

SEPTEMBER 2018

WORKING IT OUT:

*Employment Services
in Australia*

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and Warwick Smith

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FIGHTING INEQUALITY IN AUSTRALIA

AUWU Australian
Unemployed
Workers'
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Table of Contents

3	About the Authors
4	Acknowledgements
5	Executive Summary
8	Introduction
9	Profile: Marie, 49, Perth
11	A Short History of Employment Services in Australia
11	The Commonwealth Employment Service in the Era of Full Employment (1945 – 1975)
12	Full Employment Abandoned (1975 – 1986)
13	Activation (1986 – present)
20	Profile: Oliver, 36, Melbourne
22	Employment Services in Australia Today
22	Applying for Newstart
25	Profile: Sarah, 24, Sydney
26	Attending Appointments and Receiving Services from a jobactive Provider
36	Profile: Mark, 56, Adelaide
37	Meeting Requirements
40	Profile: James, 42, Hobart
41	Sources of Unemployment and Barriers to Finding Work
45	'Too many applicants for available jobs', 'no vacancies at all', or 'insufficient work experience'
48	Ill Health or Disability
48	No Vacancies in Line of Work
49	Lacked Necessary Skills or Education
50	Considered Too Old By Employers
51	Too Far to Travel/Transport Problems
52	Profile: Jo, 60s, Sydney
54	Newstart, Youth Allowance, and Poverty
57	Profile: Ben, 46, Toowoomba
59	Conclusion
61	Key Recommendations
63	Additional Recommendations
64	Appendix I: Focus Group Information
65	Appendix II: AUWU Hotline
66	Appendix III: The Number of 'Job Seekers'
67	Appendix IV: The 'Job Seeker to Job Vacancy' Ratio
69	Appendix V: The Number of Penalties
71	Appendix VI: Timeline of Changes to Eligibility for Unemployment Benefits
78	Endnotes
86	References

About the Authors

ABOUT PER CAPITA

Per Capita is an independent progressive think tank, dedicated to fighting inequality in Australia. We work to build a new vision for Australia based on fairness, shared prosperity, community and social justice.

Our research is rigorous, evidence-based and long-term in its outlook. We consider the national challenges of the next decade rather than the next election cycle. We ask original questions and offer fresh solutions, drawing on new thinking in social science, economics and public policy.

Our audience is the interested public, not just experts and policy makers. We engage all Australians who want to see rigorous thinking and evidence-based analysis applied to the issues facing our country's future.

ABOUT THE AUSTRALIAN UNEMPLOYED WORKERS' UNION

The Australian Unemployed Workers' Union (AUWU) is a national volunteer organisation protecting the rights of unemployed and pensioners. Formed in 2014, the AUWU is the only national organisation in Australia representing unemployed workers.

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Executive Summary

“It’s not hard to work out. Make the system about helping people get work instead of about punishing people.”

Susan, unemployed worker, Melbourne, VIC. July 2018.

The purpose of this report is to critically examine the current mainstream employment services system, *jobactive*, and assess the experience of unemployed workers¹ with the system against its stated objectives and promised services. A key aim of the research is to bring the voices of unemployed workers in Australia into the public conversation about employment services and about unemployment more broadly.

The report is published at a time when the Department of Jobs and Small Business is undertaking a review of the Future of Employment Services, under the guidance of an expert advisory panel chaired by Sandra McPhee AM, and during an Inquiry into “the appropriateness and effectiveness of the objectives, design, implementation and evaluation of *jobactive*” by the Senate Education and Employment References Committee.

As 2018 marks two decades since Australia introduced the world’s first fully privatised employment services system, such reviews are particularly appropriate, and it is hoped that the findings of this report will inform the considerations of policy makers in their assessment of the operation of the system.

There are over 650,000 people engaged with *jobactive* at any point in time,² and the majority

of these receive Newstart or Youth Allowance.³

The services funded by the federal government to help them in their search for work cost \$1.3 billion per year, making it the second largest area of government procurement outside the defence portfolio.⁴

The stated goal of these services is to “get more Australians into work”.⁵ *jobactive* promises to “work closely with job seekers, tailoring their services to the job seeker’s assessed needs so they can find and keep a job”.⁶ It claims to provide the following services: ⁷

- Help to look for work, write a résumé and prepare for interviews;
- Referrals to jobs in the local area and help to relocate for work if they are interested;
- Help to become job ready, including targeted training that is suited to the skills that local employers need;
- Individualised support (called case management) so they are ready to take up and keep a job; and
- Support to complete Work for the Dole, or other eligible activities, that provide work-like experiences, help to learn new skills and improve the job seeker’s chances to find a job

Backing up this system is a strict enforcement and compliance framework. Support from *jobactive* and Centrelink is conditional on a host of “mutual obligation requirements” and financial penalties are imposed if these requirements are not met. Since the introduction of *jobactive* in July 2015, employment services have imposed 5.2 million penalties on unemployed workers, just under the total imposed in the previous twelve years

combined (for more on penalties see Appendix V).⁸ These penalties have a significant rate of error: of the penalties imposed during the 2015-2016 year, around 50% were found by Centrelink to have been imposed in error, meaning that close to a million unemployed workers that year were penalised when they had done nothing wrong.⁹

At considerable cost and with such broad powers, it is important to evaluate the effectiveness of Australia's employment services. Therefore, this report sets out to answer some critical questions. Does jobactive meet its stated goal? Does it provide its promised services? How does its 'mutual obligation' system affect unemployed workers?

To inform our assessment, we engaged directly with those who know employment services best: the people who receive them. We held a series of focus groups and consultations with unemployed workers across the country to understand what life is like for people engaging with employment services. Seven of these participants also shared their stories and experiences of being unemployed and engaging with employment services in the form of personal essays, which we have included throughout this report.

WHAT COULD BE BETTER ABOUT THE EMPLOYMENT SERVICES SYSTEM?

"It's not that I don't understand the question but it's just that I think it's impossible to think of a positive outlook for this system. What I need from them is when I am in not a good place, they should be there to support me – if I am in a good place, I can job search myself, but you go in and they just want to send you to jobs that you are not ready for."

It would be not having to fight for every single little thing. It would be actual genuine support in looking for a job. I avoid going there because I get so anxious beforehand, knowing that I have to kind of corner them into doing something for me. You have to brace yourself because you will be made to feel that being unemployed is your fault."

Suzie, unemployed worker, Perth, WA. July 2018.

This quote, from one of the attendees of our Perth focus group, summarises the findings of our research. The unemployed workers we interviewed say that the current employment services system is not offering genuine employment services to them and that it imposes requirements on them that do not improve their employment prospects but are linked to fees and 'outcome payments' for their jobactive provider.¹⁰ Few unemployed workers that we spoke to find attendance at employment agencies to be helpful in their search for lasting employment. On the contrary, most report their attendance at job agencies is a cost and a barrier to their search for work.

"They're a compliance agency for Centrelink, not an employment service."

Paul, unemployed worker, Sydney, NSW. July 2018.

These focus groups brought the voices of unemployed people into our research, which investigates the history of employment services in Australia and the assumptions about the sources of unemployment and the reasons unemployed workers face challenges in finding work that underpin our current employment services system.

Employment services were first conceived in an era when Australia consistently averaged a two

percent unemployment rate and were therefore premised on the assumption that there were enough jobs for all who wanted to work. The abandonment of a full employment policy in the mid 1970s changed this context. The ratio of 'job seeker' to job vacancy has since increased to the point where there are now eight job seekers for every available job, but employment services have not responded accordingly.¹¹ The assumption remains that unemployed people could work if they wanted to. The result is arguably a system that penalises unemployed workers for not being in jobs that don't exist.

Given these fundamental problems, merely adjusting the current system of contracting and resource allocation will not adequately address the concerns demonstrated by our research. Some serious analysis and a reimagining of the core purpose and operation of jobactive is warranted. Our research has informed several recommendations for improving the employment services system.

Our Key Recommendations are:

- 1.** A Government commitment to full employment and the enactment of policies to achieve this
- 2.** The restoration of some market share of the employment services system to public service delivery
- 3.** The establishment of an Employment Services Ombudsman
- 4.** The separation of enforcement of mutual obligations from the provision of employment services, and the restoration of public sector responsibility for the imposition of penalties
- 5.** The introduction of standardised training for employment services and limits on the maximum caseload size of consultants
- 6.** An immediate increase in the rate of Newstart by \$75 per week
- 7.** An increase in Commonwealth Rent Assistance through indexing it to housing costs

Introduction

This report paints a picture of unemployment and employment services in Australia in 2018. It is based on four complementary pieces of research that we have combined to present a full picture of the main employment service in Australia, jobactive:

- An historical overview of employment services in Australia, and where the current system sits in that context;
- A review of the policies and legislation that underpin the current jobactive system;
- A series of focus groups we held with unemployed workers in Adelaide, Geelong, Glenorchy, Melbourne, Perth, Sydney, and Toowoomba, to understand their experience as users of the jobactive system;¹² and
- Data from the hotline run by the Australian Unemployed Workers' Union (AUWU).¹³

While important topics in their own right, the Community Development Programme (CDP) in Indigenous communities and the Disability Employment Service (DES) are different from jobactive and are outside the scope of this report.

To place jobactive in context we first briefly outline the history of employment services and employment policy in Australia since 1946. We find that employment services, first conceived in an era of full employment, have not adjusted in line with the new context of a high unemployed worker to job vacancy ratio. The assumption that there is enough work for everyone is flawed, but it remains a central premise of the jobactive system. This demonstrates the need for an overhaul of the system.

We then move on to analyse the provision of employment services in Australia today, by comparing the Service Guarantee provided in the jobactive deed with the actual lived experience of the unemployed workers who participated in our focus groups. By foregrounding the voices of unemployed workers themselves, we show how the jobactive system consistently fails to meet its stated objectives or to provide its promised services. Personal essays written by seven of our focus group participants are inserted throughout the report.

Next, we look more closely at the barriers to employment in Australia today and assess how jobactive responds to these barriers. We show how jobactive, despite claiming to get Australians into work, actually has a limited capacity to address the main sources of unemployment or barriers to employment. We argue that the rate of unemployment is not caused by the behaviour of unemployed people but by the level of demand for labour, and that acknowledging and understanding this would transform how we treat unemployed people and how we design employment services.

The report concludes with our vision for a transformation of the system. We present a list of detailed recommendations to underpin a better employment services system when the jobactive contract expires in 2020.

“My new job plan now states I must “take responsibility” for finding my own work and to report (online) my attendances at all required activities. This begs the question: what is the provider being paid to do?”

PROFILE: MARIE, 49, PERTH

I sustained a workplace injury in 2011 and have not been able to return to my much-loved trade as a sample machinist. In 2012 and 2013 I retrained at my local TAFE and gained a Certificate III in Business and Administration, Certificate IV in Training, Assessment and Education, Intermediate MS Word and Excel, and MYOB bookkeeping.

As advised by the government, I have worked diligently to transition into a new field by being innovative with my approach to maximise my

success with finding full-time, ongoing employment. I have networked. I have schmoozed. I have worked for free. I have demonstrated flexibility and initiative by undertaking the education and training necessary to prove to prospective employers that I would be a “good bet”. I am nimble and I am agile - you won’t find anyone more motivated and readier to work. So, where’s my job?

I have made countless cold-calls and have volunteered hundreds of hours of unpaid labour at various

organisations including soup kitchens, homeless shelters and Members of Parliament. Yet despite my best efforts I have been unable to secure any ongoing work. Since 2013 I have held 9 different jobs; all but one of them temporary contractor roles via recruitment agencies. I am currently unemployed and fiercely looking for work 7 days a week.

I enjoy working (I really do!) and have been employed full-time since the age of 15. I’m the happiest I can be when I’m working because it gives meaning

and purpose to my life and allows me to contribute to society and pay my taxes. For myself, work means dignity; not having a job is a profound embarrassment for me. I feel worthless and have become increasingly sad and at risk of financial distress.

The difficulties I have experienced in trying to find work have been compounded by having to navigate the current broken system of private job service providers (please remind me just what it is they are providing!) The staff I have encountered have been unprofessional, uncaring, untrained, and dishonest. They treat their clients with contempt and seem utterly unwilling to acknowledge each person's individual circumstances. I have been harassed, bullied, and lied to by staff on many occasions and as a result have submitted formal complaints to the department as well as to the head office of my previous provider.

My current provider tried to force me to complete their "online registration

survey" by insisting it was a compulsory activity and that non-compliance would result in my "payments being affected" i.e. suspended or cancelled. It had questions like:

I am satisfied with being unemployed and don't want to change now	Agree/Disagree
I need mental health treatment	Yes/No
I am too busy to work	Agree/Disagree
I have legal issues that need to be addressed	Agree/Disagree
If I knew I wouldn't lose all of my benefits, I would try to get a job	Yes/No
I need substance abuse treatment	Yes/No

These types of questions will not increase my chances of finding a job. They are patronising in the extreme and deeply offensive to me. I believe they also fail the duty of care requirement in that they are intrusive and may pose a trigger risk for people suffering mental health issues. It wasn't until I asked to speak to the manager that I was told the survey was not a compulsory activity after all.

I have also been forced to sign a job plan that I do not agree with. Despite my current provider's Service Delivery Plan stating they will "provide a personalised plan to employment" they refuse to allow me to negotiate my job plan. The contract is vague and contains no detail regarding types of required activities and training or frequency of compulsory appointments. If I had refused to sign this plan, my payments would have been cancelled.

My new job plan now states I must "take responsibility" for finding my own work and to report (online) my attendances at all required activities. This begs the question: what is the provider being paid to do?

A Short History of Employment Services in Australia

The Commonwealth Employment Service in the Era of Full Employment (1945 – 1975)

The Commonwealth Employment Service (CES) was created in 1946 as the centrepiece of the Curtin Government's post-war commitment to full employment. "This policy for full employment", declared the 1945 White Paper on Full Employment, "will maintain such a pressure of demand on resources that for the economy as a whole there will be a tendency towards a shortage of men instead of a shortage of jobs". To achieve this goal, the CES was charged not only with matching people with job vacancies, but also with overcoming labour shortages. This was done through the implementation of assisted migration programs and by addressing skilled labour shortages through education, training, mobility grants, and subsidies.¹⁴ Government labour market programs were transformed almost overnight from

"doing something with the unemployed to doing something about labour shortages".¹⁵

The CES had its work cut out. Even HC "Nugget" Coombs, one of the key architects of the 1945 White Paper, expected that it would take the CES several years to effect the massive demobilisation necessary to achieve full employment in peacetime, and predicted a post-war unemployment rate of around 4%.¹⁶ To the surprise of the government, in its first year of operation the CES referred 18% of the workforce to an employer and placed 7% of the workforce into a job.¹⁷ This, in conjunction with the mass job creation programs of the Chifley Labor government, led to the unemployment rate dropping to 1.2% in 1947 and 0.9% in 1948. Over the next 25 years, on average the CES referred 23% of the workforce to an employer, placed 9% of the workforce into a job, and maintained an average unemployment rate of just under 2%.¹⁸

In addition to its labour exchange function, the CES was also responsible for ensuring that applicants for the unemployment benefit were genuinely unemployed. This was known as the 'work test'. To satisfy the work test, unemployed workers had to demonstrate that they were willing and capable of undertaking suitable work and that they had taken reasonable steps to obtain such work.¹⁹ If the CES determined that a recipient

of the unemployment benefit did not satisfy the work test, their case would be referred to the Department of Social Security, which would decide whether the recipient's payment would be terminated, postponed or suspended for a period of between 2 and 12 weeks. The prevailing conditions of full employment during the 1946-1974 period, however, meant that the work test was easily administered, and penalties seldom imposed (see Appendix V). During this period, just under 18,000 people were receiving the unemployment benefit at the end of each financial year,²⁰ and the average duration of unemployment was seven weeks.²¹

Full Employment Abandoned (1975 – 1986)

The 1974 oil shock and associated increase in inflation triggered an abandonment of bipartisan full employment policy in Australia and throughout the Anglosphere.²² Government policy priority turned to managing inflation instead of employment, with the result that the emphasis of unemployment policy shifted from a responsibility to maintain sufficient demand for full employment to a focus on individual employability.

This shift in government policy led to a complete overhaul of the CES. By the end of 1975, there were six times as many people looking for work as there were job vacancies. With government funds directed away from creating jobs and toward programs designed to assist the unemployed, the CES shifted away from its job brokerage services and adopted an increasingly 'welfarist' function.²³ In 1974-75, the Whitlam Government quadrupled expenditure on labour market programs, including

a thirteen-fold increase of funds dedicated to training the unemployed.²⁴ Despite this massive increase, however, the CES was in serious trouble. Without available job vacancies against which to test an applicant's willingness to work, the work test became difficult to administer.²⁵ Political support of the CES quickly diminished. Across both sides of politics, it was understood that a dramatic overhaul was required to adapt the CES to the post-full employment era.

Soon after its election in 1975, the Fraser Government attempted to shift the responsibility of high unemployment away from government and onto individuals. Departmental reports were produced indicating that the percentage of people on the unemployment benefit who do not want to work – people to whom both sides of politics referred as 'dole bludgers'²⁶ – could be as high as 30%.²⁷ The Fraser Government positioned itself as tough on 'bludgers' and within its first four years of government it cut expenditure on labour market programs by 54% (including a 74% cut to training programs for the unemployed),²⁸ tightened the work test twice, launched three official inquiries into the unemployment benefit in the late 1970s,²⁹ and formed a taskforce of 350 Department of Social Security (DSS) field officers to investigate fraud of the unemployment benefit.³⁰ While the CES still performed its function as a labour exchange during the post-full employment period, it was now increasingly engaged in the amelioration of the distress of unemployment and assessing the 'genuineness' of applicants' unemployment.

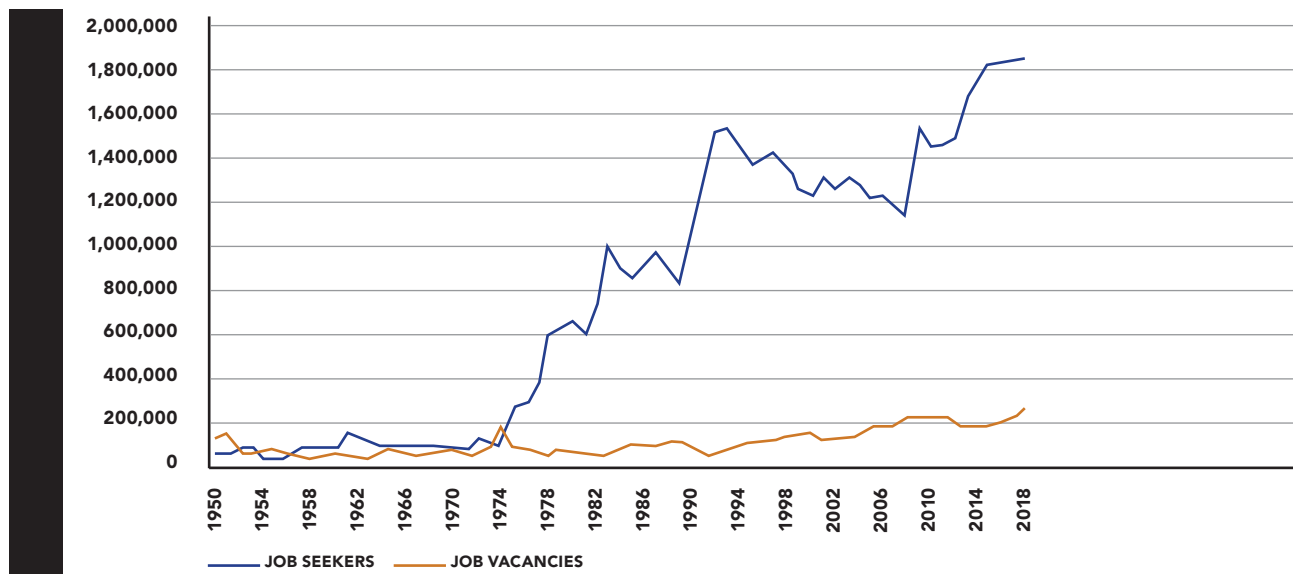
Activation (1986 – present)

Confronted with a record high ratio of job seekers to job vacancies in the early 1980s (see Figure 1) and the growing spectre of long-term unemployment (see Figure 4), the Hawke Labor Government came to office in 1983 committed to restructuring not only the CES, but the unemployment benefit as a whole. To assist in this restructuring of the social security system, in 1985 the Hawke Government commissioned a three-year review of social security policy known as the Social

Security Review. Chaired by social policy scholar Bettina Cass, the review found that the work test was applied with too much discretion by the CES and lacked a 'punitive purpose'.³¹ Cass argued that a more rigorous test should be introduced that included training and re-training programs.³² In line with the OECD's conception of an 'active society',³³ the Social Security Review recommended that the 'passive' unemployment benefit system be replaced with an "active, responsive system with strong links to employment, training and labour market services".³⁴ The report represented a significant shift away from an entitlement-based social security system and toward a conditional and 'active' welfare system.

FIGURE 1.

