

Response to the CDP Consultation Process



Presented by:

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1. What elements of the current national Job Seeker Compliance Framework don't work well for remote job seekers? How could these be improved?

NESA members would welcome improvements to implementation of the Job Seeker Compliance Framework which are evidence based and have been developed in consultation with providers.

The key issues NESA members raise with regards to the current compliance framework relate to the application of the framework, as opposed to the details of the framework. NESA members feel many of these areas could be resolved by increased resourcing and responsiveness from the Department of Human Services (DHS).

Specific areas of concern are:

- **The pace at which compliance action is acted upon by Department of Human Services:** NESA members agree that the current pace of compliance action is slow, and not conducive to supporting engagement in CDP. Rather it results in significant administration for providers managing the participation requirements of job seekers. NESA members do not have a clear line of sight to what causes delays in DHS administration, however would welcome a process which explored these issues, and attempted to address them in the first instance.
- **Information sharing between DHS and providers:** There is often limited information provided by DHS about why particular decisions have been taken regarding job seeker compliance. While NESA members recognise the need to provide job seekers with privacy relating to their personal matters, it is equally as important to improve dialogue and information sharing on both sides to improve compliance arrangements.
- **Greater understanding of local level issues for DHS staff:** NESA members note that DHS contacts generally have limited opportunity to go to communities to meet with job seekers, or spend time with the providers required to implement the compliance framework. Increasing the opportunities to build relationships and understanding on the ground would assist in improving the current compliance framework.
- **Duplication in effort:** The requirement to continue compliance action where no action will be taken by the DHS results in a duplication of effort which could be improved through changes to operational policy/compliance arrangements. For example, when a Comprehensive Compliance Assessment is triggered, current operational policy within CDP requires providers to continue to submit compliance reports, even where they will not be actioned. A review of operational policy in this regard would be welcomed.

Addressing these issues would not require a shift in the point at which compliance decisions are taken. NESA members feel many of these issues could be resolved through improvements in DHS servicing.

2. Do the proposed new arrangements balance the need to provide safeguards for job seekers with the objective of having individuals attend activities and take-up work?

NESA members note that the proposed arrangements will provide the capacity for providers to apply penalties in an environment where job seekers may be reluctant to appeal decisions. While the complaints/review process is noted, NESA members consider it unlikely that it will be accessed by job seekers, and therefore will not provide the Department with a good line of sight on job seeker complaints. As such, NESA suggests an approach whereby PMC are the first point of review for job seekers concerned about payment arrangements.

3. Are the proposed new arrangements simple and easy to understand for job seekers?

NESA members have mixed views on whether the new arrangements would be simpler for job seekers to understand. Based on current information available through the Discussion Paper, we would note:

- **Communication and Engagement:** The extent to which these changes are easily understood by job seekers and the broader community will be impacted by the communication and engagement strategy delivered by PM&C. However, there is limited detail on what the information/education and engagement framework will be with job seekers to explain any proposed changes. While CDP providers, as community based organisations will take a role in educating people at the local level, this should not replace the requirements for PM&C to undertake a detailed engagement process.
- **Engagement with multiple agencies:** The proposed arrangements will still require CDP participants to engage with both DHS and their provider. This continued split in reporting requirements may still result in confusion.
- **No show/no pay:** An arrangement which implements a simple no show, no pay arrangement should be simpler for job seekers to understand.

4. Will the proposed new arrangements create the wrong incentives or lead to unintended consequences for job seekers or CDP providers?

While NESA members note the policy intent of these changes is to create a more responsive compliance framework that will lead to stronger participation in CDP, there are a range of unintended consequences that could apply to both providers and job seekers.

For providers, the major unintended consequence will be an increase in administration. If not appropriately identified or compensated for, this could result in a redirection of effort from frontline service delivery to back of house administration. For example, in order to implement the proposed compliance changes, providers will need to put in place significant oversight and business assurance practices in order to mitigate risks. This will include:

- New Quality Assurance Processes: Detailed quality assurance processes to ensure job seekers are not impacted by administrative errors in terms of payments.
- Enhanced Compliance training: Considerable effort is already directed into ensuring compliance frameworks are understood by CDP staff. This requirement will increase to ensure the appropriate application of penalties.

