



Social Security Legislation Amendment (Connecting People with Jobs) Bill 2010

Matthew Thomas
Social Policy Section

Contents

Purpose	2
Basis of policy commitment.....	2
Background	3
Relocation assistance for job seekers pilot	4
Review of the program	5
Position of major interest groups	6
Financial implications.....	7
Key provisions	8
Concluding comments	8

Social Security Legislation Amendment (Connecting People with Jobs) Bill 2010

Date introduced: 21 October 2010

House: House of Representatives

Portfolio: Education, Employment and Workplace Relations

Commencement: The later of the day after Royal Assent and 1 January 2011

Links: The links to [the Bill, its Explanatory Memorandum and second reading speech](#) can be found on the Bills home page, or through <http://aph.gov.au/bills/>. When bills have been passed they can be found at the ComLaw website, which is at <http://www.comlaw.gov.au>.

Purpose

This Bill seeks to amend the *Social Security (Administration) Act 1999* to provide Centrelink with the power to not pay income support for 12 weeks to a person who is paid relocation assistance under the Connecting People with Jobs trial and who becomes unemployed as a result of a voluntary act or misconduct within six months of receiving this assistance. At present, the maximum unemployment non-payment period for voluntary unemployment or unemployment due to misconduct is eight weeks.

Basis of policy commitment

In the 2010 federal election campaign, both Labor and the Coalition made, if elected, a commitment to introduce voluntary relocation assistance programs for job seekers in areas of high unemployment.

Under the Coalition's proposal, job seekers in receipt of Newstart Allowance (NSA) in areas of high unemployment were to be paid up to \$6000 in relocation expenses if they moved to a regional area to take up a job offer.¹ Job seekers on NSA in areas of high unemployment who relocated to metropolitan areas to take up a job offer were to receive a payment of up to \$3000. Eligible job seekers with dependent children who elected to move to take up a job would be allocated an additional \$3000 to help defray their additional costs of relocation. Further, employers of eligible job seekers would receive a subsidy of \$2500 to be paid at a rate of \$500 per week for the first five weeks of employment.

1. It is to be assumed that areas of high unemployment are those ABS Labour Force Regions with an unemployment rate higher than the national average.

Any job seeker who received a relocation payment and then left the job that they had accepted within six months without reasonable grounds would not be able to receive income support for six months.²

Labor's Connecting People with Jobs relocation assistance policy is similar in most respects to that proposed by the Coalition. Indeed, when Prime Minister Julia Gillard first announced it, Shadow Treasurer Joe Hockey was reported to have stated that Labor had stolen the Coalition's policy.³

Labor's relocation assistance policy is different from the Coalition's proposed policy in two main respects. Firstly, Labor's relocation assistance package is to operate on a trial basis over two years from 1 January 2011 for up to 2000 long term unemployed people.⁴ By contrast, the Coalition's proposal was for an on-going program, with no stipulation regarding a maximum number of participants. Secondly, while the Coalition planned to impose a six-month income support waiting period on program participants who left their job within six months without adequate reason, Labor intends to impose a twelve-week waiting period. This is an increase of four weeks over the existing unemployment non-payment period that applies to people who become unemployed as a result of their own voluntary act or misconduct.

Background

For some time certain regional areas of Australia (chiefly in Western Australia and Queensland) have suffered from labour and skills shortages. This lack of workers has constrained growth and development in these areas, as well as in the key industries, mostly mining, that are based there. At the same time, other areas of Australia are experiencing high rates of unemployment and limited employment opportunities.

Successive Australian governments have recognised this problem of supply-and-demand mismatch, and have sought to deal with it through various policies. One means that has been attempted is the provision of assistance and incentives to encourage and help unemployed people to move from areas of high unemployment to regional areas experiencing skills shortages. For example, under Job Services Australia arrangements, employment services providers are able to use Employment Pathway Fund monies to purchase a wide range of goods and services to assist unemployed people to gain a job. This could include expenses associated with relocating to an area of skills shortage in order to take up employment. Similar funding was made available through the Job Seeker Account under the previous employment services program, the Job Network.

-
2. The Coalition's plan for real action on Employment Participation, viewed 27 October 2010, <http://liberal.org.au/~media/Files/Policies%20and%20Media/Economy/Employment%20Participation%20Policy.aspx>
 3. See: for example, 'Julia Gillard is a policy thief', *Sydney Morning Herald*, 11 August 2010, viewed 27 October 2010, <http://news.smh.com.au/breaking-news-national/julia-gillard-is-a-policy-thief-hockey-20100811-11z7v.html>
 4. See: Modernising Australia's welfare system, pp. 2–3, viewed 27 October 2010, http://parlinfo.parlInfo/download/library/partypol/BGOX6/upload_binary/bgox61.pdf;fileType=application/pdf#search=%22relocation%20assistance%22

Warning: All viewers of this digest are advised to visit the disclaimer appearing at the end of this document. The disclaimer sets out the status and purpose of the digest.

