



# Mixed Messages: How jobactive is failing our unemployed

Submission by the Australian Council of Trade Unions to the  
Senate Standing Committee on Education and Employment  
Inquiry into the appropriateness and effectiveness of the  
objectives, design, implementation and evaluation of jobactive

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## Introduction

The Australian Council of Trade Unions (ACTU) welcomes the opportunity to make a submission to this inquiry. The ACTU is the peak body for Australian unions and represents 1.6 million union members Australia wide. Australian unions have a strong interest in the provision of efficient and effective employment services for Australians.

Many workers will, over the course of their lives, need the assistance provided by employment services system to retrain, engage with the labour market and find new employment. Too many Australians are trapped in an endless cycle of poverty, unemployment and insecure work. Employment services could be a powerful tool, among others, to arrest that cycle and to return prosperity and work to the hundreds of thousands of Australians who are currently experiencing unemployment. Unfortunately, the current structure of the jobactive system does not appear to be wholly geared towards this aim. The system's other (and at times it seems primary) focus seems to be punishing the unemployed for their temerity to be jobless, enforcing the demands of a labyrinthine system and promoting the government's notion of the 'undeserving poor'. A system so utterly divided in its purpose and pursuing such contradictory aims will never truly be effective.

It is the position of Australian unions that our employment services must cease to be centred around punitive interactions and instead focus clearly on providing assistance and support. This short submission will explore the failings of the current system (and therefore its dual-focus structure) through an examination of four programs that best exemplify the issues with jobactive and this government's entire approach to the unemployed: PaTH internships, Work for the Dole, the Cashless Welfare Cards trial and the Community Development Program. We will also examine the economic context in which jobactive is operating and the severe limitations placed on effectiveness by this government's lack of commitment to meaningful job creation.

## The Economic Context in which jobactive Operates

The economic context in which jobactive operates must be considered as the first part of any realistic analysis of its success. The reality of the situation as it now stands is that if jobactive were a well-designed and effective employment services system (and it is our contention that it is not) it would struggle to fulfil its purpose. There are a number of economic forces and realities that mean even a well-functioning version of jobactive would be unable to effectively move Australians into work. This section of this submission will examine these forces and how they prevent jobactive from fully performing its role.

### There aren't enough jobs

The straightforward mathematical reality is simple: there are not enough jobs to meet the needs of Australia's labour force. Despite the government's claims of creating 'one million jobs in five years', the reality is that nearly half of the jobs created have gone to temporary visa holders<sup>1</sup> and while our unemployment rate has fallen slightly recently, Australia's rate is still above the OECD

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<sup>1</sup> For more information on this and an examination of the Coalitions real job creation record, see the ACTU policy paper "[The Coalition's True Jobs Legacy](#)".

average<sup>2</sup>. There are still 714,600 Australians who are unemployed<sup>3</sup>. All of these people are, to a varying degree, required to interact with jobactive and actively look for work. The issue with this is that, according to the Department of Jobs and Small Business Vacancy report, in August of 2018 there were only 183,100 job vacancies in Australia.<sup>4</sup> This means that if every vacancy in Australia was filled by unemployed Australians, there would still be 531,500 unemployed people.

The high underutilisation rate, currently sitting at 13.4%<sup>5</sup>, exacerbates this problem. In addition to the 700,000 unemployed people, there are an additional 1.1 million workers who are currently classed as underemployed.<sup>6</sup> This means that the pool of workers available to fill the 183,000 vacancies nationwide is actually approximately 1.8 million. This means that for every vacancy, there are approximately 9 unemployed or underemployed people and that if we filled every job there would still be about 1.5 million underutilised people – a rate of approximately 12%. If jobactive were the most effective employment services scheme ever enacted in Australia it would still barely make a dent.

### The jobs that exist are insecure

Forty per cent of Australian workers are in insecure work.<sup>7</sup> The rise of sham contracting, labour hire, 'permanent' casuals and other forms of insecure work have ensured that when many Australians find work, that work is insecure.