The ability of providers to attract and retain staff may be impacted by these changes. Within this, the compliance and administration focus of the contract, as well as the direct impact of CDP staff being required to implement payment penalties, are possible barriers to attraction. This may result in being difficult for providers to attract and retain staff (particularly local staff) in remote locations. In addition, the change in functions will see a change in skill sets required to deliver the programme. This would result in additional recruitment and retention costs to providers.

NESA members also advise the security of staff within their organisations applying payment penalties remains a current issue in the market.

In addition, NESA would note the following could also present as unintended consequences for job seekers as a result of the changes:

- Transition to work: With regards to changed taper rates (not mentioned within the consultation paper), NESA resubmits the position that in communities where there is access to stable labour market opportunities, the changes will result in individuals remaining on income support for longer.
- Limited recourse for job seekers: As noted, while a complaints and review process is in place to support CDP2 changes, the requirement for CDP providers to operate as the first point of review may result in a reluctance for job seekers to report complaints on matters of compliance.
- Varied compliance arrangements for remote and non-remote Australia: The proposed change will result in different compliance arrangements across communities, and between remote and non-remote locations. This will disproportionately affect Indigenous job seekers.

5. We propose a fixed (or flat) rate penalty for non-attendance, instead of a proportional calculation. For example, a penalty amount of \$7 or \$10 for every hour activity missed. What are your views on an appropriate penalty for non-attendance? [see Proposed model: simple, easy to understand and immediate, page 5]

NESA members engaged in developing this response did not have significant views on the amount of penalty applied outside the need for it to be fair, and commensurate with the failure, and taking into account job seekers own circumstances.

Concerns were raised regarding the level of administration required to manage an hourly payment so that job seekers are not impacted negatively. Some providers were of the view that daily penalties, rather than hourly penalties could be preferable in terms of impact and administration.

In addition, the need to manage weekly payments is also of concern. Specific issues go to:

- Ensuring accurate recording of hourly attendance: While providers already devote considerable time to the accurate recording of hours of attendance, additional assurance measures will be required which will directly impact on individual payments;
- Changes to processes to align with a weekly payment: Ensuring that administrative processes are in place to ensure timely, accurate weekly payments can be made will present a significant change in administration. Any policy with this regard will need to take into account issues relating to retrospective adjustments of payments (for example, where earnings are declared after a payment is made).

- 6. We propose that funds withheld from job seekers as a result of penalties being imposed be placed in to a Community Investment Fund to invest in local economic and community development initiatives and programmes rather than be returned to the Federal Budget Government.**

What are your views on the best approach to administering these funds? How could these funds be used to deliver better outcomes for remote communities? [see Redirecting penalties into community, page 11]

NESA members maintain a broad level of support for the proposed Community Investment Fund (CIF). NESA members are positive about a mechanism that ensures that funding which is not going to individuals as the result of penalties being applied is retained for investment within communities.

Members continue to submit a position that any funding should be redirected back into the specific community from which the 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. This process, combined with strong oversight by the Department would result in a flexible, direct way to invest in communities, while maintaining appropriate controls.

- 7. We propose that the current definition of reasonable excuse and the categories of exemption should be retained, but the responsibility for assessing and granting these requests transfer from the Department of Human Services to CDP providers.**

What are your views on whether current arrangements are appropriate and adequate? What are your thoughts on CDP providers being directly responsible for making decisions in this area rather than the Department of Human Services? [see Reasonable excuse and exemptions sit with the provider page 11]

Reasonable Excuse

The current range of 'reasonable' excuses are considered appropriate in the context of CDP services. Providers already have a high level of discretion in assessing the range of reasons why individual's may be unable to participate. This includes determining where there has been a valid, or invalid reason.

However, NESA reiterates provider concerns about the extent to which compliance and payment activities are so tightly connected, and unintended consequences as a result.

