



Australian Council of Social Service

27 September 2018

Chair
Senate Education and Employment Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Senator Marshall,

Re: The appropriateness and effectiveness of the objectives, design, implementation and evaluation of jobactive

ACOSS appreciates the opportunity to make a submission to this inquiry, as the quality of employment services has a major impact on the lives of people who are unemployed, and on their prospects of paid employment.

We have made considerable efforts to gather the views of unemployed people and our members about jobactive, and accordingly, to develop a set of proposals to fundamentally reform employment services after the jobactive contracts expire in July 2020.

ACOSS welcomed the government's announcement earlier this year of a thorough review of employment services through an Expert Panel well in advance of decisions on the make-up of the next iteration of employment services. We understand substantial research was also conducted of the user experience of employment services (unemployed people, employers, and front-line staff).

It is vital, in our view, that the Panel's Report and associated research, and evaluations of related programs such as Job Services Australia, is promptly released so that we can have a well-informed, facts-based discussion of options for reform in the lead-up to a decision by government on the future shape of employment services.

ACOSS survey of jobactive users

ACOSS conducted its own online survey of people using jobactive services over a fortnight in July this year. We were overwhelmed with the 311 responses we received in such a short time.

The report of this survey will be available on the [ACOSS website](http://www.acoss.org.au) soon.



The message from respondents was clear:

- 73 percent of people were dissatisfied with jobactive, with only 8 percent satisfied.
- Many people were deeply concerned about a lack of positive help, and an over-emphasis on benefit compliance.

We believe these and other concerns raised by respondents are of long-standing, and not confined to the present iteration of employment services.

In other areas of human services funded by government, including aged care and the NDIS, governments are responding to concerns raised by service users, for example by establishing independent bodies to hear complaints and monitor quality of service. We hope the views, ideas and concerns of unemployed people will also be heard, and that was the purpose of our survey.

Directions for reform of employment services

Our comprehensive **submission to the Expert Panel** is available here:

https://www.acoss.org.au/wp-content/uploads/2018/08/ACOSS_submission-on-future-employment-services_FINAL.pdf

ACOSS believes fundamental reform is needed to employment services, not tinkering at the margins as in the past. We also consider that it is not possible to offer a quality service, especially to the two-thirds of Newstart-Youth Allowance (Other) recipients unemployed long-term, while spending well under half the OECD average amount (as a share of GDP) on employment assistance.

The following are among our key recommendations:

- A government commitment to full employment, with unemployment well below the RBA “target” of 5%.
- Less stringent, more flexible activity requirements, including a reduction in the requirement to search for 20 jobs in regions with few jobs available, and abolition of Work for the Dole.
- Centrelink, not employment service providers, should decide on “demerit points” and payment penalties regarding activity requirements.
- A rigorous set of service quality standards (including staff qualifications), with an independent statutory body to monitor them and hear complaints (as in the NDIS).
- An online self-help service in lieu of compulsory interviews for people who are able to find jobs without assistance, backed up by new employment advisors at Centrelink.
- More investment by government and employment service providers in help that works for people unemployed long-term, including wage subsidies and training.
- People should be able to make an informed choice of employment services provider and have a say over the timing of appointments and the contents of their Employment Plan.



- More funding certainty for providers (where they are effective in finding people jobs); to reduce the high turnover of providers and staff, and enable them to make long-term plans to work with local services and employers to help people with major barriers to employment.

The profile of people receiving unemployment payments

In collaboration with Jobs Australia, ACOSS recently released **'Faces of Unemployment', a statistical report which profiles people receiving unemployment and youth allowances**, their employment prospects, changes in the labour market affecting them, and the help they receive from employment services. The report can be found here:

https://www.acoss.org.au/wp-content/uploads/2018/09/ACOSS_JA_Faces-of-Unemployment_14-September-2018_web.pdf

We plan to update this report regularly to better inform policy makers, the community sector, and the public about who is unemployed, and how tough it is for them in today's labour market.

The report underscores the importance of substantial investment in employment services to assist the growing share of recipients of unemployment payments who are unemployed long-term. The reasons for prolonged unemployment are diverse, but the profile of long-term recipients includes:

- 49% aged over 45 years;
- 29% with disabilities;
- 16% who are principal carers of children, including sole parents;
- 11% of Aboriginal and Torres Strait Islander background;
- 21% from culturally and linguistically diverse backgrounds; and
- 29% who live outside metropolitan areas.

One reason for the disadvantaged profile of unemployment payment recipients is that unemployment has fallen since the last recession in 1991, those who are less disadvantaged in the labour market find jobs more quickly, leaving behind those who struggle to find paid work.

Another reason is the growing share of unemployment payment recipients who would previously have received pension payments: people with disabilities and sole parents with school age children. This is due to welfare 'reforms' of the mid 2000s and 2010s, which regrettably in many cases simply shifted people from higher to lower social security payments.

As people become unemployed for longer periods, their job prospects sharply diminish. Among recipients of Newstart and Youth Allowances in 2015, the average probability of being off benefits 12 months later (in 2016) was 55% for those unemployed for less than three months, compared with 30% for people unemployed for 12 to 24 months, and 22% for those unemployed over 5 years.

To give people unemployed long-term a real chance of finding a paid job, it is essential that governments commit to full employment (because employers are unlikely to seriously consider employing them while there are eight unemployed and under-employed people for every job



vacancy) and invest in employment assistance that help move them to the front of the unemployment queue.

Finally, it is vital that people who are unemployed have decent income support to sustain them until they obtain secure full-time paid employment.

It is all very well for policy makers to say that “the best form of welfare is a job”, but the harsh reality is that, for reasons outlined in [“Faces of Unemployment”](#) a large number of people have to rely on income support for lengthy periods of time. Even the best efforts of unemployed people, and the best employment services, will not turn this around quickly. Meanwhile, people need to feed themselves and their families, keep a roof over their heads, and meet the costs of active job search.

ACOSS advocates a \$75 a week increase in the maximum single rates of Newstart Allowance and the single away-from-home rate of Youth Allowance, and that these and related Allowance payments be indexed to wage movements as well as prices so that they no longer fall behind community living standards.

We would be pleased to respond to any queries the Committee may have about this submission. The contact person at ACOSS on employment services is our Senior Advisor, Peter Davidson.

Yours sincerely,

Dr Cassandra Goldie
ACOSS CEO