in 1997, NESA's focus remains on ensuring we have a vibrant and sustainable employment services industry, and we are dedicated to the development and improvement of employment services and related programmes to ensure that every individual who wants to participate in the world of work can do so.

Our membership is diverse and includes community, not for profit and private sector delivery organisations. NESA members have a great track record of delivering employment outcomes across all programmes including those for people living in remote Australia and we place great importance on our relationships with employers and industry.

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Executive Summary/Foreword

The Community Development Programme (CDP) works to engage local job seekers in meaningful activities that benefit the community, while developing work skills. CDP providers currently comprise of a diverse range of organisations, delivering services in a wide range of communities. To date the programme has had varied success, for a range of reasons including the effectiveness of the compliance framework that supports the programme.

The proposed changes to the Social Security Act seek to address issues of participation and engagement through a changed compliance framework, and by introducing new income limits for job seekers.

NESA has undertaken a review of the Bill, and engaged with a cross section of members who deliver CDP across Australia to identify the opportunities, issues and challenges which will be presented in the event the Bill is passed. Feedback reflects the diversity of organisational types engaged in delivering CDP, and the varied conditions faced by the different remote regions. Overall, while views were mixed, the majority of responses were not supportive of the Bill and questioned the impact it would have on engagement of job seekers, particularly when considered with the change in responsibilities and administration for organisations.

Issues identified focus on the immediate content of the Bill, but also provide a further view on the operational impacts providers may face in delivering the Programme on the ground. NESA considers this range of issues to be equally relevant to the Committee in terms of considering the legislation.

If the reforms are supported, the following would be required:

- That a clear, transparent process for selecting the initial four locations for the roll out of changes is identified with a diversity of regions represented in terms of their baseline of job seeker engagement;
- That the implementation is monitored and reported on to allow for feedback and improvements;
- That an independent body is engaged to complete a clear and transparent evaluation report on the four regions detailing impact on engagement, appeals, placement and employment outcomes;
- That there is a clear communication and consultation process identified that involves all stakeholders in the programme, system and policy development and design;
- That increased costs and administrative requirements for providers are acknowledged, and that Providers are compensated accordingly;
- That performance of providers is monitored in a fair and equitable manner and there is no disadvantage to those providers either selected to participate, or those that are not;
- The impact on employment outcomes is monitored closely;
- Organisations are supported to build their capacity to deliver changes if required; and
- That a flexible, local approach to the implementation of the Community Investment Fund is adopted.

The delivery of quality social services in remote Australia is complex. For any change to be successful in these environments, Government should actively engage with those affected by them. This submission provides a slice of the views that can be considered as part of this discussion.

Introduction

Background

The Community Development Programme (CDP) commenced across remote Australia on 1 July 2015. The programme built on the Remote Jobs and Communities Programme which had been in place since 2013. Under CDP, individuals living in remote regions across Australia have the opportunity to participate in activities that support their community, and will lead to skill development and employment. This participation also allows them to meet their obligations in return for income support payments, as prescribed under the Social Security Act.

Where an individual does not meet their requirements, providers are required to undertake a range of actions under a compliance framework. Providers are required to advise the Department of Human Services (DHS), via Centrelink when an individual does not attend required activities, through the National Job Seeker Compliance Framework. This will, where appropriate result in a suspension or reduction of an individual's payment.

The policy intent of this framework is to create a link between payments to job seekers and participation that will result in greater engagement in employment or related services. In remote Australia however:

"... while representing only five per cent of all job seekers, (CDP) currently accounts for over 60 per cent of all reported No Show No Pay failures. Despite this, attendance in CDP activities remains low".

Problems relating to delays in implementing compliance measures within the current system are seen as a contributing to this issue. The Social Security Act Amendment (Community Development Programme) Bill 2015 seeks to address this issue by introducing a changed compliance framework for job seekers in designated remote regions. It also introduces changed arrangements to income/earnings rates for participants.

The Explanatory Memorandum to the Bill notes that:

"..the Bill introduces more direct and immediate payment and compliance arrangements that will allow job seekers to easily understand and comply with their requirements and avoid financial penalties – and provides additional incentives to work by increasing the amount an individual can earn before their income support payment starts to reduce under the income test".

The explanatory notes for the Bill indicate that these changes will *'strengthen incentives for job seekers in remote Australia to actively engage with their income support activity requirements and provide greater opportunities to participate and remain in paid work'*.

The Bill

The Bill was introduced to Parliament on 2 December 2015, and if passed will:

- Create a new category of income support to replace activity tested payments in designated regions – the Remote Income Support Payment;
- Allow the Minister to establish compliance requirements for individuals in receipt of this payment;
- Allow the Secretary to enter into arrangements for CDP providers to make payments to remote income support recipients;
- Allow the Minister to determine which remote income support regions this system will apply in; and
- Introduce new taper rates for job seekers in receipt of the Remote Income Support Payments.