While the Employment Pathways Fund can help to cover some expenses, the credits available for each unemployed job seeker through this fund are limited.

In 2006, the Howard Government provided funding for a pilot relocation assistance scheme that was broadly similar to the Government's Connecting People with Jobs Trial. As such, the scheme offered substantially more relocation assistance (and incentive to unemployed people to relocate) than that made available under either the Employment Pathway Fund or the Job Seeker Account before it. This trial had mixed results.

Relocation assistance for job seekers pilot

Funding for the relocation assistance for job seekers pilot program was allocated through the Employment Innovation Fund (announced in the 2003–04 Budget), an account that supported small scale projects and initiatives that were calculated to help tackle employment or labour market-related problems. The program itself was administered by the then Department of Employment and Workplace Relations (DEWR).

Under phase one of the program, from November 2006 to February 2007 33 job seekers were relocated from areas of high unemployment in New South Wales (chiefly around Coffs Harbour, Nowra/Shoalhaven) to take up employment in Perth. In the second phase, from 2007 to 2008, job seekers were relocated from disadvantaged suburbs north of Adelaide to Perth.

All of the relocated job seekers were employed in the building and construction industry or in the hospitality sector that supports the mining industry. The program provided \$5000 towards the relocation costs of each of the job seekers, and Job Network employment service providers were responsible for managing their relocation.⁵ As noted above, while funding was already available for relocation assistance through the Job Seeker Account, the value of the JSA for each unemployed job seeker was insufficient to support the relocation of job seekers from the eastern seaboard and South Australia to Western Australia.

Following phase one of the pilot program, additional funding of \$500 000 was provided for the program as a part of the 2007–08 Budget. This funding was to support the relocation of a further 80 job seekers.⁶ As it happened, only 54 job seekers were involved in the second phase of the pilot program. Thus, in total, the program had 87 participants.

-
5. Department of Employment and Workplace Relations, *Annual Report 2006–07*, p. 180, viewed 27 October 2010, http://www.dewr.gov.au/NR/rdonlyres/7B403DC4-D775-43FC-B9C5-ADDA2CCACDEF/0/DEWR_AR0607_part2_workforce_participation.pdf. The relocation monies were typically spent on things like airline tickets, temporary accommodation expenses, bonds or furniture removal or storage costs.
 6. Australian Government, *Budget measures: budget paper no. 2: 2007–08*, Commonwealth of Australia, 2008, viewed 27 October 2010, <http://www.budget.gov.au/2007-08/bp2/html/expense-10.htm>

Warning: All viewers of this digest are advised to visit the disclaimer appearing at the end of this document. The disclaimer sets out the status and purpose of the digest.

Review of the program

The results of the relocation assistance for job seekers pilot program have not yet been made publicly available. Neither has a formal report been compiled.⁷

While the official results of the pilot study have not been released, the current House of Representatives Standing Committee on Employment and Workplace Relations Inquiry into regional skills relocation did discuss the program with the Department in a public hearing on 11 March 2010. Further details on the program's evaluation are likely to be contained in the Department's submission to the inquiry, but this has not yet been made available.

The following is a general summary of the Department's findings from the pilot study, based on the comments of officials in the above-mentioned public hearing:

- because the pilot program was conducted on such a small scale, the results are not generalisable, that is, they may not be used to draw conclusions about relocation assistance for job seekers as a whole
- despite many employers complaining of major labour shortages, the Department experienced some difficulty in getting employers to participate in the pilot (and especially mining companies)
- the Department also experienced problems in finding job seekers who would be suitable for participation in the pilot program—that is, willing, able and with sufficient skills. Indeed, only two-thirds of the places across the first and second phases of the trial were filled. This is perhaps unsurprising given that the program was only really suited to people who had few commitments at home. Predictably, most participants were single males, aged 18 to 25 years
- the program was very expensive and resource-intensive. This was because the Department had an ongoing pastoral care role in ensuring the well-being of participants
- overall, the program was reasonably successful, in the sense that most of those who moved across stayed and gained sustainable employment. As at the end of October 2008, 67 of those job seekers who had moved were still in Perth and in employment. The remaining 20 pilot program participants had returned to their original locations.
- nevertheless, the Department argued that similar outcomes were gained as a matter of course through the standard relocation assistance measures provided through the Job Network and now through Jobs Services Australia. Thus, based on the pilot program results, the Department concluded that firstly, there was not a great amount of job seeker interest in moving to gain employment and, secondly, it is possible to gain similar results at a greatly reduced expense through existing means.

