

Submission:

Inquiry into Workforce Australia Employment Services

The Centre for Excellence in Child and Family Welfare (the Centre) welcomes the opportunity to provide a submission to Workforce Australia Employment Services for consideration by the Parliament of Australia.

The Centre is the peak body for child and family services in Victoria, representing more than 150 community service organisations, students and individuals. The Centre advocates for the rights of children and young people to be heard, to be safe, to access education and to remain connected to family, community and culture. Our vision is to see a community that is fair, equitable and creates opportunities for children and their families to live happy and healthy lives. We work closely with community service organisations, government, other peaks, philanthropy and business to make sure vulnerable children are seen and heard and supported to thrive.

Policy objectives

The main policy objective underpinning the employment services system in Australia is to assist people to find employment and/or acquire the skills necessary to find employment. Despite recent changes to the employment services system, the number of people who are long-term unemployed, having received Jobseeker payments for more than 12 months, continues to rise.¹ From 2021 to 2022 the unemployment rate rose from 5.11 per cent to 6.6 per cent.² As of June 2021, there were 1,109,000 people receiving unemployment benefits, 31 per cent more than before the pandemic.³ New data reveals that over 184,000 people have been without paid work and receiving income support for more than five years.⁴ In contrast, since the onset of the COVID-19 pandemic, there has been a far-reaching worker shortage across the nation, with small business hit particularly hard.⁵

Instead of framing unemployment as a structural issue in the economy, discourse by politicians and the media over recent decades has continued to demonise and lay blame on individuals receiving income support payments, often portraying them as choosing to be unemployed, lacking ambition and purposefully turning down work.⁶ These false narratives and stereotyping have largely ignored the underlying reasons people cannot gain paid employment, and misunderstands the role unpaid labour plays in the economy. As a result of this discourse and public sentiment, successive federal governments have focused on stripping back welfare spending. There has been a shift in the

¹ Davidson, P. (2021), *Faces of Unemployment 2021*, Australian Council of Social Service (ACOSS).

² Australian Bureau of Statistics (2023), *Labor Force, Australia*, <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release>

³ Davidson.

⁴ Ibid.

⁵ National Australia Bank (2022), *Australian businesses still struggling to fill jobs*, <https://news.nab.com.au/news/australian-businesses-still-struggling-to-fill-jobs/>

⁶ Banks, M. (2011) *One side of the workfare desk: a history of Jobs, Education and Training Program in the political economy of Australian 'welfare reform' (1989-2006)*, PhD Thesis, RMIT University.

employment services system from enabling conditions that support workforce participation toward a narrower focus on preventing 'welfare dependency'⁷ and policy reform has continued to make income support payments more restrictive and harder to obtain. This has resulted in the use of mandatory compliance systems and the introduction of automated systems to manage payments. This is despite Australia only spending an average of \$1,600 per person receiving job active services, which is less than half the OECD average spent on employment services, and having the second lowest rate of payments in the OECD.⁸

Previous inquiries into the employment services system have been overwhelmingly negative, including the 2019 Senate Inquiry into JobActive which found that many participants were suffering because of the program's punitive compliance measures, and finding work despite the system, not because of it.⁹ Under the JobActive system people were continually assessed as 'job ready' when they had serious barriers to employment, including homelessness and substance abuse.¹⁰ Even those who were 'job ready' did not receive basic support, such as assistance with resumes and interview preparation.¹¹ The inquiry heard how employment services providers were overwhelmed by their caseloads and incentivised to place people into short-term, casual employment options, resulting in frequent returns to the employment services system.¹²

The Centre is concerned that the shift to the points-based system in Workforce Australia is still linked to mandatory compliance and still underpinned by the same punitive measures, which do not consider individual circumstances or adequacy support people with complex needs. The Centre believes that as long as the employment services system is categorised by these harsh and punitive measures coupled with demonstrably low payments, it cannot achieve the policy goal of sustainably helping people into employment. In this submission we examine several areas of the employment services system and make recommendations for reform.

