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Senate Finance and Public Administration Committees
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Submission: Finance and Public Administration Committee inquiry into the Social Security Legislation Amendment (Community Development Program) Bill 2015

About us:

Campbell Page is a not for profit organisation and for 30 years now have been helping Australians in difficult situations overcome personal challenges, find employment and regain their independence. In order to achieve our mission, we are host to a series of programs across Australia including Jobactive, Disability Management Service, NEIS and various Community Service programs. Since 2013, we have also been contracted to deliver remote services to the Palm Island community in QLD. In the time since, Campbell Page have been working to harness employment opportunities and also support remote school attendance in the area.

Introduction:

We welcome the opportunity to comment on the bill and recognise the Government's ongoing commitment to improving work opportunities for Indigenous Australians.

We have a number of concerns about the measures in this Bill and the practical effects they will have.

The tabling of the Bill in December was the first time we were made aware of the proposed significant changes and therefore we have concerns about the limited time available for communities, CDP providers and others with an interest and involvement with remote communities to fully consider the implications of the Bill and provide duly authorised feedback on the proposed reforms. We believe it is of the utmost importance that communities have the opportunity to participate in meaningful consultation and do not see evidence of sufficient prior consultation.

Issues:

Responsibility for income support decisions and staff safety

The Bill states providers will be responsible for administering welfare payments in remote communities and raises a number of concerns. We believe this change would be confusing for job seekers and would place the safety of our staff at risk as evident in the increased threats against staff due to payment suspension as a result of 1 July changes.

Currently, our staff report non-participation to the Department of Human Services (DHS), and it is DHS staff who make the decision about any reduction in benefit payments. This means that when job seekers present aggressively to our staff and ask why their benefits have been reduced, we can refer them to DHS. DHS has systems in place to address staff safety and, in most cases, manages these conversations by phone. If our staff are to be entirely responsible for decisions about people's benefits, then it's inevitable that community members who are aggrieved at such a decision will confront our staff.

In our opinion the proposed changes may lead to an increase in the number and seriousness of incidents. Even with risk mitigation steps staff will be exposed outside of work hours away from secured premises. This may impact the recruitment and retention of hiring local community people to work in delivering the program.

The Minister has made reference to provider staff having a greater understanding of their caseload than DHS staff which we agree is the case. However due to the rigorous nature of both the Job Seeker Compliance Framework, Performance Framework and DEED requirements we are limited in the action we can take as a provider.

Like many providers, we are concerned with the high number of rejections by DHS when Compliance action is taken against a job seeker. We have raised concerns with our Contract Manager in particular the high number of rejections due to Comprehensive Compliance Assessments and in some cases a lack of knowledge by DHS staff members. We would recommend a review into simplifying process e.g. Comprehensive Compliance Assessment (CCA) and greater collaboration between DHS and Providers. In our opinion simplifying process would in turn shorten the timeframe between compliance action being submitted and the consequence, if any, being applied to the fortnightly payment of the job seeker.

The Bill also presents a conflict of interest for Providers if they were to be responsible for administering the DEED (for which we as a provider receive payment) and the payment of Allowance to job seekers.

As a provider we are concerned focus will be shifted from a Performance perspective to administering allowances to job seekers. Consideration is needed regarding the impact such a change will have on Communities who are only now beginning to understand the changes effective 1 July 2015. We foresee that this administrative responsibility in answering questions relating to the Allowance will significantly reduce the time currently available for staff to engage with job seekers in discussions regarding employment or non-vocational issues.

Confusion around who pays welfare

The arrangements will also cause confusion in the community. The Bill provides that people on payments with participation requirements will be paid by CDP providers on a weekly basis, but those without participation requirements would presumably continue to be paid by DHS on a fortnightly basis. Conceivably a couple living in the same house could be on two separate payments, one weekly and one fortnightly, one administered by a CDP provider and one administered by DHS. Each couple would also have different taper rates applying to income earned from any (non-CDP) work, and it is not clear from the Bill how a partner's income under one regime would affect their spouse's payment under another. Those on a DHS payment would continue to seek a review of decisions through DHS, while those paid by a CDP provider would do so through PM&C. These inconsistencies will make the arrangements more complicated for everyone and lead to confusion, errors and frustration and may lead to some falling out of income support. Providers are likely to face increased volume of queries about payments from job seekers and increased need to liaise with DHS about issues. It appears likely that red tape for providers may increase, not decrease.

Lack of evaluation time and change frequency

As a provider we feel there has not been enough time allowed to review the efficiency of the DEED variation effective 1 July 2015. Communication from PM&C has detailed the under utilisation of the Activity Diary from which engagement is measured in the first quarter of the new DEED. In turn this meant CDP Program data was inaccurate in relation to overall Engagement in the new Program. More time is needed to gain an accurate Program engagement rate prior to further changes.

Additionally the Bill follows the significant reforms to the Contract, obligations to job seekers and impact to Community and further change at this point in the absence of a robust review and consultation process may lead to increased stress for providers and communities.

