



NESA Submission to the:

**Social Security Legislation Amendment
(Remote Engagement Program) Bill 2021**



About NESAs

The National Employment Services Association (NESAs) established in 1997 is the peak body of the Australian employment services sector. NESAs is dedicated to a vision of opportunity for everyone through employment and inclusion.

Employment inclusion and participation are cornerstones of the economic and social health of society. For the individual, employment participation is more than a means to income; it provides connection, purpose and inclusion. Employment participation and productivity are key drivers of economic growth and underpin the quality of life of all Australians enabling access to such things as a well-functioning health system, quality education and strong social safety net.

The Australian employment services sector plays a critical role in preparing Australians to participate productively in the labour market and connecting them to employment opportunities.

NESAs's mission is to lead a sustainable, effective and diverse employment services sector to support individual job seekers and employers and to contribute to our nation's achievement of employment participation objectives.

NESAs membership encompasses the breadth of Australia's diverse labour market assistance programs including jobactive, Disability Employment Services (DES), the Community Development Program (CDP) and all complementary programs and services. A large proportion of NESAs members deliver multiple programs.

Our membership is extensive and diverse, and open to all contracted providers (for-profit, not-for-profit and public).

NESAs delivers intensive policy, operational and capacity building support to member organisations. NESAs works collaboratively with Government Departments, agencies, and non-government stakeholders to support the effective delivery of labour market assistance and social policy. Our extensive membership and intensive member and stakeholder interaction provide unique insight into the policy and operational settings that underpin effective labour market assistance.

Preamble

As part of the 2021-22 Budget, the Government announced a new remote jobs program commencing in 2023, which will replace the Community Development Program (CDP). The Social Security Legislation Amendment (Remote Engagement Program) Bill 2021 bill will introduce changes that will enable the payment of additional income support supplements which will be used to incentivise participation in activities.

The proposed legislation introduces a new supplementary payment to be made to eligible job seekers in remote engagement program pilot communities so they can 'engage in activities or placements that are like having a job'. It is intended that these placements will build participants' skills in roles that will deliver goods or services to benefit local communities and provide a pathway for job seekers to find a job.

The changes would be applied in identified pilot communities, with the Government noting it expects it would impact up to 200 people.

The provision of payments to incentivise job seekers in remote locations has been considered for a significant period, through contemporary reforms to remote employment services, and in previous program operations (including the Community Development Employment Projects program).

As noted in the explanatory memorandum:

*The aim is for an eligible job seeker's income support plus the new payment to be approximately equivalent to the minimum wage for the hours participating in work like activities. Eligible job seekers will voluntarily participate in a role **in government services or a community organisation** for between 15 and 18 hours per week building important skills and experience.*

It is not intended that these placements are considered as employment, with specific mention of this being made in the amendments.

We acknowledge that in order to give effect to potential changes to income support measures it is necessary to put in place changes to the Social Security Act 1991.

While increasing income support supplements presents one opportunity to provide financial incentives engagement, it is NESAs hope that it will not be the only mechanism considered in terms of co-design. The opportunity to providing increases in income to individuals could also be met through other mechanisms including supporting funding to create real jobs supported through wages and wage subsidies. The 1000 jobs package has from example provided one such mechanism. NESAs expect communities will have other ideas on how this could also be achieved.

Access to the payment for a limit of 104 continuous weeks provides some safeguards that individuals will not be subject to an unending period of placement in a work like activity with no guarantee of ongoing employment. Measures must be built in at a program level to ensure that individuals are not churned through roles. The extent to which it is acceptable for people in a community be engaged in activities closely aligned to work for a period of 2 years, without the benefits of employment is also a matter for communities during the co-design phase

The provision of a sunset clause in this bill provides some assurance that the changes will not be applied as a fate accompli across remote Australia and suggests that the necessary co-design commitment will be met.

While noting the very specific remote context in which this legislation will operate, NESAs also raise the disconnect between this approach with options in non-remote locations.

Response to the Legislation

Commitment to Co-Design

NESA note the ongoing commitment to co-design outlined throughout the Government's external materials regarding the revised remote employment service, and throughout the Explanatory Memorandum. It could be perceived that legislation which allows for the introduction of this payment, ahead of any co-design process is contradictory to this approach.

NESA accept that in order to be able to give effect immediately to changes in remote pilot communities, in the event the income support system is considered the most appropriate mechanism from discussions, then this step is required.

In the event the legislation is passed NESA would expect payments in a pilot community would only be access/enabled with the agreement of co-design partners.

Employment Impacts

The Bill indicates that supplementary payments will be made for participation in a:

remote engagement placement for at least 15 hours per week under the remote engagement program. Remote engagement placements will require jobseekers to participate in activities for at least 15 hours per week. These activities will be determined throughout the pilot phase of the remote engagement program, developed in co-design with relevant stakeholders and communities in remote engagement program pilot sites.

NESA note the bills will introduce a clause to specifically which states:

that if the person undertakes an activity in accordance with a remote engagement placement under the remote engagement program, then the person is not to be taken—merely because of that participation—to be an employee or worker doing work for the Commonwealth for the purposes of the Work Health and Safety Act 2011, or an employee for the purposes of the:

NESA hold reservations about the extent to which broadly, without due consideration of the nature of the work being undertaken.

While it is generally accepted that some forms of participation are acceptable while in receipt of income support, where they are aligned with finding work, safeguards must be put in place to ensure that people in receipt of payments in remote locations are not subject to either inequitable or exploitative measures which would see them participating in what would be considered in any other environment to be employment.

Payment Rate

The proposed rate of payment has not been confirmed, rather is stated as being between an additional \$100 to \$190 per fortnight. NESA assume the range is to provide flexibility to support any design process and to ensure that people receive 'approximately equivalent to the minimum wage'. While this is welcomed, this alignment compares only to wage rates and does not include superannuation and other benefits. We also note that the current PATH incentive payment for young people sits above this rate at \$200 per fortnight.

Eligibility of Payment

We note the bill presents a framework for the eligibility of access to this supplement and provides capacity for a specific instrument to be put in place to adapt this.

It is NESA's expectation that details included in any instrument would be informed by the co-design process in each region, and that the bill gives sufficient flexibility for variations in approach to be accommodated by location.

Impacted Participant Numbers

The explanatory memorandum estimates a total of 200 people will access supplement. Across four trial sites, with the necessary engagement, NESA believe access may exceed this level.

Sunset Clause

The inclusion of a sunset clause is positive. It supports the feedback that the Bill and associated payment is in place only to support the delivery of the remote trials and co-design process. Communication with impacted individuals would need to be managed as part of this process.

Alternative Arrangements to Incentivise Participation

While increasing rates of income support offers one opportunity to incentivise participation in remote communities, it would be disappointing if co-design processes were limited to only this option.

Program arrangements outside the income support system that would allow for the creation of real jobs, and payment of wages must not be overlooked as part of this process.



#weR4jobs

NATIONAL EMPLOYMENT SERVICES ASSOCIATION LTD

ACN 079 065 428 | ABN 69 079 065 428

SALLY SINCLAIR

NESA CEO

PHONE +61 3 9624 2300

EMAIL ceo@nesa.com.au

WEBSITE www.nesa.com.au

MELBOURNE OFFICE

Level 2, 20-22 Albert Road

South Melbourne VIC 3205 Australia

PHONE +61 3 9624 2300