



The Australian Greens' dissenting report

Introduction

- 1.1 The Social Security Legislation Amendment (Job Seeker Compliance) Bill 2011 represents the Gillard Government adopting a conservative and punitive approach to those members of our society who need our support and compassion. When the Prime Minister speaks of the dignity of work, she is forgetting the dignity of people; people who need the assistance of our social security system do not need to be unnecessarily punished but rather given help and support to find employment.
- 1.2 The Australian Greens supported reforms to the social security compliance system in 2008 because the focus of the reforms was on encouraging participation and acknowledging the barriers individuals face as they seek work. As a number of submissions to the Inquiry note, the Bill before us now undermines the positive changes made to the system in 2008 and is returning to the punitive and ineffective nature of the system in the Howard years. We are disappointed the Government is turning its back on its own positive reforms.
- 1.3 This Bill is proof that 'evidence-based' policy counts for nothing in the face of perceived political gain. The most startling fact before the Committee is that there is no evidence to support the Government's position that a policy of suspending payments will lead to better engagement and therefore better job outcomes for job seekers. Indeed the evidence from the majority of organisations that provide services to job seekers is that the Bill will be detrimental to job seekers and risks further disengagement.
- 1.4 Most telling is that the Chair of the independent review of social security measures – on whose report the Government is relying – appeared before the Committee to oppose the Bill.

- 1.5 The assumption behind the Bill appears to be that people are failing to attend appointments for unjustifiable reasons. Yet, astoundingly, not one piece of research was offered as to why people are missing their appointments at the moment. Is it because of mental health issues? Is it because of poor transport options? Is it because they don't understand the system? No-one could tell us.
- 1.6 We do not intend to repeat the summary of evidence or the matters covered by the Majority Committee report. However we disagree with their conclusions and wish to make additional comments on some of the important issues.

Rationale for change

- 1.7 All the witnesses and submitters agree with the Government that there are high rates of non-attendance at appointments with Centrelink and job service providers. There is a shared understanding that missed appointments waste resources and are frustrating for the staff involved. However, this appears to have been a problem for some time. Further, most of the witnesses who gave evidence to the Inquiry disagree with the Government that the policy of suspending payments will work to meaningfully engage people with the system and further believe that the Bill will cause financial hardship that outweighs any potential benefit.¹
- 1.8 Mr David Thompson, in giving evidence on behalf of Job Australia, representing not-for-profit job service providers across the country, summarised this position:

“The failure of people to attend is the source of an enormous amount of frustration on the part of our members, who are trying to help these people to get jobs, and it is a waste of resources in terms of people being ready for those people who do not turn up and so on. For Centrelink, for DEEWR and for employment service providers it creates financial costs, inefficiencies and distractions, which detract from the goal of assisting people into employment and inevitably impact negatively on the effectiveness and efficiency of the overall system. On the other side of the coin we are also keenly aware of the impact of financial penalties on people living on Newstart, the single rate of which is \$239 a week. We look with great trepidation at the prospect of further penalties

1 ACOSS, *Submission 2*; NWRN, *Submission 14*; UnitingCare, *Submission 5*; Anglicare Australia, *Submission 13*; Jobs Australia, *Submission 3*; Melbourne Citymission and The Brotherhood of St Lawrence, *Committee Hansard*, 13 April 2011.

being applied to these people in terms of what might happen to those citizens. First and foremost, they are citizens. They tend to be referred to in the system as job seekers, but they are citizens and many of them are living in poverty.”²

- 1.9 The Committee also heard evidence that punitive regimes which rely on financial penalties can in fact cause further disengagement.³ Melbourne City Mission raised the prospect of particularly vulnerable job seekers "finding sanctuary" in the suspension of payments and therefore completely disengaging from the system.
- 1.10 It is important to note that the statistics on missed appointments have not changed dramatically in a number of years. The figures were not different under the harsher regime of 8 week non-payment penalties under the Howard Government. Suspension and non-payment penalties do not on past experience seem to work to engage people meaningfully in the system which is designed to help them find work.
- 1.11 Furthermore, as the Minister herself acknowledges, most job seekers are genuine in their efforts to find work. Many submissions commented that there was little evidence of deliberate non-attendance and that it was likely to be highly disadvantaged persons with chronic illnesses, homelessness, or poor literacy and education who will fall foul of this Bill, while those who wish to 'work the system' will comply with their requirements.⁴ With over 93% of job seekers not having had a participation failure and high levels of reasonable excuses for people missing appointments, including for example 20% of non-compliance was for people complying with another requirement, it is unclear exactly who this legislation is targeting.⁵
- 1.12 The Australian Greens believe that this policy will not deliver on its stated intention but rather will cause unnecessary further hardship to already disadvantaged people.
- 1.13 In the debate on the 2008 reform, the Australian Greens insisted on a review of the new compliance system. The Government commissioned the review which was undertaken by a panel led by Professor Julian Disney.