THE NUMBER OF JOB SEEKERS AND JOB VACANCIES (MARGINALLY ATTACHED NOT INCLUDED) 1950-2018. Source: ABS and CES.³⁵



Activation strategies broadly fall into 'work-first' and 'human capital' approaches: the former emphasises labour market participation, conditionality, monitoring and sanctions, and the

latter addresses skills development in response to shortages and shifts in the broader economy (see Figure 2).³⁶

FIGURE 2.

KEY FEATURES OF ACTIVATION IDEAL TYPES. Source: Carter & Whitworth 2017.³⁷

DIMENSION	THIN - 'WORK FIRST'	THICK - 'HUMAN CAPITAL DEVELOPMENT'
Aims	Quick return to labour market	Greater focus on employability (ie: upskilling), job quality and in-work progression
Programme targets	Job transitions	Sustained employment transitions; reducing distance to labour market for the 'harder to help'
Intervention model	Job-search, basic skills training and focus on rapid transitions into jobs	More intensive, longer-term and personalised training and supports
Relationship to labour market	Demand-side focus on inserting jobseekers into available opportunities quickly. Work experience limited, often mandatory and typically unpaid where exists	Supply-side focus on upskilling jobseekers to improve their short- and long-term labour market prospects. Work experience likely to be available, claimants having greater choice and often paid (whether by employers or government subsidies)
Relationship with individuals	Emphasis on pushing claimants into rapid job transitions largely irrespective of quality or sustainability	Greater emphasis on pulling claimants into employment via building employability and higher quality job opportunities (in terms of pay, conditions, progression etc)

The Hawke Government's 'active employment strategy', introduced in 1988, largely adopted the human capital approach.³⁸ Under the 'activity test' introduced that year, unemployment benefit recipients were compelled to satisfy 'reciprocal obligation' requirements by attending a regime of workforce participation activities and appointments.³⁹ These programs included job search assistance (Job Club), job creation programs (Jobskills), counselling (Skillshare), and training subsidies (Jobtrain).⁴⁰ While initially only applicable to long-term unemployed workers aged between 16 and 24 years old, increasing levels of unemployment caused by the global recession of the early 1990s led the Hawke Government to tighten the activity test twice (in both 1989 and 1991) and expand it to all recipients of the unemployment benefit in 1991.⁴¹ Just one year after the full introduction of the activity test, there were a record 50 job seekers competing for every job vacancy. With the activity test requiring unemployed workers to seek and accept any part-time, casual or temporary suitable work, unemployed workers were competing against each other for part-time and casual work. By the mid 1990s, over one quarter of the workforce was employed part-time.⁴²

Throughout this period, the Hawke and Keating Governments gave the CES unprecedented powers to penalise unemployed workers who failed to meet their responsibilities under the reciprocal obligation system. In 1989, the Government instructed the CES to double the amount of activity test penalties to 25,000 (for more on penalties see Appendix V). The Government set a target under which 100% of these penalties would result in the cancellation of payments, thereby ensuring an annual budget saving of \$15 million.⁴³ To the great frustration of the Government, however, the CES failed to meet these targets.

A 1992 Audit found that CES staff actively resisted the shift toward a compliance-driven system and continued "to hold the view that work/activity testing is not compatible with the primary job placement role of the CES".⁴⁴ "The principal weakness in the implementation of the work/activity test," stated the report, "has been the procedure requiring CES staff to make recommendations to DSS which [adversely] affect a client's entitlement to Unemployment Benefit".⁴⁵ The Government responded by changing the recruitment and training processes of CES staff to ensure that the reciprocal obligation compliance regime was upheld.⁴⁶ Despite the resistance of the CES, penalties imposed on unemployed workers increased six times over the 1989-1995 period (see Figure 3 and Table 1).

The shift toward compliance led to a sharp decrease in CES job brokerage services. Employers responded with their feet – between 1986 and 1992, the number of job vacancies registered with the CES dropped from 41% of the advertised vacancies in Australia to just 18%.⁴⁷ By 1994, the Keating Government tightened the activity test once more and accelerated the shift away from the CES by privatising two thirds of the employment services system, declaring "[h]ealthy competition will lead to service improvement".⁴⁸

FIGURE 3.

TOTAL COMPLIANCE MEASURES IMPOSED 1989 – 2017. Source: Job Seeker Compliance Data, Impact of Breaching SPRC Report, DSS Labour Market Monthly Profile, Centrelink Breach data quoted in Castonguay (2009).⁴⁹

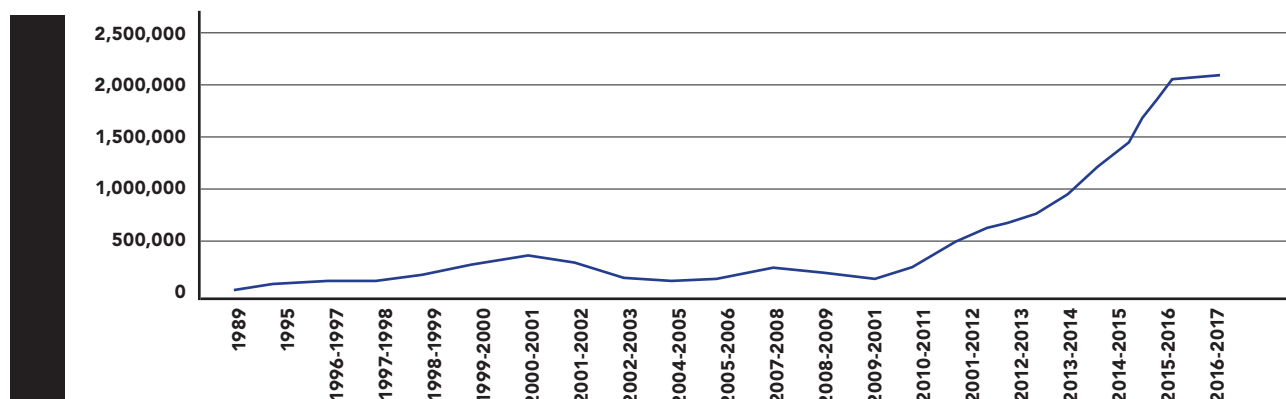


TABLE 1.

COMPLIANCE MEASURES IMPOSED 1989 – 2017 BROKEN DOWN BY TYPE. Source: Job Seeker Compliance Data, Impact of Breaching SPRC Report, DSS Labour Market Monthly Profile, Centrelink Breach data quoted in Castonguay (2009).⁵⁰

	TOTAL COMPLIANCE MEASURES IMPOSED	FINANCIAL DEDUCTIONS	PAYMENT SUSPENSIONS	RATIO OF PENALTIES PER UNEMPLOYMENT BENEFIT RECIPIENT	RECIPIENTS OF UNEMPLOYMENT BENEFIT
1989	12500	12500	n/a	0.04	311200
1995	78463	78463	n/a	0.10	795500
1996-97	113100	113100	n/a	0.14	801800
1997-98	120718	120718	n/a	0.15	790300
1998-99	164900	164900	n/a	0.29	566226
1999-00	302494	302494	n/a	0.56	541004
2000-01	349100	349100	n/a	0.67	523872
2001-02	270000	270000	n/a	0.53	512332
2002-03	140000	Data unavailable	Data unavailable	0.29	483093
2004-05	100000	Data unavailable	Data unavailable	0.18	560000
2005-06	140000	Data unavailable	Data unavailable	0.25	560000
2007-08	227635	15044	212591	0.46	498300
2008-09	167088	10556	156532	0.32	528200
2009-10	125912	32891	93021	0.12	1063271
2010-11	311622	93737	217885	0.26	1178882
2011-12	596380	174358	422022	0.85	700113
2012-13	743742	209642	534100	0.90	827039
2013-14	1000783	256078	744705	1.17	858373
2014-15	1469928	259687	1210241	1.70	866256
2015-16	2114291	261529	1852762	2.41	878073
2016-17	2168738	392740	1775998	2.51	864113
2017 (Jun-Dec)	1006472	198883	807589	1.22	827804

In 1997-8 the Howard Government began Australia's shift toward the compliance-driven 'work-first' model of employment services. Using Labor's 1994 legislation, Howard shut down the CES and replaced it with an entirely privatised employment services system known as the Job Network.⁵¹ Labor's 'reciprocal obligation' model was replaced by the more onerous 'mutual obligation' system of requirements, 'activity test' requirements were significantly increased, and the Work for the Dole program was introduced. By 2000, there were a total of 56 possible reasons for suspending the payment of an unemployed worker.⁵²

With the troublesome CES staff now out of the way, penalties imposed on unemployed workers increased rapidly. From 1995 to 2000, the number of financial penalties imposed on unemployed workers had increased from 78,463 to 386,946.⁵³ Over this same period, the average time spent receiving unemployment benefit⁵⁴ almost doubled to two and a half years (see Figure 4) and the level of government expenditure on labour market programs halved (see Figure 5). By 2008, for the first time the number of unemployment benefit recipients exceeded the number of job placements made by employment service providers (see Table 2).

FIGURE 4.

AVERAGE DURATION ON UNEMPLOYMENT BENEFIT (WEEKS) 1980 – 2017. Sources: Data quoted in Whiteford (2000), DSS annual reports, DEEWR annual reports.⁵⁵

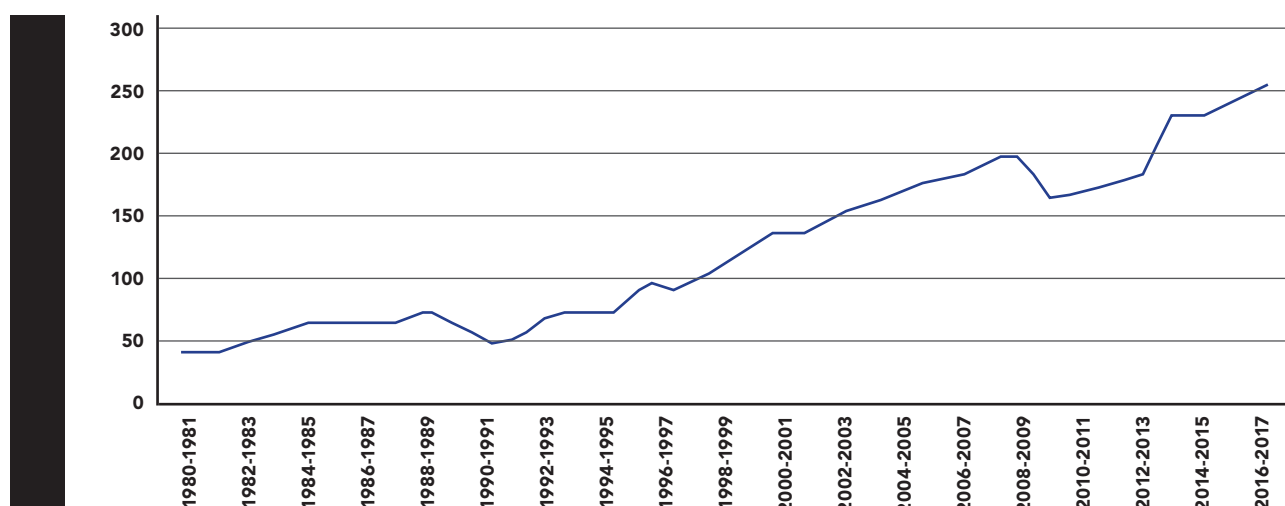
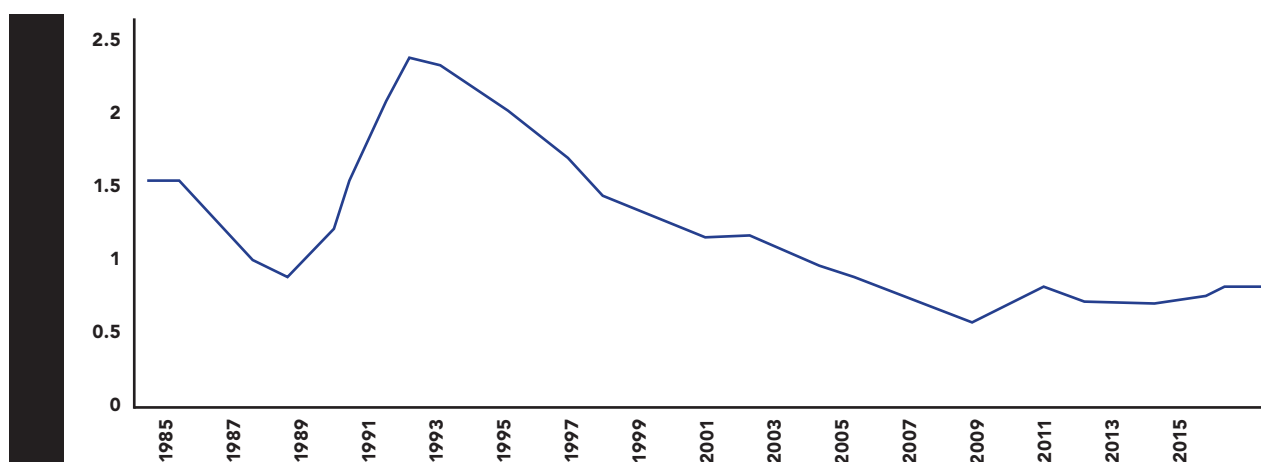


FIGURE 5.

EXPENDITURE ON LABOUR MARKET PROGRAMS AS A PERCENTAGE OF GDP. Source: OECD.



With the ‘work-first’ approach of ‘mutual obligation’ now firmly entrenched, the subsequent iterations of privatised employment services (Job Network until 2009, Job Services Australia until 2015, jobactive from 2015 onward) have resulted in the rapid increase of activity-test requirements, a dramatic increase in penalties imposed on unemployed workers, and a steady decline in government expenditure on labour market programs and proportion of unemployed workers placed into employment (see Table 2).

In 2016, the average time unemployed workers spend receiving an unemployment benefit reached just under 5 years (see Figure 4). Reflecting on the state of current employment service operations, a 2016 Melbourne University study states:

“Employment services staff spend a combined 34.6 per cent of their time each week on either contract compliance activities or other forms of administration. Nearly a fifth (17.8%) of their time each week is spent on contract compliance activities alone. The remainder of employment services professionals’ time is divided between working with employers (10.3%), working on

other tasks (6.7%), and working with other service providers (4.7%).”⁵⁶

This shift toward compliance has had a significant impact on the labour market. As unemployed workers become more desperate to enter employment – and people in work become equally desperate to remain in employment – there have emerged strong downward pressures on real wage growth and working conditions, contributing to increased rates of casualisation and wage theft.⁵⁷

TABLE 2.

PLUMMETING RATE OF JOB PLACEMENT SUCCESS. Source: CES data in ABS Yearly Reports, Department of Employment/DEEWR Annual Reports, Department of Employment Outcome Data, DSS Annual Reports and Labour Market Monthly Profiles. **Unusually high figure most likely an error within 1953 ABS Year Book, cannot be verified.*

	PEOPLE RECEIVING UNEMPLOYMENT BENEFITS	JOB PLACEMENTS	PERCENTAGE OF FULL-TIME PLACEMENTS
1946-47	6208	208572	data unavailable
1948-49	1226	254976	data unavailable
1950-51	604	727293*	data unavailable
1951-52	8294	271125	data unavailable
1952-53	25914	242700	data unavailable
1953-54	6083	263676	data unavailable
1954-55	3871	310063	data unavailable
1955-56	3948	312105	data unavailable
1956-57	12452	290396	data unavailable
1957-58	23847	302172	data unavailable
1958-59	27669	353926	data unavailable
1959-60	21374	383785	data unavailable
1960-61	21569	350303	data unavailable
1961-62	52950	397089	data unavailable
1964-65	13742	424270	data unavailable
1965-66	14927	411662	data unavailable
1966-67	20640	421653	data unavailable
1967-68	21496	461388	data unavailable
1968-69	17818	474601	data unavailable
1969-70	13212	493969	data unavailable
1970-71	14979	489946	data unavailable
1971-72	29110	557498	data unavailable
1972-73	39580	596073	data unavailable
1973-74	34148	506317	data unavailable
1975-76	191723	465567	data unavailable
1976-77	215871	467600	data unavailable
2004	590000	630237	43.7%
2005	560000	657000	45.4%
2006	560000	644700	46.9%
2007	498300	618900	46.8%
2008	528200	522300	45.9%
2010	1063271	437480	28.1%
2011	1178882	477231	29.0%
2012	700113	421859	17.5%
2013	827039	356439	14.8%
2014	858373	337632	15.6%
2015	866256	324342	15.7%
2016	878073	346000	22.5%
2017	864113	370000	23.1%

“Back at the same jobactive office again, all the case workers have changed again.”

PROFILE: OLIVER, 36, MELBOURNE

After having had full time permanent employment for a decade I was made redundant and took some time off. In December 2016 I moved to Melbourne for a fresh new start. I have a Bachelor of Business degree with skills in Administration and Finance and in the two instances of unemployment throughout my working life (before moving to Melbourne) I had always found employment within a few days of job hunting, however in the past two years it's taken much longer to find work.

My first appointment with the jobactive provider was in January 2017, I remember it well, being eager to restart my career after

having not worked for a year and a half. I asked a few specific questions of my case officer. Can I get some career advice and to work out where I fit in the job market? “Uh just register with recruitment agencies and you just report to us every two weeks” she responded. “Do you have any short courses like Excel that I can do?” “Check with the library, they have free courses”. I quickly realised that jobactive was really just a compliance check for Centrelink.

After three months of unsuccessful job hunting, despite only applying for jobs I had the skills to perform, I got offered a full-time casual administration position through a labour

hire agency. For the first three months thereafter I received SMS appointment reminders every two weeks. As I was working I contacted my case officer via phone or email and she said I needed to send in my payslips. At first I assumed this was associated with Centrelink reporting, but I've since found out there is no requirement for jobactive clients (Newstart recipients) to provide their payslips; the jobactive provider collects these so that they can claim to have used a third party to find you work and then claim credit and collect a fee for getting you back to work and off Newstart. But they didn't assist me in any way with finding work.

Fast forward a year and I was back unemployed, having only managed to get casual and contract work since moving to Melbourne. My job applications were getting me nowhere. Despite my skills employers were not interested. I started researching more to gain insight into what's happening in the employment market, after downloading an employment report from the Department of Employment website I realised that there was a massive oversupply in the job market.

Back at the same jobactive office, all the case workers have changed again. I have to wonder what the skills and working conditions are of these case workers if the turnover is so high? What insights do they have

into the local job market? And do they really have the skills to help us cross the bridge into meaningful long-term employment? I've since found out that my jobactive agency was one of the higher-ranking agencies in the star rating system despite them not providing me any assistance to find work.

Until the last few years I'd never experienced unemployment. It's certainly caused me a lot of stress. When you look at official statistics on the number of job vacancies vs the number of unemployed, it's obvious there are no longer enough jobs to employ everyone. There are some very significant problems in our society now. This has taken a toll on me psychologically and financially.

Employment Services in Australia Today

“Every communication with the agency and with Centrelink comes with a threat. Every letter explains how they will punish you if you don’t comply.”

- Roger, unemployed worker, Melbourne VIC, July 2018.

To show how employment services function in Australia today, we are going to take you on a journey. This will mimic the typical experience a person has from the moment he or she first becomes unemployed. It begins with applying for Newstart, continues with meeting and receiving services from a jobactive provider, and encompasses the strict compliance system of mutual obligations, demerit points and financial penalties. The main body of this section will outline what this journey should look like according to the jobactive Deed, the jobactive Service Guarantee, Social Security Law, and other legislation. The interjecting ‘reality boxes’ recount the lived experiences of the many unemployed workers we spoke to over the course of our research and show how the jobactive system consistently fails to meet its stated objectives or provide its promised services.

Applying for Newstart

There are eight steps a newly unemployed person must undertake in order to claim Newstart

Allowance, or Youth Allowance if they are under 22. If they have never claimed before, they must first create a Centrelink account by bringing three identity documents to a service centre, setting up an online myGov account, and then linking it to their Centrelink account.⁵⁸

The next step is to gather the required documents in advance of filling in the claim. These documents include the three identity documents (again), employment separation certificates from any employer they worked for in the last 12 months, bank statements, and evidence of any income.⁵⁹ After filling out the Newstart claim online, applicants must submit the required documents within 14 days. As part of the claim, they must commit to a set of rules and also to report on them every two weeks. They are warned that if they do not maintain their commitment to the following, strong penalties apply:

- Look and apply for jobs as part of a Job Plan
- Attend relevant training
- Report any income for themselves or their partner
- Report any change to their circumstances⁶⁰

Next, they must book a phone appointment with Centrelink to submit the claim. Centrelink calls at a specific date and time, from a private number.⁶¹ If a person fails to submit their claim on the same day as booking their phone appointment, or if they miss the call, their appointment is cancelled and they have to wait for a new one.⁶²

During the call, Centrelink will once again require a commitment to agree to continue looking for work and will also request any additional documents they might need. They will also explain the assessment process for an applicant's circumstances and medical condition.⁶³

Based on this assessment, applicants are placed into one of three streams depending on their 'readiness for work':

STREAM A

Stream A job seekers are considered the most job ready and require the lowest level of support from their provider. Their services will be targeted to help them understand how to navigate the labour market, including CV-building skills and assistance using the self-help facilities to look for jobs.⁶⁴

STREAM B

Stream B job seekers are defined as having "some vocational barriers to employment (for example, language barriers)".⁶⁵ They need their jobactive provider to play a greater role to support them to become job ready. Their services will include a referral for case management support.⁶⁶

STREAM C

Stream C job seekers are defined as "the most disadvantaged job seekers", who are "likely to have a combination of vocational and non-vocational difficulties (such as physical and/or mental health problems, low capacity or substance abuse) that need to be resolved before they can take up and retain a job".⁶⁷ Stream C job seekers will get case management to help them address these issues and become job ready.⁶⁸

THE REALITY: Some of our focus group participants were unconvinced that the streaming process was carried out accurately or appropriately. They felt that they had been placed in the wrong

stream, resulting in them being unable to access the support they needed.