While work insecurity has begun to infiltrate previously secure professions and occupations, it remains primarily concentrated in low-skilled positions which are more likely to be filled by unemployed people. What this means is that unlike in the past, job seekers, once successful at finding a job, are likely to fall back into unemployment again in the near future. This results in job seekers 'churning' through the system, falling into and out of work multiple times a year. This makes the work of jobactive harder as it means resources must be spent on the same job seeker multiple times, as well as resulting in a demoralised job seeker who is arguably less attractive to employers due to the 'patchy' nature of their employment history. Insecure work makes it harder for jobactive to be effective and the reality is that this government is doing nothing to curtail its growth.

### The long-term unemployed, young job seeker from a regional area.

In addition to the simple lack of jobs and the increased insecurity of those jobs that are available, jobactive is required to operate within a context in which, partially due to the situations described above, it has become progressively more difficult for job seekers to move into work.

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<sup>2</sup> OECD.Stat, *Short Term Labour Market Statistics: Harmonised Unemployment Rates*, <https://stats.oecd.org/index.aspx?queryid=36324>

<sup>3</sup> Australian Bureau of Statistics, *Labour Force: Australia*, August 2018., Cat 6202.0 <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0>

<sup>4</sup> Department of Jobs and Small Business, *Vacancy Report*, August 2018. <http://lmip.gov.au/default.aspx?LMIP/VacancyReport>

<sup>5</sup> Australian Bureau of Statistics, Cat 6202.0 Op. Cit. <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0>

<sup>6</sup> Australian Bureau of Statistics, Cat 6202.0 Op. Cit. <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0>

<sup>7</sup> ACTU, *Jobs You Can Count On*, May 2018. <https://www.actu.org.au/media/1033878/jobs-you-can-count-on.pdf>

Duration of unemployment, for example, is a significant predictor of how difficult it is to gain new employment. In fact, the Job Seeker Classification Instrument used by jobactive to 'stream' its job seekers is nothing more than a method of calculating the likelihood that a job seeker will still be unemployed in 12 months (with those more likely to be unemployed allocated more resources). The longer someone is unemployed the less connected they become to the labour market. Their skills can fall into disuse and become out-of-date and the employers are often less willing to hire workers with large gaps in their employment history.

It is concerning then that in 2017 the average duration of unemployment in Australia was 10.7 months – significantly above the OECD average of 8.9 months.<sup>8</sup> This figure has increased rapidly in recent years, rising from a low of 7.5 months in 2009 (when the OECD average was 8.7) to the current figure. This means that the average job seeker now is three months more disconnected from the labour market than they were 10 years ago. This is why the current ratio of long-term unemployed is the highest it has been for more than a decade.<sup>9</sup>

This is particularly problematic as many of the unemployed are young people. Youth unemployment currently sits at 11.2%<sup>10</sup> but is much higher in some regions – up to 67% in some remote areas.<sup>11</sup> It's important that young people are connected to the labour market early in their working lives as early disconnection from the labour market often results in lower levels of employment and prosperity in later life. The combination of stubbornly high youth unemployment and steadily increasing average duration of unemployment means that many young people are becoming disconnected from the labour market during the crucial early period of their working lives.

In addition to being young and long-term unemployed, many unemployed Australians live in regional areas. As examined in our submission to the Inquiry into Regional Inequality<sup>12</sup> regional areas have significantly higher rates of unemployment than metropolitan areas<sup>13</sup> and have experienced, over the last few decades, the steady departure of business and employment opportunities.<sup>14</sup> These trends have created a situation in which regional areas are simultaneously experiencing large growth in their unemployed populations and significant decreases in the number of jobs that are available in the local area. This, once again, makes the task of jobactive much more difficult.