2 Mr David Thompson, Chief Executive Officer, Jobs Australia, *Committee Hansard*, 13 April 2011, p.2.

3 Mr Thompson, Jobs Australia, *Committee Hansard*, 13 April 2011, p.2 and Mr Peter Davidson, Senior Policy Officer, Australian Council of Social Service (ACOSS), *Committee Hansard*, 18 April 2011, p. 33.

4 *House of Representatives Hansard*, Social Security Legislation Amendment (Job Seeker Compliance) Bill, Wed 23 March 2011 per the Hon. Kate Ellis, p. 10.

5 Mr Michael Horn, Senior Manager, Research and Policy Centre, Brotherhood of St Laurence, *Committee Hansard*, 13 April 2011, p. 20.

The Review included a number of recommendations to improve the system and included recommendation 14 which referred to giving Centrelink the discretion to suspend payments for missing appointment under certain circumstances. However, that recommendation cannot be relied upon by the Government to support this Bill. Professor Disney gave evidence to the Inquiry that the recommendation was included in the report because the Government had already announced the policy this Bill implements in the election campaign. Professor Disney went onto distinguish the Bill from the specifics of the recommendation in the Report:

“In recommendation 14, we said that an approach somewhat along the lines of what is in this Bill should only be considered – and we emphasise ‘considered’ not ‘implemented’ – if there was no significant improvement by mid-2011. I should say that, were it not for the fact that this proposal had already been flagged in an election environment by the Government, we probably would not have referred to this issue at all. We probably would not even have gone as far as we did there. But, even then, we said it should only be considered and only once we knew the position by mid-2011. It will be at least six months from now before we know that, because the data comes in three months late, and even then we would have much better data being gathered than we have now. But then we said, even when you consider it and even if you decide it is a good thing, there are some key elements in it. Firstly, it should only apply to streams 1 and 2, not 3 and 4. And for streams 1 and 2, it should only apply if they have no vulnerability index. That reflects our concern that the assessment of vulnerability is far from foolproof. Secondly, and importantly, it should only apply if the missed appointment had been agreed with Centrelink, not with the provider, and that, for example, would have been triggered if the provider issued a contact request to Centrelink, Centrelink made the appointment and that was then not met. Perhaps then the suspension could go forward but not off an appointment made by a provider... We also said that on balance it should continue to be taken from the second payday, not first payday after it happened. It seems to me that – and here I inevitably am speaking a little personally because my colleagues have not reassessed this, but I am relying on what we decided before – the Bill really looks at best premature and at the least overkill or badly targeted, which is probably a better way of putting it.”⁶

6 Professor Julian Disney, *Committee Hansard*, 18 April 2011, p. 38-39.

- 1.14 The Greens firmly believe the Government should implement the recommendations of the Review, particularly those that go to simplifying the system and creating significantly improved communication systems, before there is any consideration of more punitive measures.

Evidence

- 1.15 The most significant theme of the submissions and witnesses to the inquiry was that there is no evidence as to why job seekers do not attend appointments. The Bill is predicated on increasing the attendance rate but is not based on any actual evidence as to why job seekers miss appointments. Equally there is little evidence to suggest that such punitive measures will actually work. This is a Government making policy in the dark. The Review commented at length on the lack of data and the poor collection and presentation of the data that does exist on the compliance system. Evidence-based policy making demands you have the data first, which then informs the policy choices that you make. The Government is approaching matters backwards in respect of this Bill.
- 1.16 Young people and Indigenous people remain over-represented in the non-compliance statistics. Young people make up 47% of the people who missed appointments and Indigenous people account for 20%. These are two groups that will be particularly hard hit if this Bill proceeds. No-one supporting the Bill explained why this was the case nor why an approach is justified that will hit these groups harder than most.
- 1.17 Witnesses to the inquiry agreed with the Greens that the Government was taking the wrong approach. For example, this exchange with Dr Tseng from the Melbourne Institute of Applied Economic and Social Research:

Mr BANDT – So, for all we know, it might be that 50 per cent of people in Melbourne do not turn up because the train runs late or whatever. We do not know what the reason is. But it seems that this approach in the Bill is premised on presuming that everyone is –

Dr Tseng – Bad.