These changes will, as detailed in the explanatory memorandum, give effect to the following:

- Payments being made by the local CDP provider on the ground who has a direct relationship with the job seeker;
- Payments made weekly to assist individuals to better manage their finances;
- A simplified compliance framework, with immediate No Show No Pay penalties to promote work-like behaviours;
- Provision for reasonable excuses for being absent, factoring in appropriate reasons such as illness and cultural business;
- Increased income thresholds so individuals have a greater incentive to take-up casual or part time work, with the amount of income support dependant on participation in CDP activities; and
- The scheme being phased in, on a region by region basis, to ensure provider capability and community willingness.

The Explanatory Memorandum and Second Reading Speech also note the creation of the Community Investment Fund. This is not referenced in the Bill, however NESAs still considered it as part of this submission.

There may be a range of implications for providers as a result of these changes. NESAs has undertaken a consultation of members to seek views on the impact of this legislation.

Feedback

Intended impact of the Bill

There are mixed views among NESAs's membership about the impact of this Bill on addressing participation challenges, however overall the majority do not support the Bill. There is support across NESAs members for changes that would result in a more effective, timely compliance framework. There is also a variety of views on whether the mechanisms that will be available if this Bill is passed are required.

A number of members reported that they were not supportive of the changes in general, indicating that they did not believe it would result in greater engagement. Rather, they held a view it would just see a shift in workload and risk to providers. In addition a risk was identified that the changes could dilute the focus on achieving employment outcomes.

Another view within the membership engaged for this process reflects reservations about the Bill and the likely impact of the changes on participation, particularly when balanced with the change in requirements at the provider level. These organisations indicated that impact would vary community by community, person by person. Faster compliance action would be beneficial, but would need to be balanced with workload, and local community factors (e.g. security concerns). These organisations generally indicated they did not have enough information about the Bill.

Approximately a third of NESAs members who provided input into this paper believe that placing compliance measures in the hands of providers will result in higher engagement and participation. Within this group, the majority of organisations have indicated a willingness to be part of the initial roll out of the changes from 1 July 2016. Where supportive, members note that capacity to move more quickly to re-engage job seekers, and a more immediate impact on payments will result in stronger engagement and participation.

In providing feedback, some members noted that greater investment, and more timely responses from DHS could also have the desired impact of improving engagement.

A further observation noted that the recent shift to CDP is already having an impact on improving attendance in activities, as noted in the Second Reading Speech with *'a 50 percent increase in job seekers placed into activities since the start of CDP (1 July 2015) with around 66 percent of eligible job seekers now placed in activities'*. As a result, some members submit that any changes to the compliance framework are premature, and that CDP should be given the opportunity to bed down.

NESA members operating in areas where individuals are entitled to royalty payments did not believe the changes would have an impact on engagement and participation at times when payments were due.

Roll out across Regions

The Government proposes that the changes be rolled out progressively, starting with four regions, affecting approximately 2,000 CDP participants. It is important that the selection and roll out of changed compliance and income support arrangements are carefully managed across Australia. A key principle is the need for transparency around the timeline and implementation of arrangements as well as effective evaluation. Considerations detailed by NESAs members regarding the implementation of these changes are noted below.

Selection of initial regions: A trial or progressive roll out?

Should the proposed changes go ahead, NESAs would like to highlight the importance of a transparent process for the identification and roll out of regions for CDP changes developed in consultation with communities and providers. It is noted that the Bill requires the Minister to give due consideration to:

- whether the region is remote;
 - I. the level of social and economic disadvantage within the region, including the levels of unemployment, social welfare and education of persons living in the region;

- II. whether there is likely to be a Community Development Programme provider capable of providing remote income support payments to persons residing in the region; and
- III. may consider any other relevant matters.

While the Bill provides this framework, it does not outline the process for selecting initial regions. Further, it does not require a review of the impact in these initial locations prior to adding further regions. The Second Reading speech for example highlights that “further regions would be progressively added, based on community readiness and provider capability” lending it more to a progressive roll out of changes.

NESA strongly recommends that if supported, the initial roll out of the changes be limited to four locations for an agreed period. An independent evaluation of the effectiveness of the measures across the sites should be conducted before proceeding to additional locations, with the findings shared publicly.

NESA members would prefer the selection of diverse organisations to implement any changes. This could include considerations such as organisation type, geographic location and organisations with varied current levels of participation. Having a diversity of regions represented will help to ensure that the evaluation can properly take account of different contextual factors. Members have also noted interest in a process whereby organisations could nominate to the Department for consideration.