"How does a homeless person become Stream A? I have had all these problems as well as serious PTSD for the last five years and I have been Stream A for the entire time."

Jack, unemployed worker, Perth, WA. July 2018.

The Refugee Council of Australia also found that refugees who could not speak English were being incorrectly placed in Stream A.⁶⁹

Applicants with a medical condition may also be assessed further by Centrelink. This assessment is called an Employment Services Assessment (ESAt), which may result in a referral to a Disability Employment Service (DES) and a reduction in the number of hours they will be expected to work if they find a job.

During the call, Centrelink should also ask the unemployed worker to choose an employment service provider in their area. Each jobactive provider has a star rating in line with their performance level for getting people into jobs, which is meant to help to inform the choice of provider.

THE REALITY: Almost none of the unemployed workers we spoke to knew the star rating system existed, and even fewer knew the rating of their agency.

Several told us that they were asked to choose an employment agency on the spot and when they asked what basis they could use to make a choice they were told that they could hang up and look online at the different agencies and then make another appointment for a Centrelink call – which could take up to 21 days.

Once deemed eligible by Centrelink, unemployed workers only start to receive payments once they attend the initial appointment with their jobactive provider and make their first report, which could take several weeks. All people are required to meet this requirement and failing to do so without a 'reasonable excuse' results in the withholding of payments. While there are guidelines for the definition of a 'reasonable excuse', this is subject to the interpretation of the provider. Notably, difficulties resulting from alcohol or drug dependency were explicitly removed from the list of 'reasonable excuses' in 2018.⁷⁰

THE REALITY: *The requirement to report sounds simple but many of our focus group participants described challenges they faced in reporting, many of which related to their experience of poverty and assumptions made by their job service provider as to the facilities they have available in order to report.*

"I just found out the other day that you cannot submit your report without a phone [because they send a confirmation code to your phone]. So I had to go up to Centrelink and somehow I was able to. My point is that they, it seems like they expect you to have a staffed legal office. You need a printer, you need a computer, you need to keep your records for seven years."

Gerry, unemployed worker, Geelong, VIC. July 2018.

“Paid and dignified work is something that I should be able to hope for and I don’t deserve to be treated like shit because I’m having trouble securing it.”

PROFILE: SARAH, 24, SYDNEY

I’ve worked in hospitality as a bartender, dishwasher and waitress, administration/service as an electoral official and Census field officer, and in secondary education as an art technician. I’ve also volunteered as an art gallery attendant, installation technician and theatre usher. I grew up regionally but have spent my adult life in the city away from my family.

Since graduating from Uni in 2015, I’ve only ever found temporary casual work. I would describe myself as a good and honest worker who has struggled to get a chance in the competitive job market. I’ve participated in the jobactive program since January 2016.

I thought that the program would help me secure work; I actually thought that they could contact employers who would then prioritise us as applicants, since everyone seems so keen to get us off the dole. I also thought my “job coach” would be someone that would really try to help me, who I could trust and build rapport with.

My actual experience has been very different. I’ve never been offered help with searching for work or fine-tuning an application. My first provider made me attend appointments where rather than giving me a specific appointment time, I was told to turn up at 9:00am and wait until someone was available to

see me. Sometimes I’d be waiting until midday. They only ever checked my job diary. My second provider, who I’m still with, has been better, but I’ve had a different job coach each time I visit, and still haven’t had much support from them.

Recently, things have been looking up, but that’s because I decided to go back to Uni and not because of jobactive. It was only when I re-immersed myself in Uni that I remembered I am hard-working and talented and resilient, that paid and dignified work is something that everyone should be able to hope for and that I don’t deserve to be treated like shit because I’m having trouble securing it.

Attending Appointments and Receiving Services from a jobactive Provider

According to the jobactive Deed and the jobactive Employment Services Guarantee, which the provider must display clearly at their desk or visibly on the wall, a jobactive provider must:

1. Work with you to develop your Job Plan. This sets out the services you will receive and the minimum requirements you need to meet while you are on activity tested income support.
2. Identify your strengths and any challenges you face to increase your job readiness.
3. Refer you to suitable jobs.
4. Match you to a suitable Work for the Dole placement (where appropriate).
5. Reassess your needs if your circumstances change.
6. Help you with wage subsidies or relocation assistance (where appropriate).
7. Keep in contact with you and your employer once you have started a job.
8. Provide the services that are set out in their Service Delivery Plan, including self-help facilities.
9. Treat you fairly and with respect in a culturally sensitive way.
10. Provide a feedback process which is fair and will try to resolve your concerns.⁷¹

At the initial appointment, unemployed workers must have their rights and obligations under the

social security law explained to them, as well as the consequences of not meeting mutual obligation requirements. These requirements will include attending appointments, entering into a Job Plan, undertaking job searches and applying for a certain number of jobs, fulfilling an 'annual activity requirement' (the number of hours they must participate in Work for the Dole), reporting to the provider regularly, and any other compulsory activities. Providers must explain the ways in which compliance is monitored and what the consequences of non-compliance are.

THE REALITY: *A strong message that came through from our focus group participants was that service providers rarely met these obligations. Our participants felt that while there was a lot of pressure on them to keep up their side of the mutual obligation agreement, they did not believe the obligations on the service provider were enforced. Only 33 per cent of participants in our focus groups had their rights and obligations explained to them at their initial interview. This accords with the data collected by the AUWU's national advocacy hotline, in which more than two thirds stated that they did not have their rights explained to them.*

Case managers within the jobactive system have, on average, 150 unemployed workers on their caseload at any one time⁷². This means that jobactive case managers have a very limited amount of time to spend with unemployed workers at an initial appointment (commonly between 10 and 20 minutes) and are unable to provide the services listed in the relevant contracts and guidelines.

“All I’ve ever asked of my job agencies is what they’re obligated to do under what I’ve read of the rules. If that’s mutual obligation,

and I'm technically supposed to provide them with the evidence of my job search efforts, why aren't they providing you with the evidence [of what they're doing]? Why aren't they reciprocating?"

Gerry, unemployed worker, Geelong, VIC. July 2018.

Can I ask you what you mean by "service"? I'm not joking. They call you in for an appointment, they ask you what you're up to, see if you've been meeting your obligations, and that's it, you go away. Do you call that service?"

Archie, unemployed worker, Sydney, NSW. July 2018.

"When you ask what mutual obligation is, what's their part, it's just: pipe down mate."

Claire, unemployed worker, Geelong, VIC. July 2018.

Let us consider each obligation as described in the jobactive Services Guarantee and compare it with the reality of the services unemployed workers receive.

WORK WITH YOU TO DEVELOP YOUR JOB PLAN. Creating a Job Plan is a central part of the initial appointment. This plan will determine what your obligations are and the services you will receive. When negotiating your Job Plan, your jobactive provider is required to consult with you and consider your personal circumstances, broadly defined as anything that might affect your capacity to look for work, work or attend activities.⁷³ When deciding what to include in your Job Plan, your provider must take your preferences into account wherever possible.⁷⁴ Your provider is not legally allowed to include any activities in your Job Plan that would aggravate any illness, disability, or injury, or where the supports or facilities you

require are not available.⁷⁵ Before you sign your Job Plan, the provider must explain to you in full how they intend to support you as part of your Job Plan, your rights and responsibilities under the Job Plan, and the appeal process.⁷⁶ The provider must let you know that you are allowed 'thinking time' to consider the Job Plan before you accept it.⁷⁷

THE REALITY: According to our focus group participants, the typical experience of their initial appointment was that they were presented with a pro-forma Job Plan and told to sign it in order to receive the Newstart allowance. There is no opportunity for negotiation. Unemployed workers reported that their personal circumstances were not discussed in preparation of the Job Plan, that they were not asked for their preferences, or that they were assigned inappropriate activities for their circumstances. Job Plans typically detailed only what unemployed workers must do, and not what services case managers will provide. According to the data collected from the AUWU's hotline, almost every issue raised by callers involve being forced into an unfair Job Plan.⁷⁸

One focus group participant had a requirement to apply for 20 jobs each month on his Job Plan, which he was unable to achieve:

"I wouldn't mind it so much if the job number was fair insofar as it reflects the actual job market [but] 20 is unreasonable...if you take into account the local job market, personal circumstances and school level etc, applying for 20 jobs at my age, 50...if it was a more reasonable number I wouldn't have a problem."

Gerry, unemployed worker, Geelong, VIC, July 2018.

Our participants were aware that jobactive's funding model means that certain 'outcomes' result in payments for the jobactive provider, and other outcomes don't. They felt that this model meant their providers intentionally did not give them a meaningful choice of activities and services. If they requested a service or elected to do an activity that was not tied to an outcome payment, they found that their provider would typically refuse and seek to place them into an activity that resulted in an outcome payment, even though the jobactive deed requires the provider to take their preferences into account.

"[the purpose of jobactive] is generating income for these private agencies and small businesses."

Claire, unemployed worker, Geelong, VIC. July 2018.

"I did bring up doing another course, and I found out they didn't need me. I suspect that's because of their outcomes, that they maybe wouldn't get a payment... they need to reach certain KPIs or they'll be looking for jobs themselves."

Adam, unemployed worker, Geelong, VIC. July 2018.

IDENTIFY YOUR STRENGTHS AND ANY CHALLENGES YOU FACE TO INCREASE YOUR JOB READINESS. According to the Job Plans Guideline, your job agency must take into account challenges including disability, illness, mental condition, physical condition, your transport options and travel limitations, family and caring responsibilities, financial difficulties, family violence, cultural factors, and other "vulnerability indicators" such as homelessness or a traumatic relationship breakdown.⁷⁹

THE REALITY: *Not only did our focus group participants feel that their providers did not take the time to identify the challenges they were facing, but they also reported situations where the provider actively ignored those challenges, refused to take them into account, or asked them to lie to employers about their challenges.*

"I'm on the autism spectrum and I can work but I'd like my job agency to explain to employers how that can be managed. I'm not asking much, mostly just for the employer to understand the specifics of my condition."

[DID ANYONE DO THAT?]

"No. The agencies aren't good at things like that. They want you to lie to the employer about your disability."

Will, unemployed worker, Toowoomba, QLD. July 2018.

Data from the AUWU's hotline indicates that 42% of callers reported that their employment service provider was bullying them. 27% reported that their employment service provider refused to recognise their medical condition.

REFER YOU TO SUITABLE JOBS. Under the jobactive deed, your provider must engage and work with employers in the area to identify job opportunities for you. They must refer you to these vacancies if they are suitable for you.⁸⁰ Your provider is supposed to work with programmes and services provided by the Commonwealth, state, territory, or local governments, as well as with private and community stakeholders, so that they are able to present you with jobs available in the local labour market.⁸¹

THE REALITY: *Many of our focus group participants reported that their provider was unable to take this step with them at all, as they did not have knowledge of the local labour market. Research has shown that front line service provision staff spend three times as much time on contract compliance and administration as they spend on employer engagement.⁸²*

“The job agencies seem like they’re a fake version of a recruitment agency. They don’t actually have jobs on their books.”

Roger, unemployed worker, Melbourne, VIC. July 2018.

“People helping us need to have a bit more insight into the employment market. I’ve had to do a lot of my own research, just to work out where I fit in the job market.”

Jamie, unemployed worker, Sydney, NSW. July 2018.

Others said they were referred to jobs or activities that were entirely unsuitable for them, and that in order to meet their mutual obligation requirements they were forced to apply for jobs that they knew were inappropriate for them or take part in activities that were useless to them.

“Yeah, I got sent to a junior kitchen hand job [this participant is not a junior] and they said, ‘just cross the junior bit out!’ I didn’t have a car; they told me to say I’ve got a car.”

Jason, unemployed worker, Adelaide, SA. July 2018.

“But if you don’t apply for all these inappropriate jobs then you won’t get your 10 jobs a fortnight. I have been unemployed for 3 months – I

have applied for 150 jobs and I have had two interviews.”

Paul, unemployed worker, Perth, WA. July 2018.

“They paid \$300 for me to do a course on Airtasker...my work agent gave me the brochure and said ‘I don’t even know what this is about’...I just think that was a farcical approach to spending their money on me.”

[TO TEACH YOU HOW TO DO AIRTASKER? IS THAT COMPLICATED?]

“Dude...no. I’d already had a look at it the year before. The course was three full time days.”

Roger, unemployed worker, Melbourne, VIC. July 2018.

According to the data collected by the AUWU’s hotline, 61% of callers indicated that their employment services provider had failed to help them canvass the local labour market.

MATCH YOU TO A SUITABLE WORK FOR THE DOLE PLACEMENT (WHERE APPROPRIATE).

The stated aims of Work for the Dole are 1) to give skills and experience to job seekers that can help them find a job and 2) to give back to the community “that supports them while they are unemployed”.⁸³ Participants in Work for the Dole are supposed to be able to develop skills, increase their confidence, and make contacts including possible referees.⁸⁴ Organisations that act as Work for the Dole hosts must give activities to job seekers that would not normally be done, and they cannot use job seekers to do tasks that would normally be done by a paid worker or by roles that have been made redundant.⁸⁵

The purpose of the Work for the Dole scheme has always been only partly about benefiting the unemployed, and equally if not more about addressing public “dissatisfaction with the present system of passive assistance to the unemployed” and dealing with the alleged “abuse by the selfish minority who view unemployment benefits as a subsidy for their alternative lifestyles and extended holidays”.⁸⁶

In a short press release in 2017, then-Minister for Employment Michaelia Cash outlined the government’s rationale for Work for the Dole. She reiterated that the program was about “those who receive benefits giv[ing] something back to the community that supports them”, that Work for the Dole “means unemployed people gain skills and experience, along with pride and self-esteem”, and that Work for the Dole “is fundamental to our efforts to get people off welfare and into work”.⁸⁷

THE REALITY: *The reality is that Work for the Dole does not get people off welfare and into work. A review of Work For the Dole outcomes, commissioned by the Government, found that participation in the program increased employment outcomes by a negligible 1.9 percent.⁸⁸ It is widely accepted, even on the Australian Parliament’s own Flagpost blog, that Work for the Dole is not effective as a labour market program, and that its main function is job seeker compliance and the sense that participants give something back to the community.⁸⁹*

The claim that Work for the Dole helps unemployed workers gain skills and experience was denied by our focus group participants. Many of our focus group participants had been in Work for the Dole placements and had not gained helpful skills or experience:

“I had to do a Work For the Dole and you just sit there, doing nothing for 6 hours a day. We just sat there and those who dropped us off, they save that money. We were just warehoused there, literally.”

Joseph, unemployed worker, Sydney, NSW. July 2018.

“The system is so out of date that what you do there doesn’t apply in the real workforce and you can’t use anything you learn there. You’re doing manual things that don’t exist in the real workforce anyway”.

Gerry, unemployed worker, Geelong, VIC. July 2018.

The claim that Work for the Dole gives unemployed workers pride and self-esteem was even more strongly rejected by our participants. They reported regular bad treatment including bullying.

“I was treated shocking...I agreed to an activity to do and this woman’s coming in, I don’t even know who she really was in the organisation, just talking down to us, and saying, while I’m sitting there, saying to someone else who’s running the kitchen, ‘oh get the people in the Work for the Dole to do it’. It’s just that kind of attitude...she wanted me to go do something and I said ‘I haven’t been shown how to do that’ and she said ‘you don’t need to be, just go do it’. So it’s just the way you get spoken to.”

Claire, unemployed worker, Geelong, VIC. July 2018.

“My sister did Work for the Dole and she’d be coming home and she was crying. She was bullied...she didn’t want to go there. She was upset about the whole thing.”

Adam, unemployed worker, Geelong, VIC. July 2018.

Our participants also reported feeling that Work for the Dole was unsafe. These concerns are supported by the available data on Work for the Dole. In a one year period between 2014-15 and 2015-16, reported injuries at Work for the Dole sites increased from 92 to 500.⁹⁰ An Ernst and Young audit of the program found that 64% of sites did not fully meet appropriate safety standards.⁹¹ Despite this, unemployed workers that refuse to attend their Work for the Dole activity over safety concerns face financial penalties. Not only are unemployed workers being forced to participate in pointless undertakings that take them away from other more useful activities, they are being placed at risk of injury. In April 2016, 18 year-old Josh Park Fing died at his Work for the Dole site in Toowoomba. It was later revealed that prior to his death Josh had unsuccessfully tried to lodge a complaint about a back injury he had already suffered at his site.⁹²

“These are jobs that people should be paid for because if it’s worth doing it’s worth being paid properly for. People are dying doing Work for the Dole. That guy was 18, he was my age. That’s really scary. There’s not appropriate concern about that. People should be petrified about that. Our lives don’t matter.”

Will, unemployed worker, Toowoomba, QLD. July 2018.

“It’s unsafe. That kid was killed in Queensland.”

Gerry, unemployed worker, Geelong, VIC. July 2018.

According to the data collected by the AUWU’s hotline, one quarter of callers report that they are being unfairly forced into a Work for the Dole activity and 12% are denied their right to attend a voluntary activity.

REASSESS YOUR NEEDS IF YOUR CIRCUMSTANCES CHANGE.

If at any time you disclose information to your provider that represents a change in your circumstances, for example your ability to meet your requirement, or the type of job you can do, the provider must conduct a Change of Circumstances Reassessment or arrange for one to be conducted.⁹³

THE REALITY: Our research showed that requests from unemployed workers to alter their Job Plans based on a change of personal circumstances are frequently overlooked. They are threatened with the withdrawal of payments if they do not sign the Job Plan as it is presented. Payment suspensions are sometimes imposed without the unemployed worker even being contacted to see if their personal circumstances held them back from fulfilling their obligations.⁹⁴

“My last experience...I went there after having had a medical exemption from looking for work. They didn’t even ask how I was... it was just ‘fill in this résumé thing’, ‘go into this interview room’, where one of the people start interviewing me about what sort of work am I going to do? I had my medical exemption because of PTSD and the questions they asked were highly inappropriate and didn’t take into account any personal issues. Then I started having a panic attack in the room, so the manager of the place came into the room and started asking me ‘well, do you think you can do this work?’ Oh my God – Dude! I’m having a panic attack! Pause! Look at what’s happening here!”

Anne, unemployed worker, Adelaide, SA. July 2018.

According to the data collected by the AUWU’s hotline, 22% of callers report that their employment service provider is unfairly forcing them to sign a Job Plan.

HELP YOU WITH WAGE SUBSIDIES OR RELOCATION ASSISTANCE (WHERE APPROPRIATE). In some cases, some employers are offered a ‘wage subsidy’ to hire certain demographics of unemployed workers (for example, workers over a certain age, or workers who have been unemployed for a certain length of time). Research both in Australia and internationally illustrates that wage subsidies are potentially effective, but only if they are tightly targeted and monitored to minimise deadweight costs (that is, paying a wage subsidy for a person who would have been hired anyway).⁹⁵ The burden of administration of a wage subsidy can

be cumbersome for both employers and workers, including the stigmatising effect of the payments themselves.⁹⁶

THE REALITY: *We spoke to unemployed workers who had been in subsidised employment and none of them spoke positively of the experience. Several told stories of collusion between job agencies and employers who would churn through subsidised workers, dropping their shifts down to almost nothing, without firing them, as soon as the subsidy period was over. In one instance we were told that most of the employees at a workplace were on wage subsidies.*

According to the data collected by the AUWU’s hotline, 14% of callers were forced into employment that was not suitable.

KEEP IN CONTACT WITH YOU AND YOUR EMPLOYER ONCE YOU HAVE STARTED A JOB.

Providers are supposed to provide post-placement support so that workers have a recourse if the worker faces difficulty in their new workplace. This is particularly useful for workers who experience significant disadvantage in the labour market, for example people with mental illness, or people experiencing homelessness.

THE REALITY: *Although the concept of post-placement support is well understood and documented in contracts and program guidelines, we found little evidence of it being delivered by providers.*

“They get you off their books and they’ve met their target. That’s all that matters.”

Terry, unemployed worker, Melbourne, VIC. July 2018.

We received reports of new workers being placed in difficult situations with employers and resorting to resigning rather than relying on providers to assist them.

“My daughter rang me to say that her new boss was making her uncomfortable...creepy like. She said “Dad, I’ll have to sort it out. If I leave, I will get penalised”. I didn’t wait, I went and got her straight away. Stuff that!”

Chad, unemployed worker, Glenorchy, TAS. July 2018.

PROVIDE THE SERVICES THAT ARE SET OUT IN THEIR SERVICE DELIVERY PLAN, INCLUDING SELF-HELP FACILITIES.