Rate of income support payments

In Australia, payments for jobseekers have historically been low, causing recipients to live below the poverty line. The 'poverty line' is defined as below 50 per cent of medium household income, being \$489 a week for a single adult and \$1027 a week for a couple with two children.¹³ The effects of poverty on individuals, families and children are far reaching – including increased risk of family violence, homelessness, unemployment, lack of nutrition, social isolation and delayed development for children. It is extremely difficult for individuals on the Jobseeker payment to look for work and fulfil the mutual compliance obligations of the employment system when they live in poverty, pay-check to pay-check, often unable to afford adequate food or pay bills and rent.

⁷ BSL Sub

⁸ Coates, B, Cowgill M, (2021) *The JobSeeker rise is not enough*. The Grattan Blog; Davidson, 2021.

⁹ The Senate Education and Employment References Committee 2019, *JobActive: failing those it is intended to serve*, https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/024217/toc_pdf/Jobactivefailingthoseitisintendedtoserve.pdf;fileType=application%2Fpdf

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

¹³ Davidson.

At the beginning of the COVID-19 pandemic, social security payments rose by \$550 a fortnight, immediately lifting the incomes of hundreds of thousands of people out of poverty.¹⁸ Alongside this change, all compliance obligations were temporarily paused, which had a profoundly positive impact on individuals who were able to look for employment more freely and focus their goals. In October 2020, researchers from the Australian National University, Swinburne University, Good Shepherd and the Centre disseminated an online survey to investigate the impact of the increase in payments and suspension of mutual obligations during the COVID-19 pandemic.¹⁴ Several important themes emerged from this survey, including respondents being able to meet basic needs and improve their financial security, improve their mental health and well-being, and increase their engagement in the labour market.¹⁵ When asked about their experience looking for work after mutual obligations were suspended and payments became higher, responses were overwhelmingly positive, with one respondent stating:

Instead of doing busywork and ticking off boxes [related to mutual obligations], I could really focus on study and what I needed to do to get to where I wanted to go. And I was able to make progress for the first time in a couple of years towards that goal.¹⁶

Others described how for the first time they felt able to pay bills, increase their hours of study, focus on re-entering the workforce and 'live properly and actually look for work properly.'¹⁷ Respondents were also able to engage in other forms of unpaid productive work, such as unpaid child-care, community focused work, advocacy and volunteering, while reducing their stress and allowing them to positively impact the community surrounding them.¹⁸

Despite the positive impact, in September 2020 the federal government removed the Coronavirus supplement and pushed hundreds of thousands of people back into poverty, including tens of thousands of children, and re-introduced compliance measures. Survey respondents described how this change left them with increased stress, less financial security, and with increased anxiety surrounding gaining employment.¹⁹ While the measures taken to mitigate the impacts of the pandemic showed that Australia could afford to provide an adequate level of income support, the federal government has consistently made the choice to continue low welfare payments and keep families and children living in poverty.

Since the removal of the supplement in 2020, the economic landscape has changed significantly, with many across the nation currently experiencing a cost-of-living crisis. The increased cost of essentials such as rent, food and petrol are pushing people on Jobseeker payments into deeper

¹⁴ Klein, E, Cook, K, Maury, S, & Bowey, K. (2021), An Exploratory Study Examining the Changes to Australia's Social Security System during COVID-19 Lockdown Measures. *Australian Journal of Social Issues*, November. doi:10.1002/ajs4.196.

¹⁵ Ibid. p.9.

¹⁶ Ibid. p.8.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid.

poverty. Research highlights that the longer people live in poverty and unemployment, the less likely they are to find work.²⁰

The Centre recently surveyed our members working in child and family services to gain a better understanding of the impact of poverty on families in Victoria. One theme to emerge was the impact on mothers' confidence in parenting, particularly evident for those on ParentsNext or JobActive. One practitioner described the impact on mothers as making them *feel driven by government and providers to be better, do better, and take on any paid work regardless of their circumstances. Their lack of confidence in parenting leads to self-reported stress in their parenting and stress in their children.*

Poverty means living with the knowledge that children can be removed if the parent/s are at risk of not being able to provide secure shelter, adequate food or meet basic needs.²¹ Addressing poverty for families requires welfare policies that address the ongoing lived experiences of material poverty, which 'is almost always the backdrop to the presence of worrying risk factors'.²²

We recommend an urgent increase to all social security payments to a minimum of \$73 per day, to coincide with the cost of living. As outlined above, research shows that when people have an adequate income, they are able to more freely look for paid employment and achieve their goals. In addition, we urge that the recently appointed *Economic Inclusion Advisory Committee* be given legislative powers to influence the rate of income support payments and the budget process, rather than acting only as an advisory committee.

