



Australian Government
**Department of Employment and
Workplace Relations**

Submission No: 10

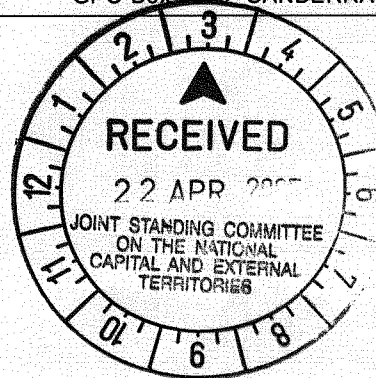
Date Received: 22 April 2005

Secretary: *[Signature]*

National Office

GPO Box 9879 CANBERRA ACT 2601

Senator Ross Lightfoot
Chair
Joint Standing Committee on the National Capital
and External Territories
Parliament House
Canberra ACT 2600



Dear Senator Lightfoot

Re: Inquiry into Governance on Norfolk Island: Part 2 – Financial Sustainability of Current Governance Arrangements

I am writing in relation to the Inquiry into Governance on Norfolk Island and to advise the Joint Standing Committee of possible implications for my Department, should it recommend the introduction of the Australian mainland taxation treatment for Norfolk Island residents. The Australian Taxation system and the Social Security system have strong links. Thus changes to the provision of the Australian Taxation system could have implications for the full range of Social Security provision.

Following the recent Machinery of Government changes, the Department of Employment and Workplace Relations (DEWR) assumed responsibility for Working Age Income Support Payments. Should a decision be taken to introduce mainland taxation and social security treatment there are an estimated two hundred Norfolk Island residents who may be eligible for Newstart Allowance, Disability Support Pension, Parenting Payment, Youth Allowance (other) and Widow Allowance. DEWR also has responsibility for employment policy and delivery, with key elements that interact with the Social Security system. This would imply that DEWR may also have a relationship with people looking for work, who may not be eligible for income support payments.

I have outlined below possible implications for the areas of DEWR's policy and delivery responsibilities. There may be further implications, depending on the detail of any change in governance arrangements and financial responsibilities for Norfolk Island, recommended by the Committee. The possible implications identified to date are as follows:

- Permanent residents of Norfolk Island holding an indefinite stay visa are Australian residents for the purposes of claiming social security payments, as long as they are residing in Australia. Some amendment to the Social Security Act would be required should the arrangements for Norfolk Island change;
- Centrelink is the delivery arm of the full suite of social security income support payments (including working age payments) for Government. It would be confronted with costs for the development of the logistical support and infrastructure for the delivery of income support payments to Norfolk Island residents with an eligibility under the Social Security Act;

- Employment services are primarily provided to people who are unemployed by the Job Network (a national network of private and community organisations) on behalf of Government. Where it is judged that, due to local labour market conditions, the standard Job Network service model is not appropriate, employment services could be delivered through Job Network Fee for Service arrangements. These arrangements can be flexibly designed to ensure that service providers actively engage within local communities to develop plans and services suited to local circumstances which assist participants into employment or education;
- Logistical challenges to activity test workforce aged people who would be eligible for Newstart Allowance and Youth Allowance. It may be possible to establish some form of community work as an approved mutual obligation activity. There would also be compliance and monitoring requirements of activity tested people; and
- Centrelink would be responsible for establishing compliance and monitoring across the full range of Social Security provision including all Working Age Payments. This would require the presence of an income support delivery agency.

Should the Committee require further information about any of the issues raised, please contact Mr Graham Carters, Group Manager Working Age Policy on 02 6276 7377.

Yours sincerely



Malisa Golightly
Deputy Secretary
Employment

21 April 2005