Providers as Delegates: Security Concerns

The proposed changes would result in individuals outside of Government exercising a delegate role with regards to social security payments. NESA members have noted that having a third party such as Centrelink oversee decisions offers benefits in terms of ensuring job seeker interests are considered. Some members have also noted significant security concerns with regards to taking on this function noting that an independent third party can be useful in diffusing complex community situations. Providers noted that while this may not be an issue across all remote areas, security and safety of staff in some locations would be of critical concern should compliance arrangements be transferred to providers.

Transparency for Job Seekers in determining obligations

The proposed arrangements will give the Minister for Indigenous Affairs the capacity to determine compliance requirements for individuals on Remote Income Support Payments. For job seekers in non-remote regions, these requirements are specified in the Social Security Act.

This approach may allow for greater flexibility in putting arrangements in place in communities that respond to local issues. However NESA believes there is a risk that this will result in more frequent changes to requirements, and with less consultation, as compared to job seekers in non-remote areas. It may also result in individuals in different regions being subject to significantly different obligations. NESA submits detailing compliance obligations within the legislation provides transparency for job seekers regarding compliance obligations.

This observation is put forward, even noting the fact that the Act already provides the capacity for the Secretary of the Department to make other determinations from time to time via Section 3a) a). NESA believes it would be unlikely that the Secretary would seek to move compliance requirements away from those specified in the Act without detailed, public consideration.

Given that job seekers in these regions face significant disadvantage, any changes which may result in less transparency on matters which affect obligations should be carefully considered.

We understand that protections in relation to income support payments remain within the legislation and would be very concerned if any other approach eventuated.

Changes to Workload and increased Red Tape

NESA notes that the changes to the CDP compliance framework would introduce additional red tape burdens on providers. It is currently unclear what the systems and programme requirements will be in order to support new compliance arrangements, nor what financial arrangements will be put in place for providers to meet these changed arrangements and costs. NESA members have identified the following service delivery impacts based on a current assessment of the changes. It should be noted that the below represents a high level scan of the likely impact based on current available information.

Transition - Areas of impact:

- Review of service delivery models to ensure internal processes and procedures meet the new requirements;
- Recruitment of staff where current skills profiles do not meet compliance arrangements;
- Training of staff in new systems and arrangements;
- Upgrading of IT systems where required to support payments;
- Upgrades to premises where security changes are required; and
- Communication arrangements within community.

Ongoing – Areas of Impact:

- Ongoing compliance arrangements including implementation of penalties, participation in reviews of decisions (including to the Administrative Appeals Tribunal (AAT) where appropriate, see below);
- Ongoing attraction and retention of staff in roles; and
- Management of payments/payroll and associated costs.

The proposed changes will result in individuals outside of Government exercising a delegate role with regards to social security payments. Review of decisions can be undertaken by the Department of the Prime Minister and Cabinet, as well as through the AAT. The administrative requirements for operating as a delegate are unclear. While providers already maintain considerable records with regards to decisions around participation, it is unclear if these records would meet the requirements of an AAT review. This can be expected to result in additional work at the provider level, which would add both a red tape and a financial burden. If not adequately resourced, this would likely also result in penalties being overturned at review.

Additionally, the Bill notes that recipients of the Remote Income Support Payment would not be a 'worker or employee for the purposes of various Commonwealth Acts'. Providers have however raised concerns about how State jurisdictions will view the payments when made by a provider, noting complexities under the previous Community Development Employment Programme (CDEP). This resulted in for example, considerable workers compensation costs being required to be met by providers at the State level. Clarity should be sought on this from jurisdictions before proceeding with this Bill.

Monitoring Performance across CDP providers

The Performance Management Framework and payment/funding model for CDP benefits organisations who demonstrate high levels of participation in CDP activities. If the proposed changes have the intended impact, they will result in organisations having higher participation in activities within CDP. This may result in some organisations being unfairly advantaged if their performance is compared to those organisations. Further, in the event that payment and compliance frameworks result in significant administration and implementation challenges, providers in the four initial regions may also have their performance compromised.

NESA believes that measures must be in place to ensure that providers who are not implementing the new compliance framework are not penalised with regards to their performance, as compared to those who are implementing changed CDP compliance measures. This has longer term implications as performance can also be expected to influence future procurement decisions in remote Australia.

Achieving Employment Outcomes

NESA members are supportive of policies which create opportunities for individuals to access paid employment more easily.

NESA members believe that the changed taper rates will provide some support to do this, particularly in areas of low or variable labour market opportunities.

In implementing changed taper rates however, some NESA members have noted concerns that in communities where there is access to stable labour market opportunities, the changes will result in individuals remaining on income support for longer.