Mr BANDT – bad and not turning up for a negative reason, and therefore imposing an immediate punishment on them, potentially. It seems to me that it would be better to first understand the reasons that people are failing to attend and then tailor solutions around that, rather than imposing a punitive one-size-fits-all approach. Would you agree with that?

Dr Tseng — Yes, I would agree.

Mr BANDT — Are you aware of any academic research in the field that suggests the opposite — that suggests that cutting people off for their first failure is a good thing?

Dr Tseng — None I know of.⁷

- 1.18 The Department was not able to provide data on the reasons why people missed appointments in circumstances that under this Bill would attract sanction. The Greens find it astounding that no such data exists, given that these people are to be punished if this Bill goes ahead.
- 1.19 Rather than being recalcitrant job seekers, the evidence to the committee suggests there are number of other reasons for job seekers disengaging or missing appointments, including the complexity of the system, the lack of easy to understand information about their requirements and importantly that the that the system is not meeting their needs.⁸
- 1.20 This was a recurring theme: many people find the system as it stands now after years of reform and fragmentation to be confusing and bewildering. It was also suggested that there is a need to build trust between job-seekers and their providers and concern was expressed that making providers more “punitive” could lead to further distrust and disengagement.
- 1.21 Concern was also expressed at the Government’s failure to properly respond to the Independent Review.⁹ It is extremely premature for the Government to legislate before even responding to the Review’s recommendations, which were designed to improve compliance. It is also notable that the Government has not even waited the full year mooted in the Review to see whether the Review’s recommendations would work.

Impact on job seekers

- 1.22 The Australian Greens agree with the majority of submissions and evidence to the inquiry that the detrimental impacts of the Bill on job seekers, and in particular vulnerable job seekers, outweigh any potential benefits.

“People living on \$237 a week do have difficulty with the Bill payments, including rent payments, and often have to leave them

7 Dr Yi-Ping Tseng, *Committee Hansard*, 13 April 2011, p. 15.

8 Mr Horn, Brotherhood of St Laurence, *Committee Hansard*, 13 April 2011, p. 26.

9 Mr Davidson, ACOSS, *Committee Hansard*, 18 April 2011, p. 27.

until the last moment and so, as a consequence of suspension of payments, they could be behind with their account and they could be penalised financially for that, or potentially lose their accommodation if they have been late in the past. We are certainly concerned there will be an increased reliance, an increased call on emergency relief services as a result of that.”¹⁰

- 1.23 ACOSS also notes there is the potential to see an increase in 8 week non-payment penalties as a result of the Bill. This is a real concern for the Greens. We have consistently opposed 8 week non-payment penalties due to their punitive nature. We acknowledge this Government has tried to reduce the number of such penalties. However, we are disappointed that they are now pursuing policies which will potentially increase such unfair unreasonable and damaging penalties.

Conclusion

- 1.24 As the Committee's majority report concedes, there is a need for more systemic reform of the social security system including the compliance regime. There are policies the Government could implement that would actually work to better assist job seekers, including those who are particularly disadvantaged, into the workforce. We urge the Government to listen to the organisations and people delivering services to unemployed people about the innovative models they are developing, rather than demonising and punishing people in difficult circumstances.
- 1.25 The Majority Committee report summarises the key issues raised and evidence given in the course of the Inquiry, in particular commenting on the complexity of the system, the urgent need to improve communication of the requirements of the system to job seekers, the need for better training of staff as well as staff capacity concerns.
- 1.26 The Majority Committee report also contains a number of recommendations which we support, in particular the recommendations going to the provision of information to job seekers, the collection of data, the development of improved guidelines for relevant staff when making decisions, and the provision of training to relevant staff including in relation to vulnerability indicators. These are all recommendations that should be implemented regardless of whether the Bill proceeds or not.
- 1.27 The report also makes a recommendation for amending the Bill with respect to the requirement for reasonable excuse. We support the

¹⁰ Mr Davidson, ACOSS, *Committee Hansard*, 18 April 2011, p. 31.

amendment if the Bill is to proceed. Similarly we support a review of the impacts of the Bill if it does pass into law.

- 1.28 However, this Bill has very little support amongst those who work at the frontline and those who understand the difficulties facing many of our unemployed. It should not proceed.

Recommendation 1

That the Government respond to the Independent Review of the Job Seeker Compliance System as a matter of urgency.

Recommendation 2

That the recommendations of the Independent Review of the Job Seeker Compliance System be implemented as a matter of urgency, in particular, there needs to be a 'plain language' redrafting of all materials associated with job seeker compliance.

Recommendation 3

That the Bill not be passed.

Adam Bandt MP

Member for Melbourne