Part time and casual work

The Committee is looking to understand how the promotion and support for jobseekers into secure employment can be implemented in the employment services system and asks what elements within the system disincentivise jobseekers and what needs to be removed. At present, the system has punitive measures that prevent jobseekers from transitioning into secure employment.

People who have been long-term unemployed usually re-enter the workforce via part time or casual work, before possibly transitioning to full time employment. According to Centrelink statistics in 2022, 40 per cent of Jobseeker recipients were unable to work full-time,²³ while 2021 data showed that 20 per cent of Jobseeker recipients were already working but unable to earn enough to go off payments.²⁴

The system is structured to penalise those who work by reducing payments once a certain amount of paid work hours is achieved each week. This threshold is extremely low. If an individual earns over \$150 a fortnight, 50 cents for each dollar between \$150 and \$265 is then deducted from their

²⁰ Ibid.

²¹ Bennett, K, Booth, A, Gair, S, Kibet, R & Thorpe, R (2020), Poverty is the problem – not parents: So tell me, child protection workers, how can you help? *Children Australia*, vol 45, DOI: <https://doi.org/10.1017/cha.2020.39>

²² Ibid.

²³ Henriques-Gomes, L, (2022), In an age of low unemployment in Australia, what about those locked out of the job market? *Guardian Australia*, <https://www.theguardian.com/australia-news/2022/may/19/in-an-age-of-low-unemployment-in-australia-what-about-those-locked-out-of-the-jobs-market>

²⁴ Ibid.

payment, followed by 60 cents for each dollar over \$265.²⁵ For a single or principal carer, their payment is reduced by 40 cents for each dollar over \$150.²⁶ On the minimum wage of \$21.30 per hour, a person can only work for 7 hours a fortnight, or 3.5 hours per week, before they begin to be financially penalised. This is an unacceptably low threshold for payment reduction, which does not encourage people to work but instead penalises their participation in the economy.

There are many reasons why people work part time, including having disability, recovering from family violence, having caring responsibilities or transitioning back into the workforce. We believe that people should not be penalised for returning to work part-time and this fundamental flaw in the system needs to be removed. Instead of being penalised, the system should be assessing why people are not able to work fulltime and addressing those barriers. This could include assistance with accessing childcare, connecting with services to heal from family violence or trauma and other assistance specific to an individual needs. Those who cannot work fulltime due to disability or illness should be allowed to continue on a mix of part-time employment and income support payments without being penalised.

Means testing

In addition, people looking to access employment services are means tested according to their partners' income. We believe income should be individual, as you cannot know if one income in a household is equally shared, and everyone has the right to financial security and empowerment. Our members have reported that means testing opens up people to financial abuse, in particular those who have experienced family violence, are culturally and linguistically diverse or have disability. If one partner works fulltime, this blocks the other partner from receiving income support, which may leave them financially vulnerable or unable to leave a violent situation. We suggest urgently removing the partner assessment from the current system and assessing jobseekers on the basis of their individual circumstances.

Chronic lack of support

Since the introduction of mandatory compliance measures and most recently the points-based compliance system, employment services have been largely punitive, prioritising compliance as the most important aspect above user wellbeing and dignity. However, this 'employment first' approach does not consider the intersecting barriers those participating in the employment services system may experience. It also does not recognise how other forms of unpaid labour contribute to the economy and broader societal wellbeing. Research reveals the reasons people remain unemployed are complex. Most people who experience long-term unemployed face serious barriers including medical conditions, disability, language barriers, ageism, parenting commitments and experiences of homelessness, family violence or trauma. The *Faces of unemployment 2021* report by ACOSS found that of the 1,109,00 people receiving unemployment benefits in 2021:

- 80 per cent have been on income support for more than a year

²⁵ Services Australia, *Income Test*, <https://www.servicesaustralia.gov.au/income-test-for-jobseeker-payment?context=51411>

²⁶ Ibid.

