



# TIWI ISLANDS TRAINING AND EMPLOYMENT BOARD

---

28<sup>th</sup> January 2016

Senate Finance and Public Administration Committees  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Email: [fpa.sen@aph.gov.au](mailto:fpa.sen@aph.gov.au)

Lot 2162 Armidale  
Street  
Stuart Park NT 0820

PO Box 37745  
WINNELLIE NT 0821

ACN: 079 341 638  
ABN: 69 079 341 638

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

### **Who are we.**

The Tiwi Islands Training and Employment Board (TITEB) is owned and managed by the Tiwi Traditional Owners. The Board was established in 1999. The Board is a Registered Training Organisation (RTO), Group Training Organization (GTO) and provides the Community Development Program on the Tiwi Islands. The Board employs 59 staff the overwhelming majority of which is Tiwi.

The population of the Tiwi Islands is around 2500. Our CDP caseload is 650 participants, 387 of which are work for the Dole compellable. We have a permanent presence in 3 communities and an outreach service in one.

### **Introduction.**

We welcome the opportunity to comment on the bill and recognise the Government's ongoing commitment to improving work opportunities for Indigenous Australians. However, we have a number of concerns about the measures in this Bill and the practical effects they will have.

We also have concerns about the extremely limited time available to communities, CDP providers and others with an interest and involvement with remote communities to provide feedback on the proposed reforms.

The tabling of the Bill in December was the first time we were made aware of the significant changes that are contained in the Bill. To our knowledge, there has been no consultation with communities in our region about these proposals.

If the government wishes to make changes of the magnitude proposed in the Bill, it is of the utmost importance that the people and communities affected are properly consulted about them and by and large agree to them. The introduction of the Bill immediately before the holiday break and the very short time available to prepare submissions and have them duly authorised does not in any way constitute any proper or bona fide consultation.

---

***"A prosperous future for all Tiwi through lifelong learning  
and skills development"***



## Issues.

### 1. Responsibility for income support decisions and staff safety

After discussing this with our Tiwi staff, and non-Tiwi staff, they are extremely concerned that their safety and the safety of their families will be in jeopardy if these changes go ahead. Tiwi staff will be put in a situation where their cultural obligations to family will clash with contractual requirements.

The proposal to make providers responsible for administering welfare payments in remote communities causes us great concern. We believe this change would be confusing for job seekers and would put the safety of our staff at risk.

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 angry people approach 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. We might be able to increase security at our offices, but that has a substantial cost and still leaves staff exposed outside of work hours or away from secure premises. It will make it harder for us to attract and retain local Indigenous people to work in delivering the program.

For example, one of our local Tiwi staff members is already experiencing pressures from family members who are being affected by the 8 week non-payment periods. He has informed us that he will have to reconsider his employment with us should these changes be implemented.

Other Tiwi staffs have similar concerns and this will negatively impact on our workforce development strategy and in particular our goal of having TITEB's workforce 80% Tiwi by December 2016. This strategy has been endorsed by our Board of Directors and Commonwealth and NT governments.

The Minister has made the point that staff in local offices often know the job seekers better than DHS staff do. But the CDP program means that we, and our staff, have much less discretion in how we work with our job seekers. We have limited scope to arrange hours of work to maximise attendance. Under the new CDP contract, funding and contract KPIs provide contractual incentives and penalties to encourage providers to rigidly enforce the job seeker compliance framework. We must apply penalties to those who do not attend - even if we believe that this is not the best engagement strategy - or face reduced income.

Moreover, the previous CDEP program operated on an opt-in basis, so that people who could not, or would not participate in CDEP could continue to receive minimum income support payments. Similarly, the provider cannot exclude job seekers from Work for the Dole because they are unfit or disruptive. The old CDEP sat on top of the safety-net, whereas the new CDP replaces the safety-net and anyone who does not participate is cut off from welfare completely.

The combination of the changes in this Bill and the changes in the CDP contract would put staff safety at a much higher risk than ever before.



Like many providers, we are concerned that the arrangements with DHS are not working as well as they should. DHS should ensure that its staff work closely with providers so that, where providers decide to use compliance mechanisms and these are appropriate, they are applied by DHS. It is more important than ever that DHS professionals properly assess job seekers' capacity and do this face to face so that people who are referred to Work for the Dole are fit and able to participate safely. Rather than get providers to take over current DHS responsibilities, Government needs to ensure that DHS itself is working effectively across all remote regions.