Finally, the level of support provided to jobseekers from the government is far too low. Newstart has not seen an increase in real terms for more than a decade and is patently insufficient to keep unemployed Australians from falling into poverty. Job seekers who have been forced into

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<sup>8</sup> OECD.Stat, *Average Duration of Unemployment*, [https://stats.oecd.org/index.aspx?DataSetCode=AVD\\_DUR](https://stats.oecd.org/index.aspx?DataSetCode=AVD_DUR)

<sup>9</sup> Parliament of Australia, *Long Term Unemployment Statistics*, August 2018, [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/rp/rp1819/Quick\\_Guides/LTUnemployed](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1819/Quick_Guides/LTUnemployed)

<sup>10</sup> Australian Bureau of Statistics, Cat. 6202.0 Op. Cit

<sup>11</sup> Meghna Bali et al, *Young People Frustrated by lack of work in regions, as report shows unemployment in outback Qld tops 67pc*, ABC news Online, 27 March 2018, <http://www.abc.net.au/news/2018-03-27/regional-hotspots-for-youth-unemployment/9591224>

<sup>12</sup> ACTU, *Divergent Pathways: the growth of inequality in Australia*, May 2018, <https://www.aph.gov.au/DocumentStore.ashx?id=3e582d2d-d8f5-49f4-a07d-b3e5e31a6dab&subId=612139>

<sup>13</sup> Ibid

<sup>14</sup> Ibid

poverty are likely to be demoralised and are less able to meaningfully engage in training or with the labour market. The government's recent decision to increase newstart by only \$2.20 a week<sup>15</sup>, despite calls from the ACTU and ACOSS for a much more significant increase, are an insult to the hundreds of thousands of Australians left languishing on Newstart and does nothing to ensure job seekers are well-placed to find employment.

### Jobactive is being let down by government

The economic context described above leaves jobactive providers in a situation where they are trying to find jobs for unemployed Australians when there aren't enough jobs, the jobs that exist are mostly insecure and they're also in the wrong place. To make it worse, due to failings of jobactive and the government's economic management, the task of placing job seekers in suitable employment is harder than it should be.

Jobactive has been put in an invidious position, not by mysterious economic forces, but by the utter lack of a plan to address these issues from the federal government.

A real plan to create more and better jobs, a plan which revitalises our training system to help young people get into work and a plan which brings work back to our regional areas is desperately needed. Such a plan would allow a properly designed employment services system to operate more effectively and achieve its aim of assisting Australians to find work. The ACTU has released such a plan<sup>16</sup> and believes that were it followed, the task set for jobactive would be significantly more achievable.

### The 'undeserving poor' – jobactive's focus on punishing the unemployed

The issues outlined above would prevent even a well-formulated employment services system from properly performing its functions. Unfortunately, jobactive is not a well-formulated employment services system. Leaving aside the comparatively low funding that jobactive receives<sup>17</sup>, the 150 job seeker caseloads<sup>18</sup>, the 35% of time spent on compliance<sup>19</sup> that most workers are required to deal with and the transactional and impersonal interactions that characterise the system, the problem remains that many elements of jobactive, as well as the government's broader approach to the unemployed, appear to be aimed at punishing the unemployed. This is seemingly based on the assumption that unemployment is the result of something akin to a fit of pique on the part of the jobseeker rather than government inaction and

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<sup>15</sup> Luke Henriques-Gomes, *Laughable: \$2 Newstart increase won't help with cost of living, unemployed say*, Guardian Australia, 20 September 2018 <https://www.theguardian.com/australia-news/2018/sep/20/laughable-2-newstart-increase-wont-help-with-cost-of-living-unemployed-say>

<sup>16</sup> ACTU, *Jobs You Can Count On*, Op. Cit

<sup>17</sup> ACOSS, *Submission of Future Employment Services*, 2018 [https://www.acoss.org.au/wp-content/uploads/2018/08/ACOSS\\_submission-on-future-employment-services\\_FINAL.pdf](https://www.acoss.org.au/wp-content/uploads/2018/08/ACOSS_submission-on-future-employment-services_FINAL.pdf)

<sup>18</sup> Ibid

<sup>19</sup> Eryk Bagshaw, *A Travesty of Justice: Job seekers stripped of payment by private companies*, The Age, 20 September 2018, <https://www.theage.com.au/politics/federal/a-travesty-of-justice-job-seekers-stripped-of-payments-without-right-of-appeal-20180919-p504pa.html>