- 49 per cent have been on income support for more than two years
- 44 per cent are aged 45 or more
- 34 per cent have a disability
- 13 per cent come from culturally and linguistically diverse backgrounds
- 11 per cent are Aboriginal or Torres Strait Islander.²⁷

In particular, of people who have been receiving unemployment payments for five years or more, 45 per cent have disability.²⁸ However, too often people are assessed as their disability not being severe enough to qualify for the disability support pension, and are instead moved into the JobSeeker system where they are faced with few, if any, opportunities for employment. Alongside people with disability, people over 55, predominantly women, account for an enormous and growing percentage of long-term unemployed job seekers. Factors including ageism, caring responsibilities or underlying medical illnesses account for this growth.²⁹

People on income support payments who have intersecting barriers to employment are usually met with a chronic lack of support from the system. For example, if someone is experiencing homelessness it is unlikely they will be able to find employment before they have a safe and stable home, and it will be challenging for them to meet the mutual obligation requirements. Similarly, if someone is leaving a violent partner or situation, the likelihood of the person immediately finding employment before being able to recover from this trauma is extremely low. First and foremost, the barriers preventing people from finding paid employment should be addressed before people are expected to engage in the employment services system. We suggest that there needs to be a reframing of the system with a holistic approach to individuals and referral pathways built between the system and other service providers.

Examples of good practice

An example of an employment services program that is strengths-based, supportive and holistic is the Brotherhood of St Laurence (BSL) SEED (Sustaining Economic Empowerment and Dignity for Women) program. The SEED program supports women to address intersecting barriers that undermine their financial wellbeing such as a lack of childcare, lack of transport and job opportunities, training and education, housing, family violence support and adequate social security.³⁰

The SEED program is 'designed to respond to local conditions and increase collective capability to tackle barriers to women's economic security and financial wellbeing, promoting positive change from a local to national level'.³¹ The program is place-based, research and evidence informed and

²⁷ Davidson.

²⁸ Davidson.

²⁹ Davidson.

³⁰ The Brotherhood of St Laurence (2022), *Submission on ParentsNext to the Select Committee on Workforce Australia Employment Services*, https://library.bsl.org.au/bsljspui/bitstream/1/13177/1/BSL_subm_ParentsNext_Nov2022.pdf

³¹ Ibid.

works at multiple levels – individual, community and systems – to foster individual and collective financial capability and increase real opportunities for women.³² The program is premised on:

- Voluntary participation
- Quality pre-employment and employment support
- Employer engagement and activation
- Flexible, person-centred service delivery and support
- Extended support
- Connection to complimentary services
- Gender awareness and cultural safety
- Monitoring, evaluation and feedback.³³

A second example of a successful and supportive job seeker program is the BSL 'Given the Chance' program. This program is designed to support disadvantaged jobseekers and diversify the workforce, the program offers opportunities to train, study and simultaneously earn an income in a wide variety of trades.³⁴

The program uses an intensive model comprised of four components:

- Participant preparation and training
- Employer preparation and awareness training
- In-work field support
- Transition support to new opportunities.³⁵

The program has sustained long-term success, including helping many refugees and people seeking asylum into jobs. An independent analysis by KPMG found that for every dollar spent on supporting a person seeking asylum to find work, there is a \$3 benefit.³⁶

The Centre calls for any future employment models to be based on the best available research and evidence and informed by lived experience. The Committee asks who is best placed to provide specialist services for disadvantaged groups, including the long term unemployed. These examples of effective models demonstrate the knowledge and innovation which can be found in the community services sector, and we believe that the sector, and qualified case workers, would be the best placed to provide services to these cohorts in a local, holistic, and person-centred manner.