7. House of Representatives Standing Committee on Employment and Workplace Relations, *Inquiry into regional skills relocation*, public hearing, 11 March 2010, Canberra.

Position of major interest groups

The Australian Council of Social Service (ACOSS) has welcomed the Connecting People with Jobs trial for its helping job seekers in areas of high unemployment to relocate to areas with improved employment opportunities, and take up jobs there. As ACOSS sees it, 'disadvantaged job seekers are taking a risk in moving away from family and other supports, usually to a place where housing costs are much higher, so assistance for the move, accommodation and other supports at the new address are essential.'⁸ However, ACOSS is critical of the stricter compliance measures that accompany the relocation incentives, and that are outlined in this Bill. It argues that:

To penalise people with a loss of payments for 12 weeks if they then return home is harsh and counterproductive. It will discourage people from taking up a relocation offer. Without any income, people could be left stranded with no means to return home and no money to pay for rent or groceries. It could mean people fall behind in rent and are made homeless, or take on more debts.⁹

In the context of the House of Representatives Standing Committee on Employment and Workplace Relations Inquiry into regional skills relocation, a number of other interest groups have expressed concerns with regard to the relocation of unemployed people to areas experiencing skills shortages.

Like ACOSS, the Australian Council of Trade Unions (ACTU), Australian Manufacturing Workers Union (AMWU) and the Construction, Forestry, Mining and Energy Union (CFMEU) are broadly supportive of policies that provide relocation assistance to help job seekers to move from areas of high unemployment to areas experiencing skills shortages. However, they are concerned that this should be done 'properly', and that it should be sustainable.

As the CFMEU sees it, this means that the 'forms of Commonwealth assistance and amounts of monetary assistance should be based on realistic assessments of the actual costs incurred by relocating workers and their families'.¹⁰ The CFMEU suggests that the level of relocation assistance provided to Commonwealth Government employees and to members of the Australian Defence Force (ADF) could serve as a benchmark for this.

The ACTU, AMWU and CFMEU are also concerned that immediate assistance with things such as finding affordable housing and child care should be augmented by ongoing mentoring and support

-
8. Australian Council of Social Service, *Relocation assistance welcome but new penalties would create hardship*, media release, 11 August 2010, http://www.acoss.org.au/media/release/relocation_assistance_welcome_but_new_penalties_would_create_hardship
 9. Ibid
 10. Construction, Forestry, Mining and Energy Union (CFMEU), CFMEU Submission to the House Standing Committee on Employment and Workplace Relations, *Inquiry into Regional Skills Relocation*, 27 April 2010, p. 11, viewed 27 October 2010, <http://www.aph.gov.au/house/committee/ewr/regionalskills/subs/sub24.pdf>

Warning: All viewers of this digest are advised to visit the disclaimer appearing at the end of this document. The disclaimer sets out the status and purpose of the digest.

services. This is in recognition of the fact that relocated job seekers may experience some difficulties in adjusting to living in a new and unfamiliar regional area.

Perhaps the main concern expressed by the above groups is that relocated job seekers should be provided with appropriate vocational training. In the AMWU's view this means that 'for the sake of sustainable and transferrable skills, workers need to be trained broadly and vocationally' and not simply to meet the immediate and specific requirements of a particular employer.¹¹ As the AMWU sees it:

without providing vocational training, by only training for the immediate job outcomes of a particular employer or not training at all, workers will be shipped across the country only to return burnt out, disconnected from their community, and without any skills dividend to provide themselves with a sustainable career, or the economy with sustainable increased productivity. A simple relocation policy disconnected from policies to develop skills will be unsustainable, and will only satisfy the symptoms of a disconnection between labour supply and demand in the economy, not address the causes of the disconnection.¹²

Industry groups do not necessarily share this view. On the whole, their concern is that relocated job seekers should have or be provided with skills that are relevant to the positions for which they are relocating. In the view of the Minerals Council of Australia (MCA), for example, vocational training provided through the VET sector is insufficiently responsive to the mineral sector's demand for particular skill sets.¹³ They argue that if job seeker relocation is to prove successful for industry, then employer's skills needs should be met through tailored qualifications or specific training, rather than generic or 'one size fits all' training.