(unchecked or hostile) economic forces. The government's attitude that unemployed Australians are a nuisance, fit only for punishment has been well illustrated recently, with the decision to extend travel bans to citizens with 'significant' welfare debts. Leaving aside the issue of the legitimacy of these debts, which must be called into question given the recent 'robo-debt' scandal, this is yet another purposeless intervention in the lives of Australians who have received government support. Contrasted with the government treatment of the 732 large corporations that paid no tax in 2015-16<sup>20</sup> and the billions in lost tax revenue that represents, this action shows that the government is willing to perpetrate any indignity on the unemployed to deter the unemployed from seeking government assistance. The reality is that this attitude is strongly reflected in jobactive's design - many of its programs have little to no benefit to the jobseeker or appear geared to other aims entirely, such as enriching or subsidising business interests.

The programs and approaches that will be explored in this section do not represent a government trying their best to help the unemployed or a system designed to facilitate and help its staff provide high-quality and efficient support. Jobactive is a system that in 2016-17 imposed as many compliance measures (2, 168,738) as the employment services system did in the years 1989-2008 (inclusive) combined (2, 185, 998).<sup>21</sup> It is overly punitive, drives job seekers to despair and creates an atmosphere of distrust and antagonism between job seekers and employment service providers. These traits are best exemplified by the programs examined below.

### PaTH – the road to nowhere

The Youth Jobs Path: Prepare, Trial, Hire program was first announced in the 2016 budget, featuring prominently in the budget announcement. Based on a discredited UK scheme<sup>22</sup> and coming from a government that only two years ago had called young people 'job snobs'<sup>23</sup>, PaTH is based on 3 distinct activities. The first phase involves mandatory employability skills training for young jobseekers. This is followed by an optional internship and a potential wage subsidy if hired permanently. It is the internship element of the program that was, and remains, most concerning.

As outlined in our submission<sup>24</sup> to the Standing Committee on Education and Employment inquiry into the legislation, Australian unions had significant misgivings about PaTH from its inception. Our concerns included:

- A lack of focus on creating new jobs

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<sup>20</sup> ATO, *Tax Transparency Report 2015-16*, Released 07 December 2017.

<sup>21</sup> Owen Bennet et al, *Working It Out: Employment Services In Australia*, Per Capita, September 2010, <https://percapita.org.au/wp-content/uploads/2018/09/Working-It-Out-FINAL.pdf>

<sup>22</sup> Huffington Post, *Nick Clegg's Youth Jobs Scheme End Early in 'Abject Failure'*, July 2014, [http://www.huffingtonpost.co.uk/2014/07/25/clegg-youth-contract-jobs-failure-ends-early\\_n\\_5619785.html](http://www.huffingtonpost.co.uk/2014/07/25/clegg-youth-contract-jobs-failure-ends-early_n_5619785.html)

<sup>23</sup> Ashlynn McGhee and Michael McKinnon, *Tony Abbott's razor gang considered welfare crackdown on 'job snobs' under 30*, ABC News Online, 29 Jan 2018. <http://www.abc.net.au/news/2018-01-29/tony-abbotts-razor-gang-considered-welfare-ban-for-under-30s/9352888>

<sup>24</sup> ACTU, *Submission on the Social Security Legislation Amendment (Youth Jobs Path: Prepare, Trial, Hire) Bill 2016*. <https://www.aph.gov.au/DocumentStore.ashx?id=e02d61c1-05aa-4753-bf0a-1f394305f8ea&subId=460684>

- The high likelihood of displacement effects (where jobs that might have gone to young people would now go to unpaid interns)
- The significant risk of exploitation
- The appearance that, due to the \$1000 per intern payment to employers already receiving free labour, the program was largely designed to gift employers both money and free workers.
- The undermining of the minimum wage system by having workers work for less than the minimum wage – just \$4 an hour excluding their Newstart entitlement.