‘Self-help’ facilities are defined as personal computers or similar devices with broadband internet connectivity, printers, and internet access, which must be provided to you at no charge. They must make these facilities available at their sites and provide advice on how to use them to undertake your job searches. In addition, they must provide advice about the best ways to look for work, and assistance to apply for jobs.⁹⁷

THE REALITY: *Our focus group participants reported that the so-called self-help facilities provided at their job agencies were often low quality to the point of being unusable. They reported that there was very little or no advice available and that their compulsory visits to the ‘job search room’ were often a waste of time.*

“I was forced to go in there several times a week, into this room they had [to do job searches]...I remember the first time, there was this old fella sitting there, just peering down at the keyboard of

this old computer. Whatever was on the keys had worn off, and he was trying to figure out what to do. After that I always brought my own computer, [which] raises the question of what was the point of going there in the first place?”

Wayne, unemployed worker, Sydney, NSW. July 2018.

TREAT YOU FAIRLY AND WITH RESPECT IN A CULTURALLY SENSITIVE WAY.

Your provider must be respectful of you at all times. They must treat you with courtesy and consideration.⁹⁸

THE REALITY: *Many of our focus group participants reported being treated badly by their service provider. They said their interactions with their providers were overwhelmingly negative experiences that affected their mental health directly.*

“It feels like you are visiting a parole officer. They are like police whereas they should be like a professional recruitment company. They are being paid like a professional recruitment agency.”

Jason, unemployed worker, Adelaide, SA. July 2018.

“They treat us like a money-making number, not as human beings.”

Christine, unemployed worker, Melbourne, VIC. July 2018.

“The abuse and neglect from job agencies is compounding the problem...rather than being helpful in regard to one finding a job... the behaviour of the job agencies in regard to how they make you feel, actually worsens your condition, makes you feel less worthy, less capable, less optimistic and all the rest of it.”

Adam, unemployed worker, Geelong, VIC. July 2018.

“I actually had a past case manager [who] said to me: ‘Claire, I’ll be honest, they won’t want you because you’re no money to them. That came straight out of her mouth to me...I feel like I’m worth more than that, but I just don’t feel like it’s worth putting in the effort anymore.’” Claire, unemployed worker, Geelong, VIC. July 2018.

According to the data collected by the AUWU’s hotline, just under half of the callers reported that their employment service provider was bullying them.

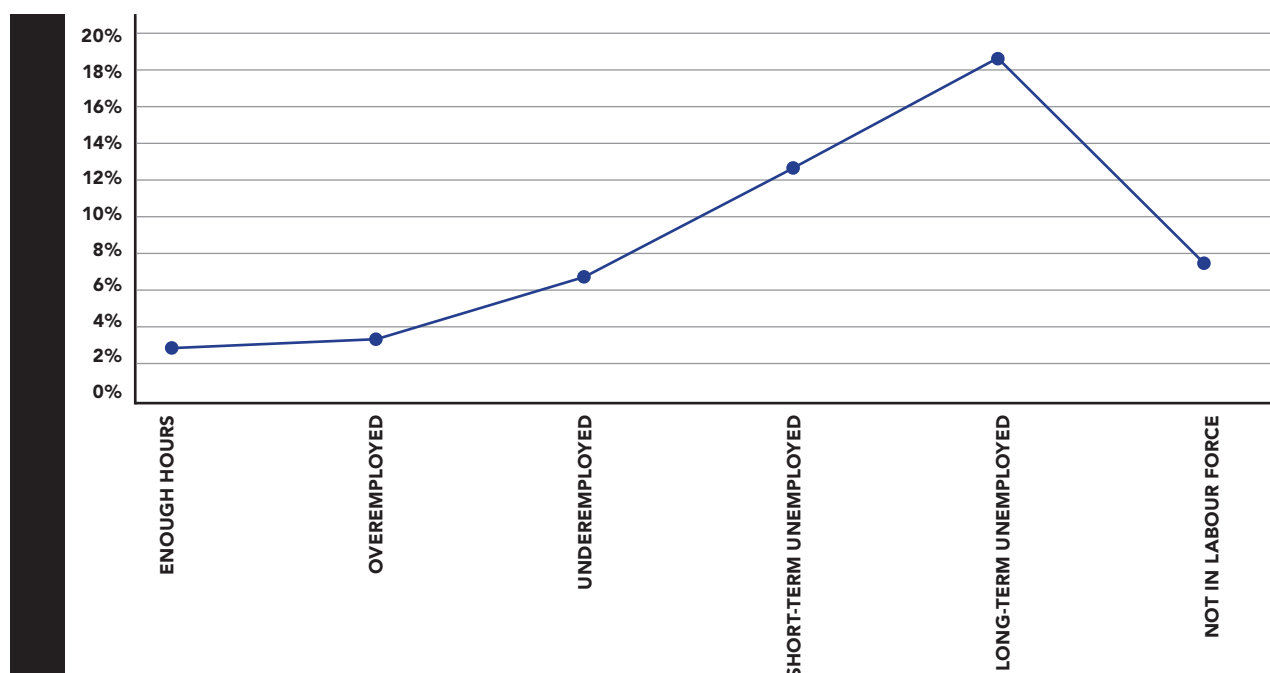
Unemployment is stressful: data from the Household Income and Labour Dynamics in Australia (HILDA) surveys show that almost twenty percent of unemployed workers are in the Very High Risk category on the Kessler psychological distress scale, six times the proportion of fully employed Australians (see Figure 6).

We recommend the establishment of an Employment Services Ombudsman so that unemployed workers who experience abuse, bullying, or neglect from their jobactive provider have a clear course of action. See Key Recommendation 2 for details.

FIGURE 6.

KESSLER PSYCHOLOGICAL DISTRESS RISK CATEGORY BY LABOUR FORCE STATUS

Source: Household Income and Labour Dynamics in Australia (HILDA) surveys.



PROVIDE A FEEDBACK PROCESS WHICH IS FAIR AND WILL TRY TO RESOLVE YOUR CONCERNS.

If you don't think you are receiving the right help, your first point of call is your provider, who must offer a feedback process which is fair, and try to resolve your concerns. If you feel you cannot talk to your provider, or if your provider does not resolve your concerns, you can contact the Department of Employment directly.⁹⁹ Your provider must outline this process to you in your first appointment with them. All complaints you make to your provider must be investigated by a senior staff member there and the results of that investigation must be communicated effectively and promptly to you.¹⁰⁰

THE REALITY: *Those of our focus group participants who had lodged a complaint described a very different process from the one outlined above. They described providers who immediately shunted their complaint on to the Department without offering to investigate themselves. They describe a process that did not abide by the jobactive deed and did not resolve their complaint.*

"I got a number to call to make a complaint about my provider and I did except it was a dead end. The lady was sympathetic but she kind of said well that's just how it is. She said they don't have to take into account my personal circumstances."

Di, unemployed worker, Adelaide, SA. July 2018.

We recommend the establishment of an Employment Services Ombudsman which has a dispute and complaint resolution function, so that unemployed workers are able to access a fair feedback process. See Key Recommendation 2 for details.

“I’ve recently moved to a new provider as I think the last lot had forgotten I exist.”

PROFILE: MARK, 56, ADELAIDE

I have been a Classical guitar and music theory teacher (B Mus (Hons), Uni of Adelaide, Grad Dip Mus, QLD Conservatorium of Music). I have worked as an instrumental teacher, English tutor, (two years as a class room teacher), and personal tutor in Maths. I have had sporadic work as factory and warehouse hand, production etc, as well as Work for the Dole.

Unemployment in Australia is one of the most stigmatized roles you can imagine.

I expect pretty much what I get from jobactive, which is minimal consideration. I’d prefer to be assessed as an individual and services

provided accordingly.

I have had four or five jobactive providers (or whatever other alias they use). The story is the same: they initially ask all these questions of me and then completely ignore my personal background, failing to remember or even record my answers.

I’ve had the consistent impression that I’m another ‘piece of paper’ to be filled out, stamped and filed as if by one of a Kafka’s office clerks.

Your fate depends upon what’s convenient for the consultant, not vice-versa as it ought to be. The best you can hope for is to be

overlooked. If you expect help you are naïve.

I’ve recently moved to a new provider as I think the last lot had forgotten I exist.

Meeting Requirements

After attending the initial appointment with a jobactive provider and signing a Job Plan, the unemployed worker must meet the requirements set out in their Job Plan. This will include attending appointments, fulfilling their 'annual activity requirement', and undertaking job searches. For most unemployed workers in jobactive, this will consist of fortnightly or weekly appointments with their provider, 20 job searches per month, employability skills training for up to four days a week, and a Work for the Dole activity for 25 hours a week for six months of each year.

If the provider finds the worker to be non-compliant with meeting their requirements, they will take action under the new Targeted Compliance Framework.¹⁰¹ The framework is comprised of three zones: Green Zone, Warning Zone, and Penalty Zone. All job seekers start in the Green Zone and move into the Warning Zone after one 'Demerit'. A 'Demerit' is applied for any 'Mutual Obligation Failures'. This is an instance where the worker did not meet one of the requirements on their Job Plan, for example because they missed an appointment or did not manage to apply for 20 jobs. One can also 'commit a failure' by behaving inappropriately during an appointment or activity or by acting in any manner that can be judged as threatening a potential offer of employment.

It is up to the jobactive provider to determine whether or not the worker had a 'Valid Reason' or a 'Reasonable Excuse' for that failure, and to apply a demerit point if they believe that they did. The Department of Human Services does not have oversight of this process and the meaning of these

terms are not defined in legislation, except to say that a 'Valid Reason' or a 'Reasonable Excuse' "must be one that an ordinary member of the community would accept as reasonable in the circumstances".¹⁰²

The difference between a 'Valid Reason' and a 'Reasonable Excuse' is that a 'Valid Reason' is a reason for non-attendance or non-compliance that was given by the job seeker before their requirement, while a 'Reasonable Excuse' is given by the job seeker after the requirement.¹⁰³ It is up to the jobactive provider to decide if the reason is valid or the excuse is reasonable, but the basic guideline provided is that a 'Valid Reason' is one that "would generally be accepted by an employer if an employee were unable to attend work" and a 'Reasonable Excuse' is one that "would generally be accepted by an employer if an employee were unable to attend work and was unable to contact their employer beforehand".¹⁰⁴ While providers are instructed to "think about the job seeker's individual circumstances",¹⁰⁵ Social Security Law allows them to bypass any consideration of the unemployed worker's reasonable excuse when applying a demerit point. Notably, drug or alcohol related illnesses can no longer be considered by providers.¹⁰⁶

If a provider decides that the worker did not have a 'Valid Reason' or a 'Reasonable Excuse', reporting it will result in an official Demerit. This will lead to an immediate payment suspension and move the worker from the Green Zone into the Warning Zone. Payments will only be reinstated once the unemployed worker re-engages with their employment service provider, which in most cases means attending a 're-engagement appointment'. Failures in the Warning Zone will result in further Demerits and payment suspensions. Multiple Demerits while in the Warning Zone will trigger two reviews: one from the provider and one

from the Department of Social Services. This is supposed to check that continued failures are not due to a lack of capacity to meet Job Plan requirements. Continued failures move a worker into the Penalty Zone, which will result in financial penalties – 50% reduction of fortnightly payment for the first penalty, 100% reduction for the second penalty, and cancellation of payment for the third penalty.

THE REALITY: *Until 1 July 2018, Centrelink had the power to overturn penalties imposed by providers if it judged them to be unfairly punitive. The removal of this process has left unemployed workers exposed to unfair financial penalties.¹⁰⁷ In the 2015-2016 year, when Centrelink still had the power to reject penalties, providers imposed 2 million financial penalties on unemployed workers. As part of its oversight process, Centrelink rejected nearly half of these penalties, in each case finding that the person either had a reasonable excuse or that the provider had submitted the penalty in error.¹⁰⁸ That means that in 2015-2016, providers wrongly cut payments to around 1 million unemployed people. It is therefore of high concern that the process of review under which this startling error rate was uncovered is no longer in place.*

Another change from 1 July 2018 was a significant diminishing of the rights of an unemployed person to appeal against decisions that they believe are inaccurate or inappropriate. If a financial penalty has already been applied or payments suspended as a result of multiple Demerits, unemployed people have the right under Social Security Law to appeal to the Administrative Appeals Tribunal. However, because the decision to apply a Demerit is made by the provider rather than the Department, unemployed people are not able to appeal Demerit decisions.¹⁰⁹

We recommend the creation of an employment

services ombudsman (Key Recommendation 2) and the separation of enforcement of mutual obligations from the provision of employment services (Key Recommendation 3) to address these issues.

The lived experience of unemployed workers in jobactive points strongly to a system that is not meeting the need of unemployed workers to find work, or helping employers to find workers.

“Of course, it isn’t working, it’s not meant to.”

Meg, unemployed worker, Sydney, NSW. July 2018.

However, our focus group members were clear that individual staff in agencies were not to blame. Many said that the actions of staff merely reflected a systemic failure where the compliance demands outweigh the imperative to help people find real, secure jobs. Even those participants who had direct experience of bullying recognised that bullying only occurs in a broader culture where such behaviour is permitted or even condoned, and that such behaviours speak of a system that has lost sight of its purpose.

All focus groups participants could provide first-hand descriptions of services “creaming” - that is, only assisting people who are relatively easy to place into work; and “parking” - that is, not assisting people who are difficult to place into work while still retaining them as clients. Most of the older participants in the groups said that they believe they had been “parked”.

Consistently, participants were highly critical of the outsourcing model to private agencies and felt that the marketisation of the system had directly contributed to the rise of creaming and parking. They are not alone in this view, with the topic receiving attention in the literature.¹¹⁰

Older participants who had previously had dealings with the Commonwealth Employment Service recalled an experience of being able to genuinely discuss issues affecting their employability with an expectation of receiving assistance.

“I remember the old days of the CES where you would sit down and talk to them for half an hour and they would get an idea of what you could do, what you’re about, where you would be suited and if you got a job, you probably be still in it two years later. Now you have to look for work and you have to attend your job network provider and they are two different things.”

Jason, unemployed worker, Adelaide, SA. July 2018.

Participants described private providers as cutting corners, ticking boxes and only referring them to skill development courses when they were being run by an associated company so that providers could make a profit, rather than focussing on any genuine assistance for job seekers.

They also described the turnover of not just staff within agencies but also the turnover of agencies themselves as a feature that gave them no faith in the system. Many said that this indicated poor work practices in organisations that should be exemplars of employment practices.

“Re-nationalising is a good idea. Instead of four providers working against each other, they could work together.”

Barry, unemployed worker, Toowoomba, QLD. July 2018.

“In Armadale – there’s six of them in the same area – I watch them come and go.”

Paul, unemployed worker, Perth WA. July 2018.

Given these findings, we strongly recommend that a future model of employment services includes restoring some market share to public sector provision of employment services, particularly for those job seekers who find it more difficult to get work, such as older people and those experiencing long-term unemployment or skills gaps. This would ensure the necessary institutional supports for the training and development of staff, and restore a public service ethos that would focus on genuine assistance, eliminating the incentive for adverse practices such as creaming and parking.

"I am so angry about what is happening to employment in Australia."

PROFILE: JAMES, 42, HOBART

I have had a career in IT most of my adult life and worked in some really high-powered and stressful jobs. The high productivity requirements of my industry are draining but I take pride in knowing that I am excellent at my job and give it more than 100% - it takes over my life. Despite the demands, when I worked I loved it. I got a buzz from being good at my job and being recognised for being good at my job. I also used to be able to change jobs easily – I could get good work, when I wanted it and where I wanted.

But the industry changed. Contracts started to become unfair and my rights started to disappear with every new contract. The last job I had, I gave it everything. I outperformed on every expectation they

set, but I got rolled. I was cheated, and I was lied to. My lousy contract more or less said "take whatever we say or leave". As a citizen of Australia, I find it hard to believe that I had no rights and no option to take it somewhere like Fair Work Australia. I can't even believe it's legal, but they tell me it is. I am so angry about what is happening to employment in Australia.

When I lost that job my life just fell apart. I know that there are millions of people in the same position as me. We have so many barriers accessing and complying with government services.

I try to look for work all the time, but the process has so damaged my motivation to find work and has just made me angry at the injustice of it all. I know I will work again but the

industry is now mostly short term and piece work – how is that a career anymore? I want all the things that everyone else wants – a home, security, family, a decent life. This system is not putting me back on to that road – it is taking me further away.

When I get work, it will be no thanks to my provider. I have been shunted around and lied to by them so many times. I am made to attend appointments where nothing happens and expected to come in the next day for the same thing. I have been breached for "not complying" but they think it's OK to take money from the Government and provide no service. What are they complying with? We are beholden to them for our lives. Is this what Australia has come to?

Sources of Unemployment and Barriers to Finding Work

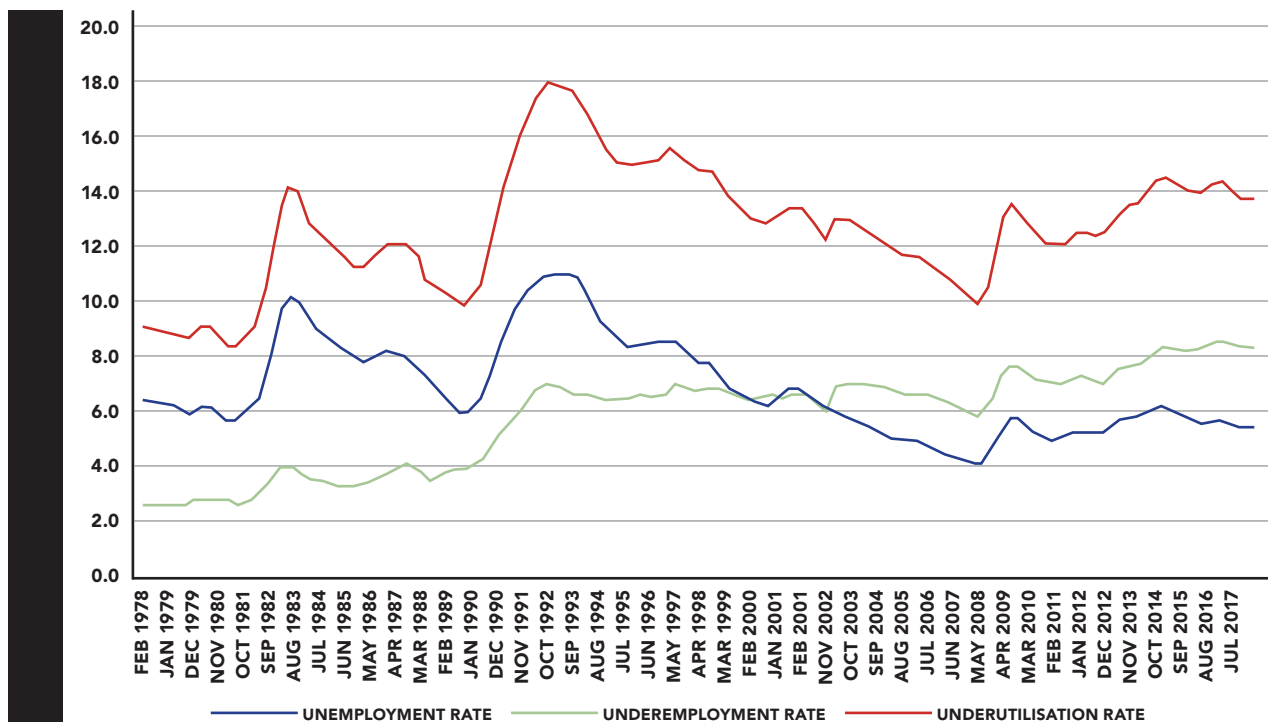
jobactive's stated purpose is to get more Australians into work by providing services that are tailored to their needs. With this in mind, it is reasonable to expect that jobactive would be designed to respond to the realities of the contemporary Australian labour market, and, in particular, to take account of the reasons people are unemployed and the barriers they face to finding work. In this section we outline this reality and analyse whether jobactive is capable of responding to it.

First, we need an accurate picture of the labour market. The official unemployment rate, which was 5.4% in August 2018, is only part of the unemployment story. Underemployment (when a worker is unable to obtain as many hours of work

as they would like) in Australia is at the third-highest level in the OECD. When considering the state of the labour market, the rate of underemployment is critical: underemployed people are competing with the unemployed for work; many of them are precariously employed and therefore at high risk of unemployment themselves; and the barriers to finding secure, full time work apply equally to underemployed workers. Unemployment plus underemployment gives us the labour underutilisation rate, which is a more accurate way to view the labour market (see Figure 7). About 14% of the Australian labour force is currently underutilised.

FIGURE 7.

FORTY YEARS OF UNEMPLOYMENT, UNDEREMPLOYMENT, AND UNDERUTILISATION IN AUSTRALIA. Source: trend figures from ABS 6202.0.