Financial implications

At this time details of the Bill do not outline financial support to Providers to compensate for the increased additional administrative costs related to the changes. It is also unclear from the information provided whether existing payroll systems will be adequate or whether they will need to be altered to facilitate the payment of welfare payments, as opposed to wages. There may also be costs associated with appeals, as CDP providers would become the actual decision-maker in relation to the payment or non-payment of welfare, and as such may need to prepare evidence for the Administrative Appeals Tribunal or for other judicial review in the event that a job seeker challenged a decision.

In addition to Provider financial implications there is also a concern regarding allowances being paid to a large proportion of Community on a specific day of the week. Currently DHS payments are spread across all business days and for Providers to maintain this approach would add to the administration costs.

The proposals could be discriminatory

Under this bill, unemployed people in remote areas would be subject to a different set of social security laws than other Australians. Most people affected will be Indigenous people.

Already, Work for the Dole requirements for job seekers are heavier and more rigid for people living in remote areas than for other Australians. At this stage, even though financial penalties are being applied, many people are still not attending. Some people in our communities are leaving income support altogether.

If new arrangements make it easier for job seekers to be penalised then there is a risk that communities will become poorer and those with money (either income support or wages) will face more pressure. It is not clear that the potential benefits of the Bill would make up for the potential negative effects on individuals and communities.

New taper rates may leave people in remote areas worse off

The precise arrangements for the new taper rates are not detailed in the Bill itself, but the Explanatory Memorandum and the Minister's Second Reading speech make clear that the Government intends to (i) raise the threshold at which rates begin to taper to \$650 per week; but also (ii) to convert welfare payments into an hourly rate that is conditional on participation in Work for the Dole, ie: so that one hour of Work for the Dole is worth 1/25th of their welfare payment.

The introduction of an hourly equivalent theory again concerns us in relation to staff security. We foresee incidents whereby disagreements will occur when participants arrive late or leave the Activity early. Under the current framework Providers have some discretion when this occurs.

What this will mean in practice is people who earn a small amount income from employment would report income to DHS (not to the CDP provider) and DHS would work out whether the person's welfare payment needed to be tapered. If a person has only done a few hours work in the week and the threshold is \$650, then their payment is unlikely to be tapered and DHS would inform the provider the person is entitled to the full welfare payment, if they have done their Work for the Dole hours.

In most cases, however, a person will do paid work instead of Work for the Dole, not in addition to it. So, for example, if a person does Work for the Dole for 5 hours per day for 4 days, and then does 1 day of paid employment instead of doing Work for the Dole, then their welfare payment will be reduced for the 5 hours of Work for the Dole that they missed. In this case, job seekers would be worse off than under existing arrangements that allow hours of paid work to be counted towards their 25 hours Work for the Dole requirements.

So while increasing the income free threshold would be beneficial for some, in practice these benefits are undermined by the Work for the Dole arrangements that underpin them.

As a Provider we are measured under the Performance Framework which includes a KPI in relation to the number of 26 week outcomes achieved. The bill does not indicate a review of the Performance Framework, which if implemented, could result in a reduction of Outcomes due to the higher threshold rates.

Lack of transparency

We are concerned that, while the Explanatory Memorandum and Information Sheet have some proposals, the details of what new social security rules would be applied are not in the Bill itself. It is not clear whether they would be beneficial in overall terms or not.

If changes to Social Security laws are required, amendments to the Legislation should be considered as opposed to the proposals listed in the Bill. This would also provide greater certainty than a regulation that may be disallowed by Parliament or challenged through the courts.

Lack of community consultation

To the best of our knowledge, there has been no formal consultation process with communities or providers preceding this legislation, and there is nothing in the bill to suggest that communities will have any say over the changes that will be made to social security law in remote areas. The bill simply provides extensive regulation-making powers to the Minister and the Secretary of the Department, which they would be free to exercise either with or without consultation. The Bill reflects an approach where decision-making authority is centralised in Canberra. Without due consultation, the reforms will be difficult to implement and may even be actively resisted in some communities.

Recommendations:

We recommend the Bill not be supported with the current limited detail.

We recommend the impact of the most recent changes to CDP on job seekers and providers – (particularly the new financial model and the new Work for the Dole rules) be urgently reviewed by a relevant Parliamentary Committee to ensure that they are positive overall, and not discriminatory. This review should pay particular attention to the variables between different remote communities including Community remoteness, demographics and Providers Service Deliver Model.

Upon completion of this review we recommend a Working Group be established with representatives from a variety of Providers and Remote Regions. This working party should include members from various Communities as their input must be taken into consideration when making further changes to Remote Communities including reviewing previous Employment Programs to ensure any changes take into consideration lessons learnt from past Programs.

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Following from this the proposed changes could be piloted, again in a variety of Remote areas and Providers, to ensure the framework is efficient and achieves the objective of placing remote job seekers into sustainable employment.

Thank you again for the opportunity to comment on the bill.

Yours sincerely,

Rachael Harvey
Acting CEO Campbell Page