Two years on, the PaTH program has singularly failed to assist young people to find work or make a real dent in the number of unemployed young people. Results released in August of 2017 showed that of the 1,015 internships that had begun, only 200 young people had subsequently found a job (linked to the internship or otherwise).<sup>25</sup> In fact, some areas of Australia saw as few as 2 young people offered a job as part of the program.<sup>26</sup>

What these 1,000 internships did achieve was to hand over slightly more than a million dollars of taxpayer's money to businesses who were already getting free labour – more than 80% of whom then decided they didn't want to hire the young person who had been working for them. There were also worrying cases of exploitation, with interns working more than their allowable hours and going unpaid.<sup>27</sup>

The PaTH program was built around the concept that unemployed young people weren't willing to really work and that their labour was so worthless that it had to be given away for free before an employer might see some value in it. It resulted in exploitation and churn and failed to move young people in to work. What it showed was the government's (and jobactive's) attitude to the unemployed – that they are fodder for their big business allies whose real training and employment assistance needs could be safely ignored.

### Work for the Dole – or else

Work for the Dole (WfD) perhaps perfectly encapsulates the punitive nature of jobactive's approach to dealing with the unemployed. This program, which requires job seekers to undertake WfD activities during their 'activity phase' as a mutual obligation<sup>28</sup>, has long been considered to

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<sup>25</sup> Ewin Hannan, *PaTH program gets just 200 interns into work after four months*, The Australia, August 2017.

<https://www.theaustralian.com.au/national-affairs/path-program-gets-just-200-interns-into-work-after-four-months/news-story/f7ae45a517efdbb81b8933fed44e6e01>

<sup>26</sup> Andrew Brown, *PaTH internship program only gets two people in Canberra a job*, September 2017.

<https://www.canberratimes.com.au/national/act/path-internship-program-only-gets-two-people-in-canberra-a-job-20170915-gyigv1.html>

<sup>27</sup> Dominic Powell, *National coffee chain suspended from government's PaTH intern scheme after allegedly underpaying workers*, Smart Company, September 2017

<https://www.smartcompany.com.au/business-advice/legal/national-coffee-chain-suspended-governments-path-scheme-allegedly-underpaying-workers/>

<sup>28</sup> A concept which puts forward the notion that unemployment benefit is a favour that must be returned, rather than an entitlement as a citizen of the state.

be largely ineffective.<sup>29</sup> In fact, in 2016 the Secretary of the Department of Employment told a Senate estimates committee that “the purpose of work for the dole is not necessarily to lead directly to a full-time job”<sup>30</sup> – which at least explained why it was that only 11.7% of those who undertook WfD found full time work and only 16% found part-time work.<sup>31</sup>

The tasks WfD participants undertake are rarely related to their skills, are unpaid and often do little to nothing of practical use to prepare them for finding work. No transferable skills or qualifications are developed.

WfD participants are required to sign in for their activity each day and those who do not take part are regularly punished under the new compliance framework.<sup>32</sup> The combination of rigid requirements, harsh punishments for failure to meet those requirements and the nature of work undertaken in WfD has resulted in comparisons to prison labour from participants who feel they are treated like criminals.<sup>33</sup> This would be unacceptable enough without the fact that many WfD participants are being exposed to dangerous workplaces or asked to do work for which they have not been adequately trained. A 2016 report suggested that 64 per cent of WfD locations failed to meet ‘average’ health and safety standards.<sup>34</sup> One job seeker has already been killed on a WfD site, Josh Park-Fing.<sup>35</sup>

Work for the Dole is punitive and appears to serve no employment purpose at all. Its only apparent purpose is to make being unemployed difficult and unpleasant – seemingly based on the assumption that those who are unemployed are so by choice. It is an utterly cynical attempt to force unemployed Australians into jobs that simply don’t exist and then punishes them when they inevitably fail.

### Cashless welfare cards – we know better

The cashless welfare card trial is a yet further example of the government’s and jobactive’s obsessive focus on the lives and behaviour of the Australians receiving unemployment support and their determination to patronise and infantilise the disadvantaged.