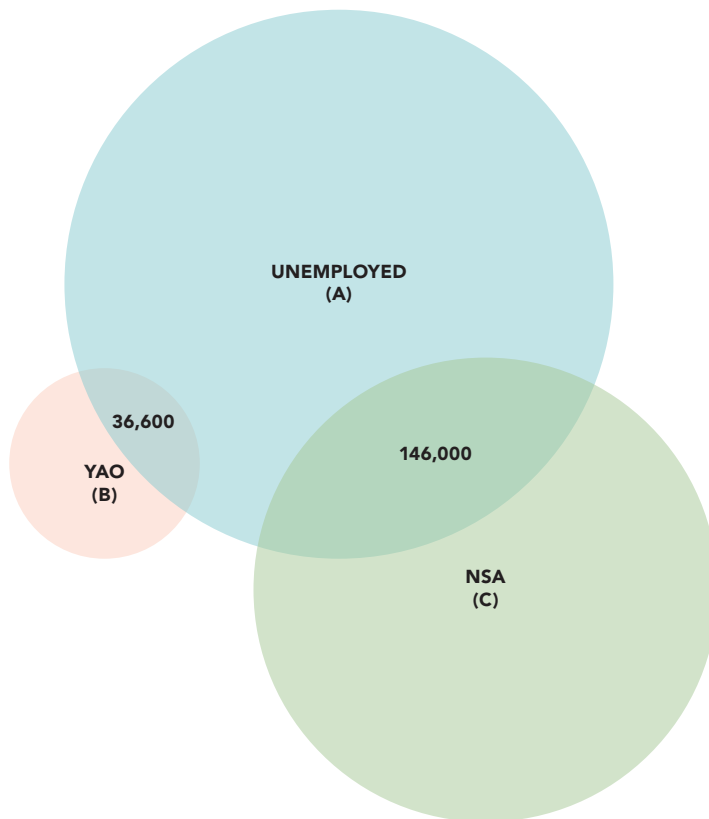


Even this figure does not tell the true story: there are another million people who are looking for work who do not get counted in the official statistics for unemployment because they do not meet the strict definition of unemployment used by the Australian Bureau of Statistics (ABS). Referred to as “marginally attached to the labour force” by the ABS, this group includes those who are actively looking for work as well as those who are willing to work but are not actively looking for work (known as discouraged job seekers).¹¹¹ To provide a more comprehensive picture of the labour market, we have prepared a ratio of job seekers to job vacancies that includes the ABS data on marginal attachment to the labour force (see Appendix IV).

Having an accurate view of the labour market is important if we are going to assess jobactive. The focus of this report is people who receive services from jobactive, which provides services to people who are in receipt of a job seeker income support payment (Newstart or Youth Allowance) and to a lesser extent those on some other form of income support payment. However, the ABS reports that the majority of unemployed people do not receive Newstart or Youth Allowance (see Figure 8).¹¹²

FIGURE 8.

Source: ABS Survey of Income and Housing 2011-12.



There are several reasons for this. In addition to activity test requirements, applicants for Newstart and Youth Allowance are subject to personal income and assets tests for themselves and their spouse. Unemployed people may not be eligible to receive income support payments if their partner's income, or the value of their own assets (for example, private savings) exceeds the amount specified in the relevant personal income and asset test. They may also be subject to an income maintenance period where a recent leave or redundancy payment from their previous employer is treated as income for the income test. Some unemployed people may only expect to be out of work for only a short period and may choose to support themselves financially through savings or the income of a spouse or partner or other family member. Others may be receiving another type of income support payment (such as the Parenting Payment or Disability Support Payment).

Furthermore, not everyone who receives a Newstart or Youth Allowance is counted by the ABS as 'unemployed'. Unemployment is defined and estimated by the ABS, Newstart and Youth Allowance recipients are defined and counted by the Department of Social Security, and jobactive numbers come from the Department of Jobs and Small Business. These entities count people differently.¹¹³ What this means is that jobactive provides services to many people who are benefit recipients but are not unemployed, and does not provide services to many people who are unemployed but do not receive benefits. It makes sense, therefore, that many of jobactive's functions do not seem to be related to its stated goal of getting Australians into employment, but are instead more focused on a compliance framework for receiving benefits.

Unemployed workers not receiving an income support payment, or those in receipt of income support without compulsory requirements, may volunteer for one period of jobactive services for up to six months and will be placed in Stream A, regardless of any barriers they may experience in finding work.¹¹⁴ The Australian National Audit Office reported that “as at February 2017 there were 10,557 volunteer job-seekers (1.4 per cent) in jobactive”.¹¹⁵ This relatively small percentage of volunteers would suggest that without compulsion, jobactive holds little attraction as a service to unemployed workers, and adds to the argument that its purpose is more focussed on enforcing compliance measures than on finding people work.

An understanding of how underemployment affects people’s long term employment is also important to any analysis of jobactive. Many of the unemployed workers we spoke to reported that jobactive only referred them to casual, short term, and precarious work. Rather than becoming employed, as jobactive claims, these workers become underemployed, meaning it is likely they will become unemployed again and will have to re-engage with jobactive. Since 2004, the proportion of unemployed workers placed into full-time work by an employment services provider has plummeted from 44% to just 23% (see Table 2).¹¹⁶ This is a consequence of the system’s narrow view of the job market. jobactive would be better placed to meet its stated goal of getting more Australians into work if it took underemployment and precarious work into account.

“Every job I’ve been referred to has been casual, on call.”

Christine, unemployed worker, Melbourne, VIC. July 2018.

The narrow view is also problematic because it means the jobactive compliance system, which

punishes unemployed workers for refusing to take jobs, does not consider the very real reasons why a worker might be reluctant to take a precarious job. Some unemployed workers we spoke to expressed their fear of the costs of re-engaging with employment services should a casual job fall through. They identified the risk of taking a short-term job and then enduring a waiting period without income once the time came to reapply for Newstart payments. This risk could outweigh the potential benefits of short-term work.

By not counting discouraged workers, the jobactive system does not take into account the reasons why unemployed workers may become discouraged and stop looking for work altogether. jobactive providers have no incentive to properly assess the reasons why unemployed workers have difficulty finding work and tailoring their services to those barriers.

The ABS survey of Participation, Job Search and Mobility (ABS 6226) asks unemployed workers for the main reason why they have difficulty finding work (see Figure 9). The answers give us a good indication of the factors that are driving unemployment and the barriers to finding work.

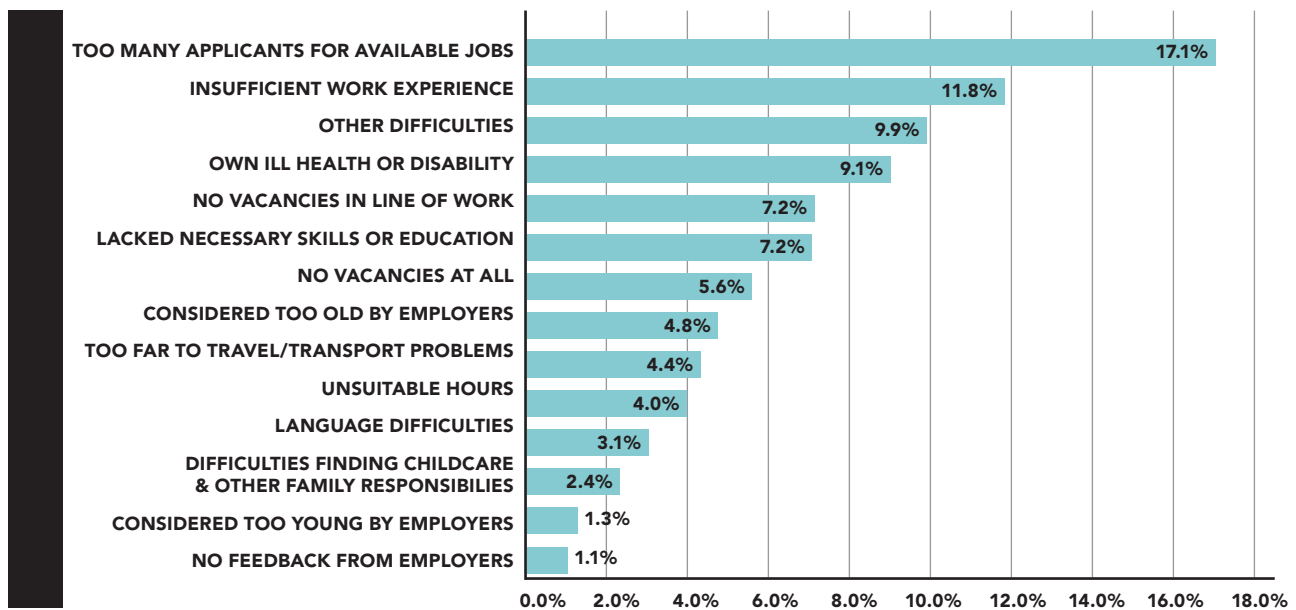
“I’m not prepared to take the risk of taking a precarious job because of fear of the waiting period to get back on payments.”

Wayne, unemployed worker, Sydney, NSW. July 2018.

Below we examine the top answers in turn and discuss how they are addressed under the current jobactive system, as well as how they could be addressed more effectively through improved employment services.

FIGURE 9.

MAIN REASON UNEMPLOYED PEOPLE HAD DIFFICULTY FINDING WORK. Source: ABS 6226.



‘Too many applicants for available jobs’, ‘no vacancies at all’, or ‘insufficient work experience’

Combined, these two categories were selected by nearly 35% of respondents as the main reason for their difficulty finding work. As of February 2018, there were eight job seekers for every job vacancy

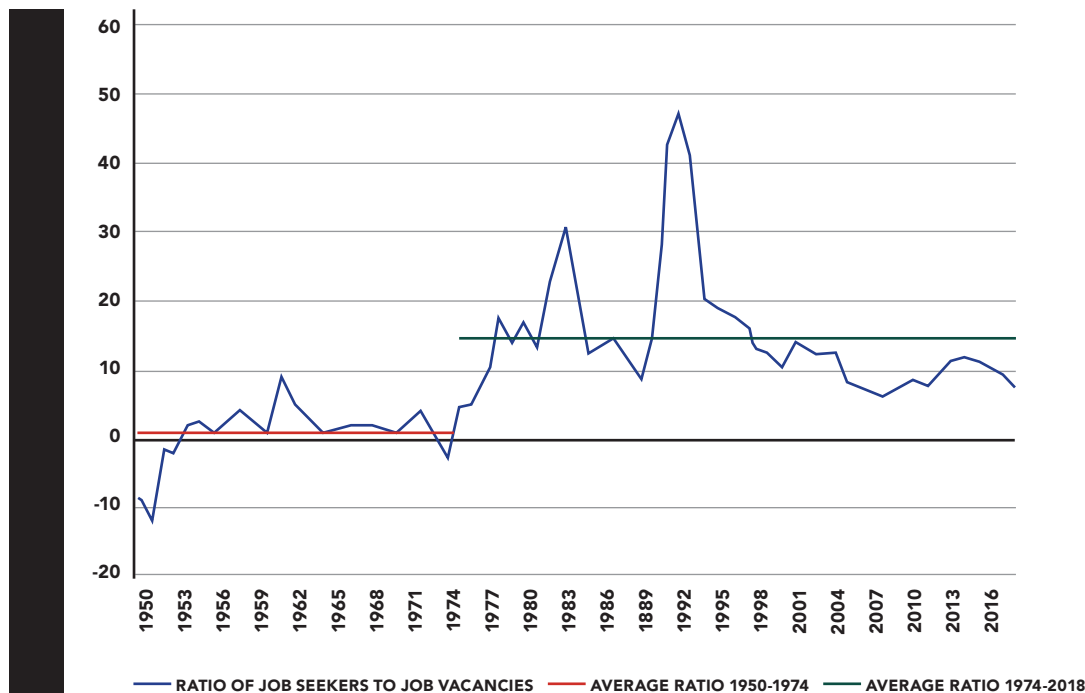
(see Figure 10). When long-term unemployed people face slack labour markets their chances of finding employment are very low. jobactive has no provision or capacity to assist unemployed workers who face these conditions. The premise of jobactive is that meeting the set requirements will assist unemployed workers back into work, but the reality is that the work is not there.

“She [my agency case worker] even said to me, ‘there are no jobs out there. I’m looking for another job and I can’t get one’, and she’s looking at the same jobs as what I was, probably the same level.”

Claire, unemployed worker, Geelong, VIC. July 2018.

FIGURE 10.

THE RATIO OF JOB SEEKERS TO JOB VACANCIES 1950 – 2018 (MARGINALLY ATTACHED NOT INCLUDED). Source: ABS and CES.¹¹⁷



This means that unemployed workers are still required to meet mutual obligation requirements, including applying for 20 jobs per month, participating in Work for the Dole, or attending a 'job club' activity for up to four days a week, even though these activities do not improve their employment prospects. This wastes the time of both unemployed workers and employers, who often have to trawl through many unsuitable applications that are only being submitted in order to meet mutual obligation requirements.

"You mention low self-esteem. You have to apply for these jobs that you know you're never going to get – you're never even going to hear back. It's depressing, doing that time after time after time and never hearing a thing. There's no

support for that and there's no out. You just have to do that forever. You're trapped in this endless loop. It's enough to bring you to tears."

Will, unemployed worker, Toowoomba, QLD. July 2018.

"I got referred to a job as a payroll officer, I don't have any payroll experience. I went to see them, and they said, 'we have had ten people sent here who don't have any experience at all.'"

Jerry, unemployed worker, Adelaide, SA. July 2018.

The real problem facing a majority of unemployed workers is that there are simply not enough jobs in our labour market to meet demand. While it is true that the headline jobs figures have grown over recent months, the unemployment rate in

Australia has been stuck between 5.4 and 5.6 per cent for more than five years. While this rate is widely considered to be relatively low by historical standards, and in line with the non-inflationary objectives of fiscal and monetary policy settings, it is considerably higher than those in comparable countries.

OECD data from mid-2017 showed the Australian unemployment rate at 5.5 per cent, compared to 3.8 per cent in Germany, 4.3 per cent in the UK and 4.4 per cent in the US.¹¹⁸ Critically, these lower rates of unemployment internationally are not unleashing inflation or causing a wage breakout.

At the same time, underutilisation in the labour force remains a stubborn problem: record numbers of Australians are under-employed. The OECD's 2017 employment outlook for Australia noted that "[n]early 9 per cent of employed people in 2015 were working part-time involuntarily, i.e. their hours had been reduced or they had been unable to find full-time work. This is one of the highest shares in the OECD..."¹¹⁹

Current government policy around job creation is aimed at lowering costs for business through tax cuts, in the belief that this will then flow through (or "trickle down") to generate more jobs, and more hours for the underemployed. Yet there is little evidence that this is happening: while the market is creating new jobs, it is not keeping up with demand.

After five years of relatively high unemployment and underutilisation by international standards, there is a strong argument for the government to make a more direct intervention in the labour market.

This could be done through the provision of jobs by the government through public sector employment. One way of doing this is through a

'job guarantee', and a trial of such a program in an area of stubbornly high unemployment, particularly among young job seekers and the long term unemployed, would demonstrate the costs and benefits of such a program in Australia.

A well-resourced and well-designed job guarantee program isn't, as some would claim, simply creating jobs out of thin air. Rather, it would see investment in disadvantaged areas that could both raise living standards and increase productivity. A job guarantee is also not a Work for the Dole program. Work for the Dole does not provide secure employment with conditions consistent with norms established in the community with respect to wage and non-wage benefits. A job guarantee, on the other hand, pays award conditions and is ongoing.

This would involve government policy makers engaging with local communities, asking them what work needs doing in their local area, and then creating jobs to meet those needs, along with the resources and training to carry them out. The result would create meaningful economic activity and would provide incomes and spending power that could, in turn, support new private businesses.

It would also provide workers with real work experience and genuine skills development, addressing the issue that, for many long-term unemployed people, the inability to gain the requisite skills and experience locks them out of the labour market for years. It is an efficient method by which government could address the problem of long-term unemployment, particularly in parts of regional Australia where the rate of such joblessness is very high.

A job guarantee to address specific pockets of high unemployment amongst young people and the long-term unemployed would be expensive but almost certainly affordable, and would

represent a return to an explicit government commitment to full employment. It reflects the successful approach to achieving full employment in the quarter century following World War Two. Trialling such a program in a regional area of Australia, where the market is failing to provide enough jobs to meet demand, is a timely and worthwhile intervention.

See Key Recommendation 1 for more detail on a return to full employment and the trial of a job guarantee.

“Mutual obligations are OK if there are actually jobs. If there’s no jobs, we’re just spinning the wheels. It’s make-work. They just make us jump through hoops. It lowers your self-esteem, makes you angry.”

Simon, unemployed worker, Toowoomba, QLD. July 2018.

Ill Health or Disability

For unemployed workers over the age of 35, ill health or disability was the second most common reason given for having trouble finding work. The recent tightening of the eligibility criteria for the Disability Support Pension means that a number of people living with disability have been shunted on to Newstart; currently, one in four Newstart recipients has a significant disability.¹²⁰

We heard from many unemployed workers who felt the activities their provider put in their job plan were not appropriate for them, which exacerbated their medical condition and, in many cases,

resulted in a penalty being imposed after they failed to participate.

We recommend the separation of the enforcement and penalties from the delivery of employment services as one way to address this problem. See Key Recommendation 3 for more details.

We spoke to many unemployed workers who were capable of working but had some kind of health or disability that they believed prevented them from finding employment. For most, this was the result of a slack labour market in which employers, when faced with the choice of employing somebody in full health or somebody with a health or disability issue, however minor, are more likely to choose the fully able-bodied applicant. We heard that, typically, case managers within the jobactive system are too overworked, inexperienced, or unskilled to provide tailored assistance to unemployed workers who face this situation.

We recommend standardised training for jobactive providers that ensures they are equipped to help unemployed workers who have a sickness or disability but are able to work. See Key Recommendation 4 for more detail.

No Vacancies in Line of Work

The third most common reason for people aged 45-54 having trouble finding work is that there are no available vacancies in their line of work. Many of the unemployed workers we spoke to in this age bracket had considerable work experience in skilled occupations, but work had simply dried up. They often reported that their jobactive providers didn’t understand their circumstances and vulnerabilities, nor what jobs would best make use of their existing skills.

“I think I’m pretty highly qualified. And I’m wasted sitting around weeding my garden. I’d like to see them bring people in from industry...and see what [they] are looking for. I think if I’m given a chance in any job...with minimal training I could do quite a range of jobs, which I’m not given the opportunity now. So I think the thing that makes me...frustrated that I’m a wasted resource. I’ve got my engineering degree!”

Jamie, unemployed worker, Sydney, NSW. July 2018.

“At the moment my case manager is saying I’m not qualified to work in admin positions therefore don’t apply for them, and I said to her ‘what you mean?’ A diploma of accounting, running my own business, and working in an office doing admin work for 20 years is not enough skills to apply for admin jobs?”

Simon, unemployed worker, Toowoomba, QLD. July 2018.

We recommend standardised training for jobactive providers that ensures they are able to provide the promised services by thoroughly assessing the skills of each unemployed worker whose case they manage and refer them to suitable jobs. See Key Recommendation 4 for more detail.

Lacked Necessary Skills or Education

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There was a time in Australia when on-the-job training was the norm. The way employers got

skilled workers was by training them. Over the past 40 years this has become increasingly rare. Instead, employers expect to hire trained and experienced workers, pushing the obligation for training onto the government and the individual.

The current jobactive program theoretically provides for training and education for the purpose of gaining the skills required by the current labour market. However, in the experience of many unemployed workers we interviewed, the system is not in tune with the needs of employers or able to identify and fill the actual skill gaps of individual workers. Instead, unemployed workers are often sent on basic courses, for example in ‘computer literacy’ or ‘time management’, without any assessment of their need to do those courses, or their relevance to the job market.

“They seem to have these Mickey Mouse internal courses. In my case, I’m a former lawyer, I was working in a senior admin role in finance. They want to put me on some shitty admin course. They put you into courses in order to meet their own goals, not our goals. Another shit course on how to use computers: “This is a keyboard”. Then they shunt you into a temporary nonsense job for a few months, a subsidised job, that doesn’t last.”

Kevin, unemployed worker, Sydney, NSW. July 2018.

Assessing and assigning appropriate training to meet current employer needs requires detailed knowledge of the local labour market, training opportunities, the unemployed worker and the time and resources to put this knowledge to use. In all but the rarest cases, frontline jobactive workers do not have the skills or resources to perform

these tasks or gain the necessary knowledge.

“They send you on an admin course when there’s no admin work available, particularly for somebody without experience.”

Simon, unemployed worker, Toowoomba, QLD. July 2018.

We recommend standardised training for jobactive providers that ensures they have the knowledge to refer unemployed workers to training and education opportunities that fill their skill gaps and equip them for the current labour market. See Key Recommendation 4 for more detail.

Considered Too Old By Employers

For unemployed workers aged over 55, this was the most common reason given for having trouble finding work.

There is significant evidence that older unemployed people face additional barriers obtaining work following the loss of a job in their fifties. In a report published in 2017, researchers at the University of South Australia found that a third of people they surveyed who were aged over 50 had experienced age discrimination when applying for work, and that people in this age group found it hardest of all workers to find new employment following redundancy.

The average length of time looking for work for those unemployed over 55 was 68 weeks, according to the survey, compared to an average of 49 weeks for those aged 25 – 54, and 30 weeks for 15 to 21-year-olds.¹²¹

There are also reports of direct discrimination

by employment agency staff towards older unemployed workers, for example explicitly telling them they are “too old” for a job.¹²²

“If you’re over sixty, they don’t want to know who you are.”