Financial implications

According to costings undertaken under the Charter of Budget Honesty, the trial is anticipated to cost up to \$14.6 million over three years from 2010–11. This figure is based on the assumption that 20 per cent of eligible participants in the trial will have children and be entitled to additional assistance as a result. It is also assumed that a majority of eligible participants (60 per cent) will be moving to a metropolitan area.¹⁴

11. Australian Manufacturing Workers Union (AMWU), Submission to the House Standing Committee on Employment and Workplace Relations *Inquiry into opportunities to address skills shortages in regional Australia through relocation strategies*, April 2010, viewed 27 October 2010, <http://www.aph.gov.au/house/committee/ewr/regionalskills/subs/sub16.pdf>

12. Ibid.

13. Minerals Council of Australia (MCA), Minerals Council of Australia Submission to the House Standing Committee on Employment and Workplace Relations on the *Inquiry into regional skills relocation*, 16 April 2010, p. 3, viewed 27 October 2010, <http://www.aph.gov.au/house/committee/ewr/regionalskills/subs/sub19.pdf>

14. Department of Finance and Deregulation, *Release of costing of election commitment, Connecting people with jobs*, media release, 18 August 2010, viewed 27 October 2010, http://electioncostings.gov.au/files/2010/08/GOV49-Connecting_people_with_jobs-Completed.pdf

The costs of the trial are to be offset through the use of quarantined funding under the Employment Pathway Fund (mentioned above) that has already been provided for in the Budget.¹⁵

Any consequences of failure to pass

It is not clear whether or not the trial is contingent upon the Bill's being passed. However, given that the explanatory memorandum refers to the Bill as putting in place the compliance component of the Connecting People with Jobs trial, it may be that should the Bill not be passed, then the trial will not proceed.

Key provisions

Amendments to the *Social Security (Administration) Act 1999*

The current Section 42A of the Act sets out a simplified outline of Division 3A of Part 3 of the Act—the part which relates to securing job seekers' compliance with their obligations and requirements as these apply to their income support payments. **Item 1** replaces the existing dot point in Section 42A relating to unemployment non-payment periods with a new dot point that notes that the Secretary is able to determine that a non-payment period may be either eight weeks or 12 weeks long, depending on the circumstances. These circumstances are not spelt out in the legislation.

Item 2 repeals subsection 42S(3) and replaces it with a new subsection that provides for an unemployment non-payment period of either eight or 12 weeks to be imposed on a job seeker who loses the job for which they are paid relocation assistance due to a voluntary act or misconduct within six months of their being paid relocation assistance.

Concluding comments

Previous experience would appear to suggest that there is not likely to be a huge amount of interest in the trial—either from industry, or from job seekers.

In the case of job seekers, this is because relocating would mean moving away from home and potentially from any support networks they might have. Should they lose their jobs (for whatever reason), they risk being stranded and, if they become unemployed due to a voluntary act or misconduct in the first six months, they risk losing access to government income support for up to 12 weeks. These factors are likely to act as significant disincentives.

15. Ibid.

Many employers in areas of skills shortages appear to be looking to employ job seekers with existing skills that are relevant to their industry. It is unlikely that most long term unemployed job seekers in areas of high unemployment will fit this bill.

Hence, the trial is unlikely to play a large role in solving the problem of regional skills shortages or reducing long term unemployment. Arguably, what is required is further investment in skills training that meets the specific needs of industry but is also transferable and mobile, thus meeting the long term needs of job seekers.

© Commonwealth of Australia 2010

This work is copyright. Except to the extent of uses permitted by the Copyright Act 1968, no person may reproduce or transmit any part of this work by any process without the prior written consent of the Parliamentary Librarian. This requirement does not apply to members of the Parliament of Australia acting in the course of their official duties.

Disclaimer: Bills Digests are prepared to support the work of the Australian Parliament. They are produced under time and resource constraints and aim to be available in time for debate in the Chambers. The views expressed in Bills Digests do not reflect an official position of the Australian Parliamentary Library, nor do they constitute professional legal opinion. Bills Digests reflect the relevant legislation as introduced and do not canvass subsequent amendments or developments. Other sources should be consulted to determine the official status of the Bill.

Feedback is welcome and may be provided to: web.library@aph.gov.au. Any concerns or complaints should be directed to the Parliamentary Librarian. Parliamentary Library staff are available to discuss the contents of publications with Senators and Members and their staff. To access this service, clients may contact the author or the Library's Central Enquiry Point for referral.

Members, Senators and Parliamentary staff can obtain further information from the Parliamentary Library on (02) 6277 2505.