The fact that a significant proportion of job seekers affected by this program are Indigenous Australians (the areas selected for the initial trial of this program have a significantly higher than average population of Indigenous Australians - the Indigenous population in Ceduna is 24.9 per cent and 48 per cent in the East Kimberly)<sup>36</sup> makes it all the more unacceptable - surely this

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<sup>29</sup> <https://www.theguardian.com/business/grogonomics/2016/nov/01/unemployment-programs-might-give-the-government-a-nice-feeling-but-theyre-fatally-flawed> and <http://theconversation.com/work-for-the-dole-doesnt-work-but-here-is-what-does-22492> for example.

<sup>30</sup> Ibid

<sup>31</sup> Ibid

<sup>32</sup> Paul Bibby, *Work for the Dole participants treated like ‘criminals on parole’*, Echo Net Daily, July 25 2018, <https://www.echo.net.au/2018/07/work-dole-participants-treated-like-criminals-parole/>

<sup>33</sup> Ibid

<sup>34</sup> Chris Dengate and Stephen Smiley, *Work for the Dole 'should be scrapped', say family of teen who died while working for the program*, ABC News Online, 26 April 2018.

<http://www.abc.net.au/news/2018-04-19/calls-to-close-work-for-the-dole/9673238>

<sup>35</sup> Ibid.

<sup>36</sup> ABS 2011

group of Australians has experienced enough government dictation over their lives for ‘their own good’.

The cashless welfare trial represents a cynical and hypocritical attempt to curtail the free will of disadvantaged Australians while making no attempt to improve their circumstances or to understand why some small percentage may make decisions with which broader society may not agree. This leaves aside the questionable assumption this program makes that because the government provides the income for these individuals, it has the right to control their spending of that income. Restricting disadvantaged Australian’s ability to spend their own money without addressing the factors which may cause some small fraction of that population to use alcohol or drugs in a problematic manner, while actually cutting funding for alcohol and drugs services and without making any attempt to provide a non-punitive solution, is incredibly short-sighted and represents an unacceptable impost on their right to manage their own affairs.

The ACTU opposed the expansion of the trial in 2017<sup>37</sup> because it, in addition to the reasons above, buys into the narrative that people are unemployed due to their own personal failings and that they only need have those failings forcibly corrected in order to become employed. It achieves this (or rather fails to achieve moving them into employment) by paternalistically treating the unemployed as untrustworthy people who must be monitored and compelled to behave in a way that meets the government’s expectations. This is not only an unacceptable attitude, but it represents the abrogation of any responsibility by the government to ensure that decent jobs are available, and that skills training can be affordably undertaken.

### **The Community Development Program – discriminatory and cruel**

The Community Development Program, long opposed by the ACTU<sup>38</sup>, is not strictly part of the jobactive system. It does however serve as yet more evidence of the attitude toward unemployed people held by the government.

Under the CDP, adults aged 18 to 49 years who are claiming income support but who are not in work or study are required to undertake ‘work-like’ activities for up to 25 hours per week, all year round, depending on their assessed capacity to work. All people who meet the criteria are immediately and compulsorily referred to the CDP as a condition of their income support payment. This includes people with disabilities and people with significant health or personal issues. It is also discriminatory, aimed primarily at Indigenous Australians.<sup>39</sup>

CDP operates much like WfD, except that work is required all throughout the year and requires more hours to be completed each week. Much like WfD, there is no evidence that the CDP is achieving positive outcomes for remote communities. Of about 33,000 people in the CDP, less

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<sup>37</sup> ACTU, *ACTU Submission to Senate Community Affairs Legislation Committee Inquiry into the Social Services Legislation Amendment (Cashless Debit Card) Bill 2017*.