Jill, unemployed worker, Toowoomba, QLD. July 2018.

In recognition of these added challenges for older unemployed workers, the jobactive system provides some consideration. Currently, if a person is over 55 years of age, they can meet their mutual obligation requirements by completing 30 hours of approved volunteer work. This measure recognises that obtaining paid employment is often exceptionally difficult for people who are within ten years of the retirement age.

However, under changes introduced in recent legislation, the allowance to meet mutual obligations through 30 hours of recognised volunteer work will be slashed in half, and unemployed workers aged between 55 and 59 will be required to meet this obligation through at least 15 hours of paid work in addition to 15 hours of volunteer work.

This increased obligation will take effect from 20 September 2018, along with a new measure that will require unemployed workers aged between 60 and the retirement age to meet an “activity requirement” of 10 hours per fortnight.¹²³

These additional requirements placed on people who cannot find paid employment create an even more onerous unrealistic burden on people to meet their obligations under the system.

“I’m 58. My son just turned 21 and I have been underemployed ever since he was 6, so I can’t even

see the point of doing any more training but I think, what's the use? By the time I do four years at TAFE or three years between my current employment, I'll be 65, coming out and still trying to find a job."

Claire, unemployed worker, Geelong, QLD. July 2018.

It is difficult to know what the reasons behind age discrimination may be, but one method of addressing this may be to ensure that older workers maintain skills development throughout their careers. Once an older worker is made redundant, it may be too late to retrain or bring skills up to date in time to find meaningful and secure work before they reach the retirement age.

A system of lifelong learning, underpinned by Economic Security Accounts, could be an effective way to address this, ensuring that workers are able to constantly update and improve their skills while they are working, thereby avoiding the situation where they find themselves out of work and ill-prepared to re-enter the workforce.

The rigorous requirements placed on unemployed workers like Barry drain them of their finances. For example, the \$20 Work for the Dole supplement which is designed to cover expenses associated with attending Work for the Dole does not come close to covering daily transport costs.

Ultimately, transport problems almost always stem from poverty. Our solution to this problem is, therefore, to raise the rate of Newstart and to raise the maximum rate of Commonwealth Rent Assistance. See Key Recommendation 5 for details.

"I want to look for work but how can I do that with no money? I can't even afford the transport."

Barry, unemployed worker, Toowoomba, QLD. July 2018.

Too Far to Travel/ Transport Problems

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Many unemployed workers we spoke to said they could not afford to run a car. One person only made it to our focus group meeting because he had worked all morning to repair his motorcycle, something he cannot afford to pay a mechanic to do. He described how he moved further out of town because it was the only place he could afford to rent. His job agency then accused him of moving away from work opportunities. It was very clear that this was a man with a strong work ethic who was devastated at being unemployed.

PROFILE: JO, 60S, SYDNEY

This is a reproduction of a letter Jo actually wrote and sent to then-Prime Minister Malcolm Turnbull, who was also her local MP.

Dear Mr. Turnbull,

RE: HOW STATE-SANCTIONED, LEGISLATED POVERTY WORKS

I am writing to you because you are my local member, and because the person I spoke with recently at the Potts Point Community Centre suggested I contact your office, which I have already done, so the following is simply for the record, and written without hope or expectation.

On Monday, I had a 2 pm appointment with my Job Active provider. I duly arrived on time, as always, only to be told by my case manager that my Centrelink account had been suspended and that I didn't need to come to any meetings or meet the requirements of a job plan or search for work.

I was a bit surprised, particularly as on Sunday I'd been sent an SMS reminding me of my appointment the following day. And on Monday morning even, I got another reminder SMS requesting that I go online and agree to my job plan. A job plan, I might add, I had not participated in preparing! (Is that legal?)

But I thought, no worries: Finally, this afternoon's meeting will be my first opportunity to actually set up a real job plan. Up to that point, every jobactive appointment I had was cancelled, always by the provider, always without notice.

Entirely through my own efforts, I happened to get a part time office job. It's the first real job that I had secured after years of job searching. Hundreds of job applications with barely a single reply. On my first day in the job, I went to my jobactive provider at lunchtime to let them know I was on six months' probation in a new job and that I wanted to stay registered and, in the system, until I knew the job was permanent. You see, after years of unemployment, I have nothing left. I cannot afford to wait 3 months for Newstart to be restarted if I lose this job. The pay isn't actually enough to live on and definitely not enough to put something aside. Just one little thing goes wrong and I'm homeless.

Anyway, everyone was terribly happy and very encouraging and behaved as if they had played a part in this marvellous moment. There would be no problem staying registered, I was told, "just report your income and we'll see you again at your next scheduled appointment."

But a week or so later, I got another letter in the mail from Centrelink. The usual sort of thing: "You must . . . and if you don't, your payments may be affected. . . etc."

So, again, I went to my jobactive provider in my lunch hour, thinking this was a simple mistake. The people who have to administer this ‘system’ are victims of it just as much as I am. I just need to be ‘switched’ over to the bit where it says “has part time probationary work – don’t call her, she’ll call us.” But not a bit of it!

“Everyone gets the same letter,” my case manager said. Umm, okay, but (I had to ask) why then, does the letter have “Please bring in a copy of your Resume” written on it by hand (!) even though I currently have a job?

“I write that on every letter I send out,” said my case manager. Not even a rubber stamp! This person spends the day writing out lines, I thought, and realized then this was not a person who could help me. But not completely daunted, I ploughed on, thinking once I have a meeting that actually happens, at which I can explain where I’ve been and what I’ve been doing, all this will sort itself and I’ll be fine. After all, I’m doing everything I should. The job might work out and it might not, but either way, I’m signed up and sorted.

But I wasn’t in the system at that point. However, did anyone bother to tell me that I would be ‘legislatively’ cancelled after six consecutive fortnights of not receiving payments? No, of course not! Had I presented everyone with every opportunity to explain to me what to expect and where I stood? Yes. Again and again! And did I make every declaration I was supposed to make? Yes, utterly and faithfully. Did I email my jobactive provider six weeks into the job to tell them I had already been told I was “too slow” by my employer? Yes. But did any of it make any difference? No way!

As my case manager hadn’t exactly inspired confidence I figured I needed to find out what a suspended account really means. I thought it could only mean one thing: I would be doing another 13-week wait when the job didn’t work out. And was I wrong? NO! I was absolutely right, of course!

The Potts Point Community Centre was able to confirm my worst fears. The immediate response I got there was “Yes, I know exactly what you’re asking about. It happens all the time and it’s totally unfair.” It was then suggested that I contact your office.

But despite my steady and unstoppable descent into yet even more grinding poverty (who cares about poor, older, single women), I remain relatively optimistic, even though it seems that now, the only sane option at this point is to participate more fully myself in this grinding-down process by turning the very small amount of super I have into an income stream if I do get sacked from my current part time office job. There is nowhere else for me, and the thousands like me, to go.

There is no financial or practical support that is suitable and appropriate to my age and life experience, I can at least take heart in, and even claim to have made a small but lasting contribution to the NSW budget being by being made redundant by the NSW government in 2008.

At least there’s that to come out of what is essentially my (ongoing) government-sponsored, legislated poverty.

Thanks for your reading time,

Jo

Newstart, Youth Allowance, and Poverty

Australia's social security payments to the unemployed are the second lowest in the OECD.¹²⁴ The rate of Newstart has not increased in real terms since 1994.¹²⁵ At \$272 per week for singles (\$14,190 per year), Newstart is \$264 per week below the Henderson poverty line, and is equivalent to 17% of the average wage and 38% of the minimum wage.¹²⁶ As a result, Australia has the second highest rate of poverty among the unemployed across the OECD.¹²⁷ According to a 2018 Anglicare study, there were only three properties in Australia (representing less than .01% of properties surveyed) that were affordable and appropriate for someone receiving the single rate of Newstart.¹²⁸ The Salvation Army found that after accommodation expenses, Newstart recipients must live on \$17 per day.¹²⁹

“Eighty percent of my payments go straight to the landlord. I live on the poverty line. I have to use the food bank.”

Brian, unemployed worker, Melbourne, VIC. July 2018.

At \$222 per week, Youth Allowance (the unemployment benefit for those under 22) is even further below these key indicators. In fact, given that each unemployed worker on average is penalised by their employment service provider 2.5 times each year (see Table 1), many are forced to survive on payments that are further below the poverty line.

With a current ratio of eight job seekers competing for every job vacancy according to the ABS, Newstart is far from a temporary payment. In 2016/17, unemployed Australians received Newstart for an average of just under five years – a five-fold increase since 1995/6 (see Figure 4).¹³⁰ As noted by the Department of Social Services in a 2016 report, the recent tightening of the eligibility criteria for the Parenting Payment¹³¹ and the Disability Support Payment¹³² has contributed to this rapid increase in the average time spent on Newstart.¹³³

“If I want to manage my disability at all I can't afford to eat. I have to get food from anywhere where it's free.”

Craig, unemployed worker, Sydney, NSW. July 2018.

Researchers at the University of New South Wales have applied a 'rigorous budget standards' approach to assessing the adequacy of Newstart and Youth Allowance. Peter Saunders and Megan Bedford conclude that the current levels of income support for the unemployed are “woefully inadequate” and calculate that Newstart is \$96 per week below the Minimum Income for Healthy Living (MIHL).¹³⁴ Using another poverty measurement approach, which examines material deprivation, researchers at the University of Melbourne have found that unemployed Australians are almost five times as likely to experience severe material deprivation (deprived of three or more essential items) as those who

work full time.¹³⁵

All of our focus group participants related stories of poverty. Many spoke about how their poverty is a barrier to them finding work because they can't afford travel, access to the Internet, phone credit, or decent clothes.

“Can I just show you these [puts frozen bread and two containers of frozen milk on the table]. There’s my financial circumstances. I’ve just been to Vinnies – and I’ve got an appointment to go back there tomorrow - I just want some cheese and potatoes and onions – because I couldn’t afford them after I paid my rent. After rent and basic bills, I have \$55 a fortnight to live on. You can use Vinnies twice for a hamper, Lifeline twice for a hamper (every year). There’s a little church up there where every second Tuesday you can get some groceries.”

Jill, unemployed worker, Toowoomba, QLD. July 2018.

The low rate of Newstart and Youth Allowance is an important part of the government's 'work-first' approach. Beginning with the Howard Government's decision to freeze Newstart in 1996, a consensus developed in Canberra that unemployment payments must be kept at a relatively low level in order to provide strong incentives for recipients to enter employment.¹³⁶ The Howard Government also claimed that keeping Newstart low was a crucial part of its plan to reverse Australia's "growing culture of entitlement, which more and more was seen to be encouraging a damaging culture of welfare dependence".¹³⁷

In a 2012 joint interagency submission to the Senate inquiry into the adequacy of Newstart, the Department of Workplace Relations, along with three other Departments, concluded that "data and evidence suggest that Newstart Allowance... is meeting its fundamental and longstanding purpose as a transitional payment, designed to incentivise work engagement".¹³⁸ At the time, Newstart was \$225 per fortnight below the Henderson poverty line and the average time spent on the payment was three and a half years.¹³⁹

Responding to the demands of welfare advocates to increase Newstart by \$50, the joint submission perfectly summarised the work-first approach to the unemployment benefits:

"An increase would not assist in maintaining the fundamental character of Newstart Allowance as a payment that predominantly supports work re-engagement. As the OECD acknowledges, an increase in the base rate of Newstart Allowance has the distinct disadvantage of reducing employment incentives, especially for those who can only obtain low paying employment."¹⁴⁰

The Gillard Government apparently accepted the Department's advice and did nothing to lift the abysmally low rate of Newstart.

Yet support for increasing Newstart can be found among some unlikely allies. In its submission to the 2012 inquiry, the Business Council of Australia (BCA) strongly refuted the claim that an increase to Newstart would act as a disincentive for unemployed people to enter employment. The submission stated that "the rate of the Newstart Allowance for jobseekers no longer meets a reasonable community standard of adequacy and may now be so low as to represent a barrier to employment...a disproportionately low rate for the Newstart allowance will not, in and of itself, act as an incentive for people to return to work".¹⁴¹

This claim was strongly supported by a number of unemployed workers who attended our focus groups.

“You’ve heard of the Centrelink diet?”

[NO, WHAT’S THAT?]

“That’s when you’ve run out of food and you’ve still got a few days left before your next payment. [It’s] hard to apply for a job when you’re hungry.”

Phil, unemployed worker, Glenorchy, TAS. July 2018.

“I had to move further out to afford the rent. I know there’s fewer jobs out there, but otherwise I’d be homeless. It’s a Catch -22.”

Barry, unemployed worker, Toowoomba, QLD. July 2018.

“I only have \$5 per month that I use for my phone and I have to try really hard to hang onto my credit to call Centrelink because if I can’t call them, then I risk having my payments cut for some reason or other and nothing I can do about it.”

Jill, unemployed worker, Toowoomba, QLD. July 2018.

More recently, a national campaign to Raise The Rate of Newstart has been led by the Australian Council of Social Service (ACOSS), and has attracted support from such high profile people and organisations as the OECD, KPMG, Deloitte Access Economics, the Australian Local Government Association, the Council of Small Business, Australian Super, National Australia Bank,

John Hewson and John Howard.¹⁴²

The 2018 Per Capita Tax Survey found that, for the first time in the survey’s ten year history, a majority of respondents supported an increase in social security spending.¹⁴³ This likely reflects a growing awareness in the wider community, due to the success of this campaign and the commentary by other high-profile people, that living on less than \$40 per day is impossible.

As yet, however, there is no indication that government is inclined to increase the rate of Newstart or Youth Allowance. “Australia’s welfare system is there to provide a safety net for those in need,” said Minister Cash in 2017, “not to fund a lifestyle choice”.¹⁴⁴ Indeed, until recently the Coalition’s policy was to reduce Newstart by cutting the clean energy supplement (\$4-7 per week) for Newstart and Youth Allowance recipients.¹⁴⁵ Leader of the Opposition Bill Shorten acknowledges that the payment is low and has committed to another review into the adequacy of the payment, but has stopped short of a commitment to increase it.¹⁴⁶

“He didn’t even acknowledge I had spoken. He just brought up legislation on his screen and pointed.”

PROFILE: BEN, 46, TOOWOOMBA

In retrospect it all went pear-shaped for me a few years ago, though I didn’t realise the gravity of it all until recently. I was working four nights a week, from 10pm to 6am, for a bakery in NSW. In addition to this I had two other casual employment positions during the day, on occasion. They paid well. The difficulty functioning in these jobs after coming off a night shift caused me to choose between jobs. I chose the nightshift for financial reasons because it was a regular, secure job.

I am also an artist. I make paintings, sculptures and installations. I have a Master’s degree from a New York university and I’ve exhibited my work

widely and generously. I’ve worked in technical roles within the art world for 20 years, but I have always had to supplement that work with other work – mainly hospitality and retail jobs.

After two and a half years at the bakery I started hitting psychological walls, where I couldn’t do another thing unless I sat down for 10 minutes. These got worse until I eventually had to quit the job, without having anything else to go to. Big mistake. Centrelink branded me a malingerer and said I had to wait three months before receiving benefits. I was able to get this ban lifted through a doctor’s letter, but only after constantly pushing, which, in the frame of mind I was

in, was extremely difficult.

I couldn’t afford to stay in NSW because of the property prices and moved back to Toowoomba. I have been with two jobactive providers here. The first lot tried to force me to sign an information release form, implying it was mandatory. They wanted me to sign a form to say they could contact anyone about me to find out anything. That’s not even legal. I was able to move to another provider.

The current jobactive provider I’m with are, I think, the worst. The bloke I have was too slack to read my file properly and thought I had only just come onto benefits, giving me a hands-off period of three months.

The computer system contradicted this and before I knew it I was back in their office being told I had to do Work for the Dole - no other option. Apparently, I had strayed too far, timewise, into the Mutual Obligation period, and had forfeited my right to choose another form of Mutual Obligation. He didn't even acknowledge I had spoken. He just brought legislation up on his screen and pointed.

It has been a battle to try and keep my mental health, whilst jumping through Centrelink and Job Network provider hoops. I have done Work for the Dole twice. I have done a waste-of-time course that was a two-month course stretched over six months. My mental health has worsened, not improved. My provider has no clue about how to help me, or even that I need help to face the task of finding work that I probably have no psychological ability to hold down.

Things have deteriorated to such an extent with these people that the only form of self-respect I have left takes

the form of belligerent refusal to comply with the system. If I was to do one more day of Work for the Dole I would lose that shard of self-worth. It's been six months of breach after breach, long waits on the phone to Centrelink, and doing everything I possibly can not to get sucked further into the punitive welfare vortex, which I'm already in. I can't even use my art to get me out of this hole - it has come to value negativity over the positive, it's nothing anyone wants to look at.

Now that the demerit system is in place I realise I'm finally fucked. Unfortunately, many of my fellow Australians would suggest this is all my own fault. They don't see that it's a form of unique mental illness created by a government who are supposed to be servants of the people. Which people?

Conclusion

It is clear that employment services in Australia today are not fit for purpose. They fail in their primary task of helping people find secure, long-term work.

The structure of the contracted service between government and private providers is skewed towards incentivising job services staff to prioritise compliance measures over genuine assistance to job seekers - assistance that would see people move more quickly off unemployment benefits and into paid work, and reduce the rate at which people find themselves in long-term unemployment, or short-term, insecure work that ultimately sees them back in the system too quickly.

This is the only conclusion we can draw from our review of the research, and from the direct, first-hand accounts we were given by people who are using the services today.

We heard a wide range of stories as we travelled around the country to talk to unemployed Australians, but they were all united in a single message: the jobactive system isn't meeting their needs. Many participants in our focus groups believed that their employment agency offered them no useful services at all. Instead, they are apparently focussed on enforcing mutual obligations and pushing them into an "outcome" that results in payments for the agency, regardless of whether that outcome is in the interests of the unemployed worker.

"The job agency just doesn't get that I can't walk very far. It doesn't matter how many times I explain

my situation to them, they keep showing me jobs that require standing all day. I just can't do that anymore. He's never talked to me about a single sit-down job."

Barry, unemployed worker, Toowoomba, QLD. July 2018.

Rarely did we hear reports of job agencies being able to genuinely take account of unemployed workers' specific circumstances. The capacity that was inherent in the old CES to understand and respond to the individual needs of job seekers has been almost entirely removed from the current system, due to the onerous requirements imposed on under-resourced providers in order for them to receive payment under their government contracts.

These problems are not the fault of front-line employment agency staff, who are doing what the contract requires of them, often on a low wage with no specific expertise in the local labour market, and with unsustainably high caseloads. A high turnover in employment services front line staff points to systemic problems within the system.

The problems besetting the jobactive system are structural, and are primarily caused by the fundamental flaws in two assumptions that underpin the system: that unemployed people don't want to work, and that there is enough work available for those who want it. As we have seen, these assumptions are false.

The overwhelming majority of unemployed workers want a job. By treating them as if they don't want to work, the jobactive system demoralises and

stigmatises them. It also wastes countless millions of dollars enforcing mutual obligations on people who do not need the threat of a stick in order to look for work.

That jobactive has no capacity to deal with the fact that there simply aren't enough jobs to go around is an elementary problem. Ever since the Australian government abandoned the policy of ensuring full employment in the 1970s we have had more unemployed workers than we have had jobs available. The reality is that the unemployment rate is driven by the demand for labour, not by the behaviour of the unemployed.

Nevertheless, there are measures that can be taken now to improve the operation of the system by which we are meant to help unemployed people to find work.

These begin with a recognition that government can and should actively pursue a policy of full employment. Changing our monetary policy settings to target an unemployment rate below 4 per cent over the forward estimates should not see a break out in inflation, and would bring Australia into line with comparable OECD economies.

Trialling a job guarantee in regional areas of stubbornly high unemployment would stimulate local economies at the same time as providing real jobs and skills development, at the minimum wage, thereby meeting objectives that the disastrous Work For the Dole and CDP programs have manifestly failed to achieve.

Improving the employment services structure itself requires a return to a "human capital" model of service delivery: one which restores some market share to public sector provision, and ensures the adequate, standardised training of staff in all agencies, in order to equip service providers to give real support to those job seekers who require

additional help and skills development in order to find secure, long-term work.

This also requires that the sole focus within employment service agencies should be on job placement. It is imperative that this function is separated from the monitoring and enforcement of compliance provisions. In fact, compliance monitoring and evaluation must be returned to the relevant government agency, with appropriate public sector oversight. It is simply not appropriate or effective to give poorly trained, private sector workers the responsibility to decide whether a citizen should have their income support cut off based on a subjective assessment of their behaviour, and with no right of appeal to a government body.

Finally, we must recognise that as long as there is not enough work to provide a secure job with enough hours to everyone who wants one, the employment status of the vast majority of unemployed workers is simply not their fault. Treating these citizens with dignity and helping them find a job they can count on requires us to provide them with enough income to live a decent life in Australia, which is one of the richest countries on earth. We must immediately raise the rate of Newstart and Youth Allowance by \$75 per week, and index Commonwealth Rent Assistance to the cost of housing, particularly to take account of the cost of living in our capital cities, where most of the jobs are.