## **2. 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.

## **3. Reform fatigue and uncertainty**

CDP providers (formerly RJCP providers) have spent the last few years continuously adjusting to changing program rules. Continuous change has taken a toll on our staff, on job seekers, and shifted focus away from improving employment opportunities. This Bill follows immediately from major changes to our contract and to the obligations of job seekers. We believe that further change at this point would create more stress on our organisation and community.

These additional changes will mean a total change from the original contract in 2013, without any consultation from the commonwealth. This is the third major reform in 18 months in a five year contract. Our participants are confused and providers cannot adequately strategize on our way forward. We are working in an environment where the only constant is change. This contradicts the stability that RJCP was meant to bring to communities. Every time TITEB tries to move from a path of problems to a path of opportunities, un-consultative reforms bring us back into a path of problems. We would much prefer to be following the path of opportunities.

This bill would give each new Minister wide ranging powers to re-write social security rules in the same way that each Minister has re-written program requirements.



#### 4. Financial implications

We are concerned that TITEB will be required to take on significant additional administrative costs with little or no financial compensation. The changes associated with the introduction of CDP have already had a significant impact on our financial position and we do not have the capacity to take on more work without additional funding. These changes would impose significant new administrative costs on us, and we would also need to train and upskill staff to administer whatever regulations are ultimately made and to make decisions consistent with social security law. It is also unclear whether our 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. If new systems need to be introduced then that will also have a cost. 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.

Due to the last changes we have already been negatively impacted and would be sorely pressed to implement this latest round.

#### 5. 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.

***Our close proximity to Darwin means that these changes will significantly increase the transient nature of our population. This means a lot of participants will migrate to the relatively easier conditions imposed in Darwin.***

Already with the differences in place from remote to mainstream, there is a trend for participants to bounce between Tiwi islands and Darwin. Where the work for the dole rules are more relaxed. These easier conditions are common knowledge amongst our participants.

#### 6. 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 raise the threshold at which rates begin to taper to \$650 per week; but also convert welfare payments into an hourly rate that is conditional on participation in Work for the Dole, so that one hour of Work for the Dole is worth 1/25<sup>th</sup> of their welfare payment.



What this will mean in practice is that people who earn a small amount of income from employment would report that 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 need to be tapered and DHS would tell the provider that 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.

#### **7. Need to take a positive approach to engagement**

This Bill and many aspects of the current CDP program, seem to emphasise compliance as the means to get people to engage. Instead of focussing on improving employment outcomes, providers are becoming more and more focussed on administration and compliance. The Minister has talked about the positive aspects of CDEP and we would like to support the development of an approach that enables providers to pay wages, or provide other positive incentives for people to engage in employment. Rather than tinker with income support and taper rates, it would be far preferable to enable providers (and/or others) to actually employ a significant number of job seekers in part time work at award wages. This would be fairer, would provide greater incentives for job seekers, would remove red tape that is part of income support administration and would ensure that people still have access to a safety net alongside other Australians.

#### **8. 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 needed, then they should be put into the legislation itself and subject to the scrutiny of the Parliament, and to wider consultation. This would also provide greater certainty than a regulation that may be disallowed by Parliament or challenged through the courts.

#### **9. No say for local communities**

The original RJCP model had extensive consultation with local communities and we believe it was a model that we could make work on the Tiwi islands. Despite the fact that we did not get the promised CDEP assets, we were making strong inroads and it was beginning to work.

There has been no formal consultation process 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. With no local legitimacy, the reforms will be difficult to implement. And from our initial discussions with the community we believe this will be strongly resisted.

The transition from RJCP to CDP has had to be driven by the provider, with no departmental support.

TITEB has borne significant financial burden delivering these contracts. Should TITEB have been consulted, constructive alternatives would have been suggested.

### **Recommendations**

We recommend that the Bill not be supported.

We recommend that 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.

We recommend that funds that have been earmarked for implementation of the Bill be directed to developing and piloting a new employment model based on CDEP, developed with the involvement and consent of providers and communities. We note that a return to CDEP could be achieved without any legislative amendment to the Social Security Act.

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

Yours sincerely,

Norm Buchan  
CEO  
Tiwi Islands Training and Employment Board