Exemptions

NESA members note concerns regarding the ability of their organisations to assess the nature of an exemption, for example – qualifying the validity of medical certificates, or assessing the duration individuals should be exempt due to family or other circumstances. The level of variability is likely to result in different approaches being taken across regions, resulting in inconsistency in application.

It will also require providers to implement additional detailed monitoring systems to ensure exemptions are being applied appropriately.

If this area of policy proceeds, application of exemptions will require appropriate guidelines and training to providers. This increase in responsibility will also require a requisite increase in service payments.

Comprehensive Compliance Reviews

NESA members note the proposed shift from DHS to providers for the delivery of Comprehensive Compliance Reviews. The discussion paper indicates this would be an independent review, conducted by an alternative member of the CDP staff.

Additionally, NESA submits that even with an alternative officer reviewing the case of a job seeker, the review would not be perceived as independent of the organisation, which would undermine the integrity of the system. This function should remain within Government.

As noted previously, the application of an assessment such as this also represents a new range of skills within CDP service delivery. Attracting, developing and retaining staff with these skills may result in increased costs to providers.

8. We propose that current mutual obligations arrangements be retained but are seeking your views on opportunities to broaden the scope of mutual obligation activities to ensure that all activities that contribute to community development and wellbeing are sufficiently captured. Do you have any suggestions on the types of activities that mutual obligation requirements could cover? [see What should be a mutual obligation activity, page 13]

The current compliance framework provides a range of mutual obligation options to those in receipt of income support. NESA members have not identified additional activities at this point, however it is our understanding that as compliance arrangements would be set at the local level under CDP2, these could be considered in more detail at a later date.

More flexibility could be provided with regards to the compulsory nature of Work for Dole for some job seekers, for example, those on partial rates of income support. CDP providers are currently required to place these job seekers into Work for the Dole activities and are required to take compliance action where they do not participate. Any compliance action however does not support re-engagement as, while participants are required to participate, they cannot be compelled. This results in considerable unnecessary administration.

9. Are there CDP matters not addressed in this paper, but are important to you, that you would like to comment upon? Are there further comments or feedback on CDP that you wish to provide?

NESA members wish to note the following issues raised by members with regards to the proposed changes:

- Compensation to providers: There has been limited detail on how compensation for the changed service delivery arrangements will be determined. NESA members note that the introduction of changed compliance arrangements under CDP will result in a change in both responsibilities and workload

While the changes will initially only impact on four regions, discussions and feedback on this issue should be done with the market as a whole to ensure that it meets the varied requirements of locations across the country.

- Systems support: NESA members note the impact systems supporting policy changes can have on the successful implementation of programmes. NESA strongly recommends that a selection of providers be engaged in systems development and process mapping at the earliest stages of design
- Contracting mechanism: In order to consider the impacts of the proposed changes, an understanding of the contracting framework is required. NESA is not aware of any feedback having been provided on this issue to date, and recommends advice be provided to the market on this issue as part of this consultation process
- On-ground consultation with communities: NESA wishes to reiterate the need for a comprehensive and structured approach to consultation as part of this process. This should extend beyond provider engagement, and involve strategies targeted at advising other impacted parties (job seekers, communities etc) of the changes, and seeking their feedback. As the Department who own the policy, this should be directed and delivered by PMC.
- Pace of change: NESA members would reinforce that while the changes will initially only impact on four locations, it occurs against backdrop of significant changes to policy and programme design over the last few years. These change are impacting on the ability of organisations to settle service models, and for the monitoring of the impacts of these changes.
- Addressing existing operational policy issues: There are a range of existing operational policy challenges which require addressing under the current CDP programme. NESA will continue to work with the Department to address these.
- Provider Safety: Some NESA members have raised 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.

- Independent evaluation of initial locations: NESA notes the current programme roll out would initially target four locations across Australia. Prior to the programme being rolled out in further locations, an independent evaluation of the impact of the measures across the sites should be conducted, with the findings shared publicly.