These changes will not completely address the issues with the current operation of employment services in Australia, but they will make an immediate and meaningful difference to those unemployed workers we spoke to over the last six months, and materially improve their chances of finding secure, reliable work that will allow them to support themselves and their families with dignity and pride.

Key Recommendations

1. A Government commitment to full employment and the enactment of policies to achieve this

A return to a government commitment to full employment would address many of the problems outlined in this report. Full employment could be achieved by direct government employment (a job guarantee), or by targeted government spending on job creating projects in areas in need of greater employment.¹⁴⁷

A first step towards achieving full employment would be for the Government to set a target unemployment rate of less than 4% over the forward estimates, as recommended in the recent Per Capita report, *The Future of the Fair Go*. This would bring Australia's unemployment rate into line with comparable OECD countries.

We also recommend a trial of a job guarantee be run in an area of high youth and long-term unemployment, for example regional Tasmania. Such a program would be federally funded but locally managed to ensure that the jobs created that will meet community needs and improve the productivity and employment prospects of the region.

Similar programs should be implemented in remote Indigenous communities to replace the CDP.

2. Restore some market share of the employment services system to public service delivery

The full privatisation of the employment services sector has undermined the public value of the system. Restoration of a publicly funded and operated system, particularly to address the needs of the long-term unemployed and those with significant skills gaps and other special needs, would prove a more efficient and effective model of service delivery for those job seekers who experience significant difficulty in finding and retaining work.

3. The establishment of an Employment Services Ombudsman

The Ombudsman would have two main roles: dispute and complaint resolution; and monitoring, evaluation and research aimed at learning from and improving on current employment services.

4. The separation of enforcement of mutual obligations from the provision of employment services, and the restoration of public sector responsibility for the imposition of penalties

An agency that is supposed to support and provide services to unemployed workers should not also be policing their behaviour. We recommend that the monitoring and enforcement of compliance measures should be removed from job service agencies and returned to the relevant government department, with appropriate public sector oversight.

5. Standardised training for employment services and limits on the maximum caseload size of consultants

Effective employment services cannot be delivered by workers who are managing excessive caseloads with limited skills. This is also likely to be a contributing factor in the high turnover of workers in this sector. Training needs to reflect best practice in employment services and represent a pathway for ongoing skill development. Workload management limits also need to be established, which are supported by quality supervision and review.

6. Immediately increase the rate of Newstart by \$75 per week

Newstart and Youth Allowance should be raised by \$75 per week to bring them in line with minimum income required to live a functional life in Australia. The current poverty level of Newstart is not only harmful to the wellbeing of unemployed workers but reduces their capacity to find employment.

7. Index Commonwealth Rent Assistance to housing costs

As recommended in Per Capita's 2016 report, The Adequacy of the Age Pension, CRA should be indexed to housing costs instead of CPI to more accurately reflect changes in costs faced by renters in specific geographical areas, particularly in metropolitan regions.

Additional Recommendations

8. The views and interests of unemployed workers should be included in the planning and review of employment services

There is a great deal of value to unlock from employment services users, by working with them to co-design services. Engaging users in the design of a new system would recognise that the overwhelming majority of people claiming benefits would rather be in paid work and inform policy development with the lived experience of unemployed people. The Australian Unemployed Workers' Union, as the only member-based body representing unemployed workers, could be consulted through this co-design process.

9. Replacement of the outcome-based, work first model of employment services with a service-based, human capital model

A human capital approach to employment services is a more appropriate model in the presence of structural unemployment. A work first approach to employment services cannot address the fact that there are not

enough jobs available for all low skilled workers who want to work. A human capital model, by contrast, can align skills with labour demand and address skill shortages to prepare unemployed workers for future increases in labour demand.

10. Re-structure contracts and incentives for service providers

The contract incentives for job services providers should be structured to incentivise staff to have constructive engagements with job seekers, and reward the placement of unemployed people in secure, long-term employment.

11. Investment in lifelong learning and skills development, through a universal system of Economic Security Accounts

The Government should establish a universal system of Economic Security Accounts, funded through compulsory contributions from employers to portable accounts owned and managed by workers, as outlined in the recent Per Capita report, *The Future of the Fair Go*.

Appendix I: Focus Group Information

Unemployed people responded to an invitation to attend focus groups which was advertised via Facebook and Twitter. They were then sent information about the project to confirm their interest.

Seven focus groups were run around Australia during July 2018 (Adelaide, Geelong, Glenorchy, Melbourne, Perth, Sydney, and Toowoomba). 46 people in total attended these groups. Focus groups ranged in size from 4 people to 11 people. Groups were facilitated by David O'Halloran from Monash University and followed a semi-structured framework. The focus groups were approved by the Monash University Human Research Ethics Committee (Project reference number: 13889). The semi-structured approach allowed for the facilitator to have flexibility to respond to group dynamics and to develop further questions as new insights were gained from each group.

The inclusion criteria were that participants were unemployed, over 18 years of age and with sufficient English to participate in a discussion about jobactive. The last criterion contained the assumption that participants would have direct experience with jobactive, which proved to be the case. Although nine people were currently in DES, all of these had previously been in jobactive, which perhaps gave them some additional insight into comparative performance. As this was a self-selected group, the research team had no control on the relative demographic make-up of the groups other than ensuring that they

met the inclusion criteria. All participants were unemployed, with the majority receiving Newstart (40 out of 46). Age ranges were spread from 18 to 60+, although nearly half of the participants were over 51. Length of unemployment ranged from a few weeks to more than 10 years, with the most common range being between two and five years' unemployment (18 people). Three quarters of the participants were male. This last aspect obliged the facilitator to do his best to ensure that female participants were well heard in order to overcome any potential bias in the discussion.

Participants were also asked to complete a data sheet, which asked if they had experienced a range of negative events with their jobactive provider as well as asking them to rate their agency on a 5-point Likert scale (Very Good – Good – OK – Poor – Very Poor). Of particular concern was that more than half of the participants indicated that they had been forced to sign a Job Plan, more than half indicated that their agency had failed to provide basic services, and nearly half had experienced bullying by their agency. These issues were explored in some depth in the focus groups. Most participants rated their agency as poor or very poor. Of the four people who rated their agency as good or very good (one person), three of these were currently in DES.

Appendix II: AUWU Hotline

The AUWU hotline data is based on a sample of 234 calls and 81 advocacy form inquiries occurring over the last 12 months. Callers can raise more than one issue. The breakdown of the issues raised are as follows:

DESCRIPTION OF ISSUE	PERCENTAGE OF CALLS RAISING ISSUE
Unemployed Workers Rights Not Explained	68%
Local Labour Market Not Canvassed	61%
Bullying	42%
Very Poor Experience with Job Agency	40%
Basic Services Not Provided	34%
Forced to Attend Unfair Amount of Appointments	33%
Very Poor Experience with Job Agency	40%
Unfairly Forced into Work for the Dole	24%
Forced to Sign Job Plan	22%
Forced to Submit Too Many Job Searches	18%
Medical Condition Not Recognised	17%
Forced into Unsuitable Work	14%
Forced to Produce Payslips	14%
Denied Reasonable Notice for Appointments and Activities	13%
Denied Right to do Voluntary Activity	12%
Poor Experience with Job Agency	12%
Privacy Not Being Respected	11%
Doctor Certificate Rejected	10%
Denied Right to Transfer Agencies	9%
Forced to Attend Unfair Amount of Activities	9%
Forced into Dangerous Situation	6%

Appendix III: The Number of ‘Job Seekers’

Finding a consistent source for the number of ‘job seekers’ and the number of people using jobactive is not straightforward.

The Department of Jobs and Small Business (DJSB) provides two data sources regarding the number of ‘job seekers’: The Labour Market Information Portal (LMIP),¹⁴⁸ which is published quarterly, and the Jobseeker Compliance data,¹⁴⁹ which provides quarterly data but is published irregularly, with the latest data available at the time of this report being December 2017.

The LMIP provides a “total jobactive caseload”, with data also provided by region and certain demographics (e.g. gender, youth, mature age, Indigenous, people with disabilities, refugees).

In the Jobseeker Compliance report, ‘total job seekers’ comprises ‘active job seekers’ who currently need to use employment services (i.e. jobactive, Disability Employment Services (DES), the Community Development Programme or the Transition to Work Service), as well as ‘other job seekers’ who have a ‘temporary exemption’, ‘reduced work capacity’ or are undertaking an ‘approved activity’. It excludes recipients of Disability Support pension. DJSB take a ‘census’ of jobseekers on the last day of each quarter to arrive at the number so anyone who ‘came and went’ during the quarter is not counted.

In the LMIP, as at 30 June 2018 the ‘total jobactive caseload’ was recorded as **662,284** job seekers.¹⁵⁰

In the Jobseeker Compliance reports, as at 31

December 2017, total job seekers were recorded as **899,968** job seekers. This was broken down into ‘total active job seekers’ (**658,127**) and ‘total other job seekers’ (**241,841**).

To compare, the Department of Social Security (DSS) reported that at 30 Dec 2017 there were **499,389** jobseekers and the LMIP reported that the total jobactive caseload was **704,221**.

Appendix E of the recent DJSB discussion paper *The next generation of employment services* reported that there were **673,780** jobseekers in jobactive as at 31 May 2018 but only cited their own departmental administrative data, i.e. no verifiable source.¹⁵¹

The DSS publishes the Labour Market and Related Payments Monthly Profile every month. This presents statistical information for the various types of labour market payments delivered by Centrelink on behalf of the Department of Social Services and covers Newstart Allowance and Youth Allowance in some detail and other payments such as Mature Age Allowance, Partner Allowance and Widow Allowance to a lesser extent. It does not include people on Disability Support pension. As at 30 June 2018, it reported that there were **483,113** job seekers.¹⁵² This number does not distinguish between job seekers in jobactive and job seekers in other programs such as DES.

The Australian Bureau of Statistics estimates that there were **714,400** (or 711,700 seasonally adjusted) unemployed people in June 2018.¹⁵³

Appendix IV: The ‘Job Seeker to Job Vacancy’ Ratio

The ratio of job seekers to job vacancies is obtained by compiling the official data on the number of unemployed and underemployed persons and dividing it by the official number of job vacancies. Where possible, we have used the Australian Bureau of Statistics (ABS) data on job vacancies,¹⁵⁴ unemployment and underemployment.¹⁵⁵ Where ABS is not available, we have used the Commonwealth Employment Service data detailing registered numbers of job seekers and job vacancies.¹⁵⁶

To provide a more comprehensive picture of the labour market, we have also prepared a ratio of job seekers to job vacancies that includes the ABS data on marginal attachment to the labour force.¹⁵⁷

Under the ABS’ official definition of unemployment, unemployed people must be actively looking for work, be available to start work in the reference week, and not have worked more

than one hour in the reference week (including voluntary work).¹⁵⁸ This definition excludes a significant number of Australians who want work, such as those the ABS considers to have marginal attachment to the labour market (also known as the ‘hidden unemployed’). The ABS considers people to be marginally attached the labour force if they:

- i. Have a job to go to
- ii. Want to work and are actively looking for work
- iii. Wanted to work but were not actively looking for work and were available to start work within four weeks (such as discouraged job seekers).¹⁵⁹

Given the tendency of unemployed workers to exit jobactive in order to escape the compliance regime, we believe that the ABS figure on marginal attachment provides an invaluable insight into the reality of unemployment and the labour market in Australia.

FIGURE 12.

THE RATIO OF JOB SEEKERS TO JOB VACANCIES 1950 – 2016 (MARGINALLY ATTACHED INCLUDED). Source: ABS and CES.

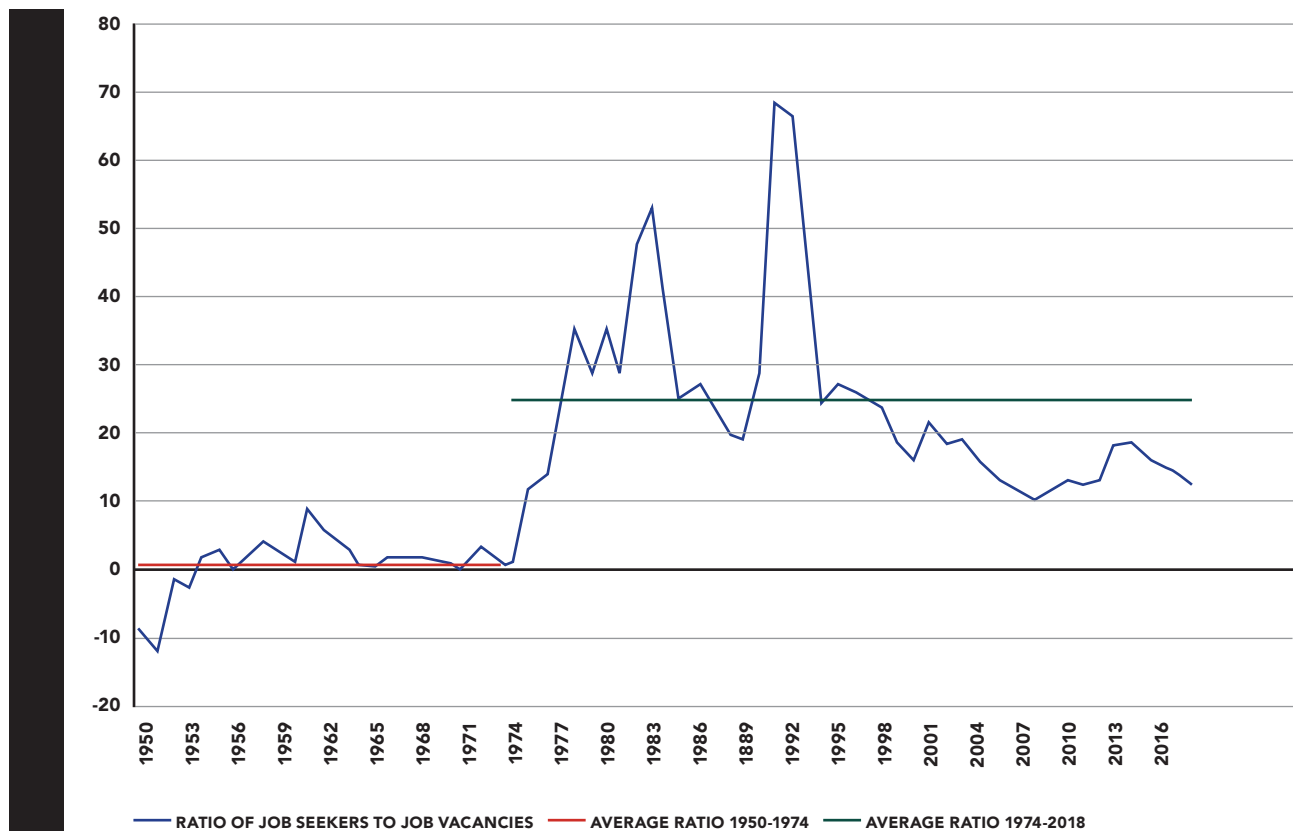
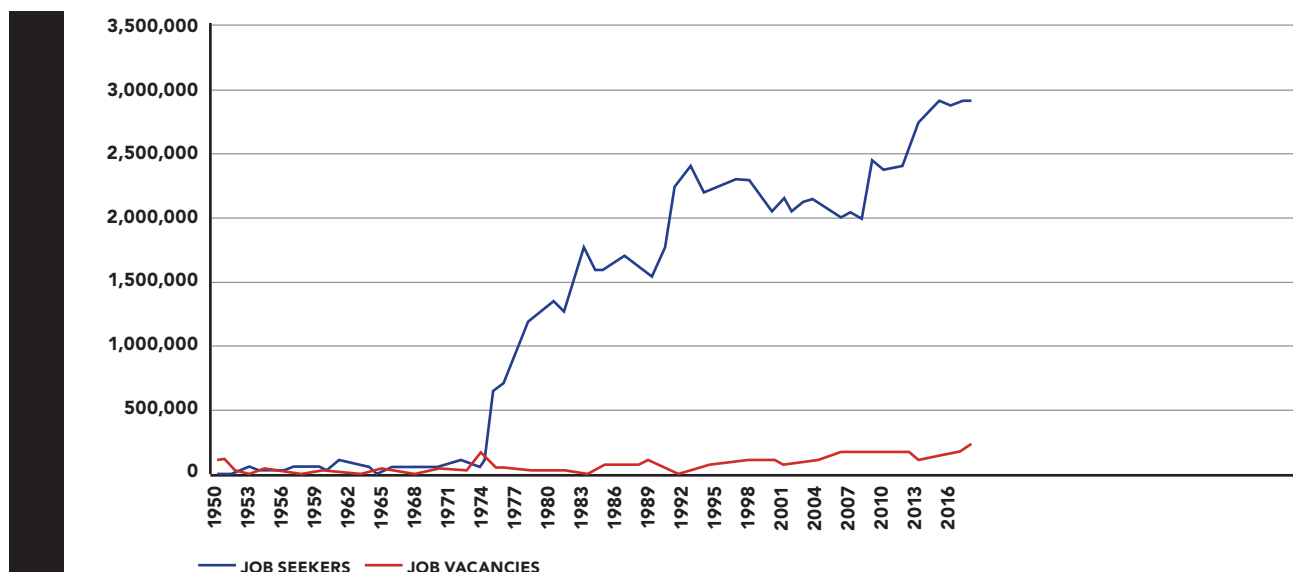


FIGURE 13.

THE NUMBER OF JOB SEEKERS AND JOB VACANCIES 1950 – 2018 (MARGINALLY ATTACHED INCLUDED). Source: ABS and CES.



Appendix V: The Number of Penalties

Where possible, official government documents have been used to obtain the number of penalties imposed on recipients of the unemployment benefit.¹⁶⁰ Due to the unavailability of government compliance data before 2008, a number of secondary sources have been utilised.¹⁶¹ In light of the rapidly changing compliance framework over the 1947-2018 period, a brief description of the history of the compliance framework is necessary.

There have been four distinct compliance frameworks since the introduction of the Commonwealth Employment Services (CES) in 1947.

The first existed during the pre-activation period of employment services (1947-1986). During this period, if a CES staff member determined that an unemployment benefit recipient did not satisfy the work-test, their case would be referred to the Department of Social Security staff member who, using their discretion, would decide if the recipient's payment would be terminated, postponed or suspended for up to 12 weeks.¹⁶² All penalties resulted in a financial deduction and there was no back pay. As with all Departmental decisions, these compliance decisions could be appealed.

The second compliance framework was introduced along with the Hawke government's 'active employment strategy' in 1987-88. Under this framework two penalty types were introduced: the administrative penalty and the activity test penalty. If imposed by the Department of Social Security,

administrative penalties resulted in the equivalent of a two-week payment deduction, while activity test penalties resulted in a two-week deduction and increased for subsequent breaches.¹⁶³

In response to the rapid increase in financial penalties after the privatisation of employment services in 1997, the third compliance framework was introduced in 2002. Instead of the Department of Social Security imposing an immediate financial deduction for an administrative penalty, a temporary payment suspension was applied and the unemployed worker was given the opportunity to provide a reasonable excuse to Centrelink. If Centrelink determined that the excuse was reasonable, the suspension was lifted and the benefit back paid.¹⁶⁴ This framework was extended to activity test penalties in 2003.¹⁶⁵

From this point on, temporary payment suspensions became the dominant form of penalty imposed on unemployed workers. Where possible, we have distinguished between financial deductions and temporary payment suspensions. As part of this framework, the minimum financial deduction was reduced to around 10% of Newstart payment.¹⁶⁶

The most recent era of the compliance framework began in 2018 with the introduction of the Demerit Point System. Under this system, employment service providers are empowered to make compliance decisions – that is, they do not need to refer the matter to the Department in order to apply a temporary suspension of payment.

While there is an expectation that employment service providers “assess whether a demerit should apply using the same principles as those that underpin reasonable excuse decisions”, this is not a requirement.¹⁶⁷ These decisions cannot be appealed.