<https://www.aph.gov.au/DocumentStore.ashx?id=981781bf-9568-4bef-af16-3c0070ef1bdc&subId=560826>

<sup>38</sup> ACTU, *Inquiry into the Appropriateness and Effectiveness of the Community Development Program (CDP)*, June 2017. <https://www.aph.gov.au/DocumentStore.ashx?id=d4cb438b-777b-45f8-9a76-f77da3bdc0&subId=511952>

<sup>39</sup> As at 26 June 2016, there were 36,803 people on the CDP caseload and, of this number, 30,498 identified as Aboriginal or Torres Strait Islander. [Australian Human Rights Commission, \*Social Justice and Native Title Report 2016\*](#), p 95

than 3,500 have found full-time or part-time work lasting six months or more. These jobs were also more likely to go to non-Indigenous participants.<sup>40</sup> The available evidence suggests that the CDP is in fact causing significant hardship for the people it seeks to assist and<sup>41</sup> the dramatic increase in penalties applied since the commencement of the CDP is evidence that it is failing to achieve beneficial change.<sup>42</sup> In fact, CDP participants have received approximately 350,000 fines in the last two years, a number that rivals that handed out by the exponentially larger jobactive program.<sup>43</sup>

CDP ignores the realities of remote communities – that unemployment is caused by a lack of jobs and reduced economic activity. The CDP does not create jobs or meaningfully support people to gain employable skills or empower communities. Instead, it creates a ‘sub-class’ of workers who do not enjoy the protections other workers do.

Income differentials between Aboriginal and Torres Strait Islander peoples and the general population are already substantial, including for employed people. Programs like the CDP which fail to pay even the minimum wage for work undertaken can only compound this inequality. The CDP is unfair, discriminatory and counter-productive. It does nothing to service the needs of unemployed people in remote regions and instead treats them as a nuisance from which some scintilla of value must be extracted.

## Conclusion

The simple conclusion is that jobactive is ineffective. It is ineffective because it has been let down by a government without a plan for real job creation and which appears untroubled by the insecure work crisis. But it has also been poorly designed, asked to achieve two contradictory outcomes – to assist unemployed Australians and to punish them. No system designed around such mutually exclusive concepts could have ever been expected to succeed.

Australia needs quality employment services working in concert with a transition agency<sup>44</sup> and a real plan for job growth to ensure that unemployed people can find meaningful and decent jobs and that when workers are unavoidably left without employment that they can retrain and find new, suitable and rewarding work. This can only be achieved by a system centred around providing real assistance to job seekers, a system that is not tainted by the belief that unemployment is a moral or behavioural failing.

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<sup>40</sup> [Questions on Notice, Tabled documents, Department of Prime Minister and Cabinet, Community Development Program employment placements and outcomes, 26 May 2017](#)

<sup>41</sup> [Fowkes, I and Jordan K, Job Creation and Income Support in Remote Indigenous Australia, Australian National University, Centre for Aboriginal Economic Policy Research, Topical Issues 2/2016](#)

<sup>42</sup> [Fowkes, L, Update on the impact of the community development programme on social security penalties, September 2016](#)

<sup>43</sup> Dan Conifer, *Indigenous dole scheme participants slapped with 350,000 fines in two years*, ABC News Online, 6 January 2018.

<http://www.abc.net.au/news/2018-01-06/indigenous-dole-scheme-participants-slapped-with-more-fines/9308168>

<sup>44</sup> ACTU, *Jobs You Can Count On*, Op. Cit.

## Recommendations

1. Programs such as CDP and PaTH must be scrapped and replaced with programs designed to provide actual assistance to unemployed Australians
2. Significant reductions in the punitive nature of the jobactive system, including the prevention of the imposition of penalties with no oversight by the Department of Jobs and Small Business, as has been occurring.<sup>45</sup>
3. Gearing incentives towards placing jobseekers into long term, meaningful employment rather than churning them through multiple casual engagements.
4. An immediate \$75 a week increase to Newstart with the aim of an eventual \$160 a week increase.
5. Indexation rates for all social security payments should be aligned so that the widening gap between pensions and allowances may be closed.
6. Government must develop and embrace a real plan to create decent jobs and ensure that Australians have the skills they need to fill those jobs.

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<sup>45</sup> Eryk Bagshaw, Op. Cit.

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