Local solutions

The Committee asks what steps the Commonwealth can take to better understand and respond to workforce demand at a local level, and how smaller local organisations can be integrated into the employment services system. We suggest that further consultation is undertaken with communities and organisations to inform the employment services system. These consultations should not only be in the form of submissions or online consultations but should take place in-person with both

³² Ibid.

³³ Ibid.

³⁴ The Brotherhood of St Laurence, *Given the Chance*, <https://www.bsl.org.au/services/getting-a-job/given-the-chance/>

³⁵ Ibid.

³⁶ Ibid.

metropolitan and regional communities and should hear from different groups such as people with disability, Aboriginal and Torres Strait Islander communities, young people, people from refugee and migrant backgrounds and CALD communities.

Digital exclusion and automation

The Committee's terms of reference describe the goal of creating a fair system which 'leaves no one behind'. However, the introduction of automation and move toward primarily online services provides barriers to those who are vulnerable.³⁷ Access to the internet and digital literacy are not easily accessible for everyone in the employment services system, in particular people with disability, low literacy, older people and those living in regional and remote areas.³⁸ While growing automation may work for many people, there needs to be a human interface between the employment service system and those Australians who are most at risk of not being able to navigate online services without in-person support. We recommend that the system is tailored to individual needs and takes into account internet access and digital literacy where required, supporting those who cannot use online services with face-to-face options.

Payment suspension

The move to greater automation has resulted in greater numbers of payment suspensions with associated distress and hardship. When mutual obligations were restored following the end of the coronavirus supplement, there were 750,000 payment suspensions in just three months.³⁹ Historically, payment suspension has happened without much warning, leaving people unable to afford basic necessities like food and rent, while waiting for their payments to be re-instated.

Payment suspension is intended to provide an incentive to complete mutual participation requirements in full, which in turn is believed to enhance a participant's ability to gain paid employment. As we touched on in our submission to the ParentsNext inquiry, there is currently no research or evidence to support the claim that payment suspension or the threat of payment suspension provides an effective incentive to secure paid work.¹³ On the contrary, there is emerging research to suggest that welfare compliance obligations result in increased stress, have negative impacts on wellbeing and do not help individuals achieve their work and study aspirations.¹⁴

Payment suspension and the mandatory nature of mutual obligation requirements are inconsistent with the Universal Declaration of Human Rights, which establishes the right to social security under Article 22 and to which Australia is a signatory.⁴⁰ Additionally, in 2019 the Australian Human Rights Commission found that areas of Australia's employment services system do not align with human rights obligations, in particular, the right to equity and to social security and the rights of children. The Centre recommends that payment suspension is not used as an incentive for compliance, and instead that users are treated with dignity and respect and given the opportunity to explain their

³⁷ Hinton, T, (2018) Paying the price of welfare reform: The experiences of Anglicare staff and clients in interacting with Centrelink, Hobart: Anglicare Tasmania.

³⁸ Ibid, p.23.

³⁹ Davidson.

⁴⁰ Universal Declaration of Human Rights, *article 22*, <https://humanrights.gov.au/our-work/commission-general/universal-declaration-human-rights-human-rights-your-fingertips-human>

situation and the barriers they face. Wherever possible, these conversations should be with a person, rather than through the online portal.

Recommendations

The Centre recommends that the Federal Government:

1. Raises the rate of social security payments to a minimum of \$73 per day.
2. Gives the *Economic Inclusion Advisory Committee* legislative powers in the budget process.
3. Removes the income payment threshold on Jobseeker Payments and continues full payments until a person can live sustainably above the poverty line.
4. Removes means-testing for partners of potential welfare recipients.
5. Re-designs the system to address complex barriers to employment and create referral pathways, instead of the 'employment first' approach.
6. Consults with local communities, organisations and groups to inform the employment services system.
7. Ensures the workforce system is not based entirely on automation and online services, and users can have access to face-to-face and telephone services where appropriate.
8. Removes payment suspension and cancellation from the system as it currently stands.