Additionally, “where job seekers do not consider they have a reasonable excuse for a failure, they are able to accept a penalty without discussing this with the Department of Human Services”.¹⁶⁸ After the application of four Demerit payment suspensions within a six-month period, financial deductions can be imposed for each subsequent penalty at the determination of the Department of Human Services.¹⁶⁹

Appendix VI: Timeline of Changes to Eligibility for Unemployment Benefits

KEY POLICIES AND SIGNIFICANT CHANGES TO EMPLOYMENT SERVICES	
1946-7	<p>Commonwealth Employment Service (CES) is introduced.</p> <p>To register for the CES and receive the unemployment benefit (UB), unemployed workers were required to demonstrate that they were capable of undertaking and willing to undertake suitable work. Unemployed workers who failed this 'work test' could face a discretionary 'postponement' of payment of between two and 12 weeks.</p>
1976	<p>Definition of 'suitable work' modified:</p> <ul style="list-style-type: none"> • Single people over the age of 18 could be expected to change their locality to find a job • Work test could be failed by a person on grounds of unacceptable dress or appearance. • Skilled workers who had not found an appropriate job within six weeks would be required to accept any unskilled job even if that involved a reduction in wages or status • Those who became unemployed voluntarily had to wait six weeks before eligible for benefit - School leavers ineligible for UB until commencement of new school year • Fortnightly income statements to be lodged in person with Commonwealth Employment Service (CES).
1979	<p>Work test tightened further:</p> <ul style="list-style-type: none"> • Beneficiaries expected to accept casual, short-term temporary or part-time work provided it paid the appropriate award or going rate • UB recipients to be interviewed at least once every three months • Payment of UB not made to a person whose unemployment was due to their involvement in industrial action or the involvement of a union of which they were a member. The spouse of such a person could qualify for benefit at the single rate plus additional benefits for children. This new provision applied only while industrial action was taking place • Further tightening of procedures for establishing identity of UB applicants - A beneficiary who refused a job where travelling expenses to and from job was less than ten percent of wages paid considered to have failed work test. Previously maximum was five per cent • Those who refused an offer of suitable work, or who had become voluntarily unemployed without good reason, had benefits postponed for a minimum of six weeks and a maximum of 12 weeks. Previously postponement period had been at Director-General's discretion
1986	<p>Six-week minimum duration of postponement was reduced to two weeks.</p>

1987-1988

Introduction of Activation, Reciprocal Requirement Model and Job Search Allowance

- Regional UB review teams established to conduct risk-based entitlement reviews and verify efforts by beneficiaries to find work
- Penalty for failing the work test or for voluntary loss of employment was changed to an initial two-week postponement for a first breach, accumulating by a further two-week increase for every subsequent occurrence in a three-year period, to a maximum of 12 weeks.
- The CES was also given greater scope to report breaches of the activity test to the then Department of Social Security (DSS). Payment of unemployment benefit was cancelled for the prescribed periods if the CES forwarded an adverse activity report to DSS
- Those in receipt of UB for over two years to be interviewed by DSS and CES to verify entitlements, ensure that rights and obligations were understood and to provide information about community, employment and training services
- Waiting period for voluntary job leavers, those dismissed for misconduct, and those who failed the work test standardised and made cumulative. Waiting period increased by two weeks for each occurrence (up to 12 weeks for six occurrences over a three-year period)
- Waiting period for UB calculated from date of registration with CES rather than date unemployment commenced
- A work intention questionnaire introduced to check on adequacy of job search activities of UB recipients
- Waiting period for education leavers under 21 years of age, without dependants, increased from 6 to 13 weeks
- The range of activities allowable under the activity test was also expanded.
- UB recipients aged 18 to 20 years reviewed after 12 months on benefit. An activity test was substituted for the work test after one year on benefit
- UB applicants required to provide a certificate from previous employer stating date of, and reason for, their job loss
- Assets test applied to benefits for those aged 25 years and over. Those with assets above pension assets test free area no longer eligible for benefit
- Job Search Allowance (JSA) replaced UB for those aged 16 and 17 years. JSA recipients subject to the UB work test and required to pass an activity test after six months on JSA. Work test involved counselling by CES and offer of suitable training or work. JSA recipients required to have payment continuation forms endorsed fortnightly by CES
- JSA rate \$50 per week subject to a parental income test. Payment reduced from \$50 per week to a minimum of \$25 per week if parental income above \$16 000 per annum. Income limit increased by \$1200 for first dependent child other than JSA recipient and \$2500 for each additional dependent child. Certain JSA recipients exempt from parental income test, mainly those who were married, had children or were not supported by their parents. Normal income test also applied
- Work effort certificate introduced to be used selectively in conjunction with work intention certificate. UB recipients whose job search efforts were in doubt required to obtain signatures of employers approached about work

1989-1990

Newstart Allowance (NSA) Introduced

- Up to 40 000 long-term UB recipients to undergo intensive interviews conducted jointly by DSS and CES staff
- Requirements increased to include prescribed training and voluntary work
- Greater codification of situations that constituted a breach and non-payment periods were extended to two-weeks for a first breach, six weeks for a second breach, and a further six weeks for each additional occurrence, with no upper limit (within the three-year period)
- UB recipients required to seek and accept any part-time, casual, or temporary work within their capacity and expected to commute to seek or accept work
- Waiting period of 12 weeks introduced for a UB recipient who changed residence to an area with less employment prospects
- Applicants for, and recipients of, benefit required to provide Tax File Number
- UB recipients could be required to attend CES when requested or their benefit would cease

1991

JSA and NA replace UB for all recipients

- Liquid assets test applied to UB recipients. Claimants with liquid assets (cash and deposits with financial institutions) of \$5,000 if single or \$10,000 if married or single with dependants required to serve additional waiting period of four weeks
- JSA for those aged 16 and 17 years unchanged and extended to cover those registered by the CES as unemployed for less than 12 months. Recipients to meet requirements of an activity test similar to previous work test but with greater emphasis on vocational training and labour market program participation
- NSA paid to those aged 18 years and over registered with CES as unemployed for longer than 12 months. JSA activity test also applied to NSA recipients. NSA recipients required to enter into a Newstart Activity Agreement with CES covering activities NSA recipient could be required to undertake, such as job search, vocational training, labour market program participation, paid work experience, job search training or training to reduce labour market disadvantage
- Failure to comply with new activity tests or terms of a Newstart Activity Agreement added to list of situations in which a non-payment period could be imposed

1994

'Working Nation' introduced, contracting out of employment services begins

- Two thirds of employment services contracted to non-profit and for-profit providers, while the other third retained by the public provider Employment Assistance Australia (renamed Employment National). Payment to providers on a fee-for-success basis and competition between providers based on the quality of their service
- Unemployed workers can choose their own employment service and negotiate their own service contract
- The concept of 'reciprocal obligation' is introduced, under which a job placement guarantee (the Job Compact) was offered to longer-term beneficiaries, backed up by enhanced penalties for non-compliance with the activity test and labour market program participation
- Deferment periods due to activity test breaches changed to relate to length of time a person unemployed. Deferment periods for administrative breaches unchanged
- Activity test breaches were also separated from administrative breaches (with the latter mainly involving non-attendance at DSS or CES interviews or failure to comply with various notification requirements), and non-payment periods for activity test breaches became variable according to length of unemployment
- A two-week deferment of income support applied for the first activity test breach by those unemployed less than 12 months. Subsequent breaches incurred an additional six-week deferment for each breach. Initial deferment period increased from two to four weeks for those unemployed 12 to 18 months and to six weeks for those unemployed over 18 months. Deferment periods could not commence until recipient notified and received two instalments of JSA or NSA after notification
- Administrative breach penalties were set at two weeks for a first breach, eight weeks for a second and 14 weeks for subsequent breaches
- Non-payment periods for breaches became servable consecutively after other waiting periods rather than concurrently with them, as had previously been the case

1997-1998	<p>Privatisation of CES. Job Network, Mutual Obligation, and Work for the Dole introduced</p> <ul style="list-style-type: none"> • Definition of 'unsuitable paid work' for job seekers modified: <ul style="list-style-type: none"> ◦ Lack of qualifications, skills or experience no longer made work unsuitable only if employer did not provide training ◦ Medical evidence required if work unsuitable because of job seeker's injury, disability or illness ◦ Work unsuitable if required Defence Force or Reserve Force enlistment • Non-payment period incurred increased from 12 to 26 weeks when a person moved to an area of lower employment prospects • A person unemployed as a result of industrial action in breach of an order, direction or injunction, not eligible for an unemployment payment for six weeks after cessation of industrial action • Activity test breaches could be imposed for failure to attend an interview or complete a labour market program, and for non-declaration of income from remunerative work • From March 1997, breachable infringements included: <ul style="list-style-type: none"> ◦ Refusing/failing to attend a work interview; ◦ Voluntarily leaving or being dismissed from an employment program; and ◦ Refusing/failing to provide information about earnings • New compliance framework for activity test penalties. This incorporated a rate 18% reduction of payment for 26 weeks for first activity test breach, a 24% reduction for second breach over a further 26-week period, and a 100% reduction over 8-week period for third breach. Number of breaches accumulated would reset after 2 years. Administrative breaches would result in 16% reduction over 13-week period. • Activity test arrangements amended to provide for recipients to be directed to participate in the Work for the Dole Scheme (WFTD), with a fortnightly payment of \$20 to participants. Activity test for Newstart and Youth Allowance recipients was tightened through the requirement to record employer contact details on the application for payment form, and through the introduction of Employer Contact Certificates and the Job Seeker Diary • Voluntary work arrangements for those not subject to activity agreements changed. Those aged 50 years or more could satisfy the activity test by undertaking voluntary work for an unlimited number of days per year or by a combination of voluntary and paid work with an approved organisation for at least 40 hours fortnightly. Those aged under 50 years and in receipt of income support for three or more months could satisfy activity test by undertaking full-time voluntary work for six fortnights in first 12 months on income support • Superannuation assets assessed under the income and assets tests for those recipients aged 55 years and over and receiving income support for 39 weeks • Liquid assets test changed so that those with liquid assets over \$2500 if single or \$5000 if partnered were subject to waiting periods from one to 13 weeks depending on assets amount • Enhanced Mutual Obligation arrangements introduced. Young unemployed people aged 18 to 24 years receiving payment for six months required to undertake an additional activity in return for receiving payments • High-income seasonal, contract or intermittent workers subject to a non-payment or preclusion period following cessation of employment. Income derived from period of seasonal work divided by average weekly ordinary time earnings (AWOTE). If the period that resulted from that calculation was longer than the period actually worked, the person was precluded from receiving a payment for the remaining period. Partners of these workers also precluded from receiving certain payments during the preclusion period. In the case of a worker with a partner, twice the amount of AWOTE used to calculate preclusion period
2000	Second Job Network contract (2000-2003) introduced
2001	Star Rating system introduced
2002	Centrelink can suspend payments temporarily where unemployed workers have missed appointments and cannot be contacted

2003	<p>'Australians Work Together' and Active Participation Model introduced. Third Job Network contract (2003-2006) introduced</p> <ul style="list-style-type: none"> Penalty period for a first activity test or administrative breach shortened if recipient complied with activity requirements. Penalty period reduced from 26 weeks to 8 weeks for an activity test breach penalty and from 13 weeks to 8 weeks for an administrative breach penalty. Reduced breach penalties not available if recipient failed to start a job as planned; declined job interview offer; became voluntarily unemployed; dismissed from employment for misconduct; knowingly or recklessly declared incorrect earnings from employment; or failed to submit a satisfactory jobseeker diary Centrelink are required to make further attempts to contact job seekers before imposing a breach, to check their circumstances, their capacity to comply and the reasonableness of explanations for not complying. Job Network agencies will be contractually obliged to make two attempts over two days to contact clients before submitting a participation report Breaching Review Taskforce set up, with an independent chair and two ACOSS nominees amongst the members, to review data and procedures for breaching and to assess the fairness of their imposition on both existing and new groups covered by the AWT legislation. Quarterly data reports on breaches also made publicly available and a series of special audits and reviews of breaches instituted Work for the Dole expanded
2006	<p>Welfare to Work measures introduced</p> <ul style="list-style-type: none"> New claimants for income support with disabilities and with partial capacity to work no longer eligible to apply for Disability Support Pension. Instead, most could apply for NSA and were required to seek suitable paid work of at least 15 hours per week New claimants for income support who were principal carers for children no longer eligible to apply for Parenting Payment if youngest child aged six years or older, if partnered, or eight years or older if single. Instead, most could apply for NSA and were required to seek suitable paid work of at least 15 hours per week. Access to child care and reasonable travel times taken into account in determining suitability of work. Principal carers could be exempt from requirement to satisfy activity test if affected by domestic violence, had children with a disability or illness, had a large family, or were foster carers, home or distance educators Very long-term unemployed people with a pattern of work avoidance could be required to undertake full-time Work for the Dole for 50 hours per fortnight Recipients aged 55 years or more could satisfy job search requirements by undertaking at least 15 hours per week of voluntary or paid work. Younger recipients all had same job search requirements Penalties under compliance regime changed so that an eight-week non-payment period imposed after three participation failures within 12 months. Each participation failure resulted in a non-payment period lasting until compliance occurred Income test changed. Income between \$62 and \$250 pf reduced payment by 50 cents for each dollar of income. Income over \$250 pf reduced payment by 60 cents for each dollar of income Debts resulting from knowingly incorrectly declaring earnings resulted in a one-off 10 percent recovery fee rather than a fixed amount penalty
2007	<p>Income Management introduced in Northern Territory</p> <ul style="list-style-type: none"> Social security payments could be subject to income management in Northern Territory and Cape York. Income management involved diversion of 50 per cent of recipient's income support into an account that could only be drawn on to pay for priority needs, such as food, clothes and rent
2008	<p>Income Management introduced into Indigenous communities in Cape York and selected communities in Western Australia</p>
2009	<p>Job Services Australia contract introduced</p> <ul style="list-style-type: none"> A job seeker who, without reasonable excuse, failed to attend an activity, job interview or interview with their employment service provider, committed a 'connection failure' and could be penalised equivalent of one work day of their basic rate of payment. Intentional and persistent failure to comply with obligations considered a 'serious failure' resulting in an eight-week period of non-payment

2010	Income Management extended to 20,655 across entire Northern Territory. Rudd Government made changes to income management to make it compatible with the Racial Discrimination Act
2012	<p>Compliance Framework strengthened, Income Management expanded</p> <ul style="list-style-type: none"> • Immediate suspension of payments for job seeker failing to attend a scheduled appointment or activity. Payment reinstated and back paid when job seeker attended rescheduled appointment or resumed required activity. Payment suspended for job seeker failing to attend rescheduled appointment or resume required activity without reasonable excuse until they did so, without back payment • Income Management expanded to 3,242 people across Bankstown (NSW), Logan (QLD), Rockhampton (QLD), Playford (SA), Greater Shepparton (VIC), APY Lands (SA), Laverton (WA), and the Ngaanyatjarra Lands (WA)
2014	Income Management introduced into Ceduna
2015	<p>jobactive introduced, Compliance Framework strengthened</p> <ul style="list-style-type: none"> • ‘Suspend till attend’ policy introduced, meaning that income support payments remain suspended until they attend subsequent re-engagement appointment • Providers can recommend a financial penalty be applied through the submission of a provider appointment report. These can be submitted if the unemployed worker has not attended or has behaved inappropriately at an activity, job interview or appointment (other than an appointment directly with the provider); refused to enter into Job Plan; refused suitable employment; become voluntarily unemployed or behaved in such a way as to be dismissed from suitable employment • Unemployed workers who do not attend appointments and activities without a reasonable excuse will result in loss of 10% of Newstart payment • Unemployed workers who persistently fail to comply with their mutual obligation activities, refuses an offer of suitable work or fails to commence suitable work, an eight-week period of non-payment may be imposed • Unemployed workers who become unemployed due to misconduct or voluntarily leave a suitable job will face an eight-week non-payment period • If a person who has received Relocation Assistance to get a job, voluntarily leaves the job without reasonable excuse, or is dismissed for misconduct within the first six months, they may be subject to a non-payment penalty period of 12 weeks. This penalty may also be applied if the job seeker accepts the job and relocates but does not commence employment • Work for the Dole requirements increased. Under 30s required to Work for the Dole for 50 hours a fortnight
2016	Income Management introduced into Kununurra and Wyndham (WA)
2017	<p>PaTH Welfare to Work program introduced</p> <ul style="list-style-type: none"> • Unemployed workers under 25 required to participate in 75 hours of mandatory Employability Skills Training and can elect to be employed as an intern in return for \$100 Newstart weekly top-up
2018	<p>New Demerit Point compliance system introduced, Work for the Dole expanded</p> <ul style="list-style-type: none"> • Employment services providers delegated to make compliance decisions in relation to first four demerit points (payment suspension) without government oversight or rights of appeal and are no longer required to contact unemployed worker to determine if reasonable excuse exists. Department of Human Services is responsible for applying fifth (50% reduction in payment), sixth (100% reduction in payments), and seventh (cancellation of payment, cannot re-apply for four weeks) demerit point penalties. Accumulated demerit points reset after six months • Alcohol and drug related illness no longer considered a reasonable excuse • Newstart payment to commence from when unemployed worker first attends appointment with employment service provider • Centrelink hardship waiver removed for unemployed workers facing a significant financial penalty • Work for the Dole requirement expanded • Income management expanded to Goldfields (WA)

Endnotes

- 1** The term 'unemployed worker' is used throughout this report instead of 'job seeker' unless referring to a specific document, data set. or policy that uses the latter term. See Boland & Griffin (2014) pp. 29-48 for a fuller exploration of the distinction.
- 2** The 650,000 figure comes from the Government's The Next Generation of Employment Services discussion paper, which can be found here: https://docs.jobs.gov.au/system/files/doc/other/the_next_generation_of_employment_services_discussion_paper_acc.pdf. However, there are many different ways to 'count' unemployed workers or 'job seekers'. See Appendix II for more information.
- 3** https://www.dss.gov.au/sites/default/files/documents/07_2018/labour_market_and_related_payments_june_2018.pdf
- 4** https://docs.jobs.gov.au/system/files/doc/other/the_next_generation_of_employment_services_discussion_paper_acc.pdf, page 20
- 5** <https://www.jobs.gov.au/jobactive>
- 6** https://docs.jobs.gov.au/system/files/doc/other/program_fact_sheet_for_jobactive_w_track_changes_aug16_0.pdf
- 7** https://docs.jobs.gov.au/system/files/doc/other/program_fact_sheet_for_jobactive_w_track_changes_aug16_0.pdf
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- 129** <https://probonoaustralia.com.au/news/2018/05/newstart-recipients-living-17-day-accomodation-costs/>
- 130** Duration on income support by current payment type includes time spent on previous payments where there has been no break. See Table 2.1.37: Working Age Payments — Duration on payment — by current income support payment: https://www.dss.gov.au/sites/default/files/documents/10_2016/part_2_annual_performance_statement.pdf
- 131** The 2006 Welfare to Work legislation resulted in approximately 20,000 lone parents being moved from Parenting Payment to the lower Newstart Allowance. In 2013 all remaining lone parents whose youngest child had turned eight were also moved from the Parenting Payment to the lower Newstart Allowance. This resulted in a typical loss of income for the poorest lone parent families of \$60 per week and affected 80,000 lone parents.
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- 144** <https://www.news.com.au/finance/economy/federal-budget/crackdown-looms-for-welfare-cheats/news-story/b63d43956bd26e3325a42c1189b5c677>
- 145** https://www.acoss.org.au/media_release/energy-supplement-safe-corporate-tax-cuts-defeated-now-the-government-must-raise-the-rate-of-newstart/
- 146** <https://www.theguardian.com/australia-news/2018/may/02/newstart-embarrassingly-inadequate-and-history-will-judge-us-economist-says>
- 147** There was extensive discussion in our focus groups about some kind of universal or unconditional basic income as an alternative model to this. Many of our focus group participants were in favour of a basic income policy and preferred it to a job guarantee. However, we felt that there had not been enough definition or development of the concept in our focus groups to enable us to include it as one of our recommendations. It is certainly still important to note that many of the unemployed workers we spoke to expressed support for a UBI.
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- 150** <http://lmip.gov.au/PortalFile.axd?FieldID=2739692&.xlsx>
- 151** https://docs.jobs.gov.au/system/files/doc/other/the_next_generation_of_employment_services_appendices_acc.pdf, page 92
- 152** <https://www.dss.gov.au/about-the-department/labour-market-and-related-payments-monthly-profile-publications>
- 153** <http://www.abs.gov.au/ausstats/abs%40.nsf/mf/6202.0>
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- 155** ABS Labour Force (6202.0). Data taken at August except for 2018 when it was taken at May.
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160 Job Seeker Compliance Data, 2008-2018 Accessed <https://www.jobs.gov.au/job-seeker-compliance-data>

161 Castonguay, J. Benchmarking Carrots and Sticks: Developing a model for evaluation of work-based employment programs, University of Amsterdam (2009), Social Policy Research Centre, 'The Impact of Breaching on Financial Customers' (2005)

162 During 1947 and 1979, DHS penalties who result in recipients unemployment benefit payments being suspension for a minimum of two weeks (the equivalent of \$369 in 2002 dollars). From 1979 to 1984, this minimum was increased to six (\$1107). From 1984 to 1986, this minimum was abolished until the two week minimum was introduced in 1986, which could increase to a 6-week minimum deduction after the third breach. Social Policy Research Centre, 'The Impact of Breaching on Financial Customers' (2005)

163 The amount deducted for subsequent activity test penalties changed a number of times from 1987 onward. Penalties ranged from the equivalent of 4-12 weeks deduction for second activity test penalty (\$738-2214 in 2002 dollars), to 6- to 18-week deduction for third activity test penalty (\$1107-3321). Between 1994-1997, the amount deducted for each activity test breach increased depending on duration of unemployment.

164 Castonguay, J. Benchmarking Carrots and Sticks: Developing a model for evaluation of work-based employment programs, University of Amsterdam (2019)

165 Castonguay, J. Benchmarking Carrots and Sticks: Developing a model for evaluation of work-based employment programs, University of Amsterdam (2019)

166 Known as the 'No Show No Pay' penalty

167 <http://guides.dss.gov.au/guide-social-security-law/3/1/13/90>

168 <http://guides.dss.gov.au/guide-social-security-law/3/1/13/90>

169 50% deduction for first penalty, 100% deduction the second, and cancellation for the third. After the benefit is cancelled unemployed worker cannot reapply for four weeks.

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