NESA also notes the potential flow on effect to CDP provider performance. CDP organisations have a strong focus on achieving employment for their participants. This is monitored through performance against KPI 3 on achievement of Regional Employment Targets (RET). In order to achieve these outcomes, many organisations use rate reductions as a method of tracking and confirming employment. Higher income taper rates may impact on the point at which an organisation is eligible for an Employment Outcome.

The impact of this at both the provider and job seeker level should be reviewed as part of any implementation.

Community Investment Fund

The proposed Community Investment Fund (CIF) is broadly supported should the changes go ahead. NESA members are positive about a mechanism that ensures that funding which is not going to individuals as the result of No Show/No Pay arrangements is retained for investment within communities.

To that end, providers felt strongly that any funding should be redirected back into the specific community from which the No Show/No Pay penalty resulted from. This would ensure a baseline of investment in one form or another at the community level. This would also avoid the potential issue of communities competing or accessing money as a result of another community's situation. Funding should not be directed into a generic fund under the Indigenous Advancement Strategy for use.

There was universal support for the need to ensure that any processes and procedures for accessing funding for investment should be streamlined, supported by local priorities, and local decision making.

A suggested approach is that a 'notional account' be created for each community/CDP provider. Over time as allocations against this fund were credited, providers would be able to, within a set of agreed guidelines, invest funding in activities which support economic development, employment and training activities.

Communication and Consultation

Communication and consultation was noted as a significant concern for NESAs members. A commitment to open and transparent communication and consultation with the Department is critical in the design and implementation of this policy change. NESAs notes that the remote services area has been subject to significant policy and programme reform and change since the introduction of the Remote Jobs and Communities Programme as well as other programme initiatives including the Remote School Attendance Strategy (RSAS). These changes have been subject to rapid implementation timeframes, often with limited information provided at the community level. This was noted as an area of particular frustration and concern across members.

Given the significant change this Bill proposes, a more structured, transparent process would support a stronger, more effective implementation. Any process should take into account the particular issues across the diverse regions and provider base. For example, where a provider is a Local Council, engagement with elected officials should be factored in.

NESA notes the following specific areas that would benefit from consultation and co-design:

- Implementation process;
- IT systems design; and
- Policy and Guideline development.

NESA recommends a working group, comprised of interested CDP organisations and other parties be established to support programme and policy design. NESAs recommends selected CDP providers be given the opportunity to contribute to user testing/design as part of any systems development processes to ensure products reflect the reality of programme delivery.

Support for Capacity Building

Based on the review, NESAs notes that these changes if implemented will require a different range of skills and capabilities across organisations. The Bill and relevant speeches note that the roll out of changes will only be undertaken where providers have the 'capability and capacity' to take on the income management function. Providers should be supported to build this capacity in the lead up to changes and during the initial phases of implementation.

Implementing Changes - Contracted Conditions

NESA has noted that changes to contractual conditions have not been referenced throughout the tabling of this legislation and following speeches. It appears that there is no reference to trial and pilot and that the intention is for the Bill to be progressively rolled out across all regions. The areas that NESA believes their members need more information on include:

- Will the contracting of income management be formalised through a contract variation of the provider's current CDP contract or will it stand alone as a new contract?
- In the event that a current CDP provider advises that the role of income management does not fit within their organisational values, will that impact on their current or future provision of CDP services e.g. will a provider maintain their contract until 2018 if they choose not to undertake income management?
- Recognising that the Department is seeking a single provider in each region, will a performance framework be drawn up for both elements (CDP services and income management) or will a single overarching framework be introduced?
- Is there a set date that has identified where all CDP regions will have one contracted body in each region delivering both CDP and Income management services?

Recommendations

1. The varied views of organisations involved in the delivery of CDP services on the impact of changes is noted by the Committee, including the majority that do not support the Bill.

If the changes are supported, the following would be important:

2. The identification of the four initial sites for the programme occurring in a transparent manner, with due consideration of the diversity of organisations and regions across remote Australia.
3. The four initial sites operating as a trial or pilot for changes and independently evaluated with the findings shared publicly.
4. The monitoring of performance across providers is fair, taking into account the impacts of the Bill across regions.
5. Transparent consultation and communication process are put in place including the establishment of a CDP Working Group to contribute to policy, programme and systems development.
6. Providers are compensated fairly for costs associated with the transition and ongoing delivery of changes.
7. The impact of changes to employment outcomes are monitored, and Key Performance Indicator targets modified where necessary.
8. Funding from the Community Investment Fund is tied to specific communities, and administered by providers through a streamlined process.
9. Providers are supported to build capacity to deliver the changes where necessary.
10. Providers are given advice on the contracting framework to underpin the implementation of these changes.