

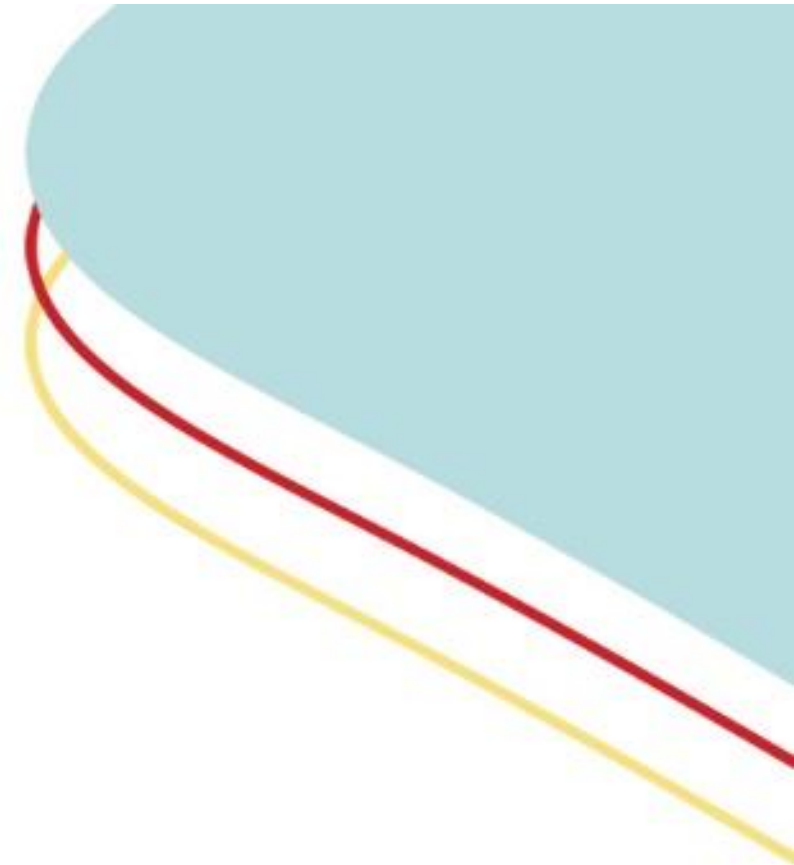
HOR Select Committee on Employment Services

Dr Peter Davidson & Dr Simone Casey
12 October 2022



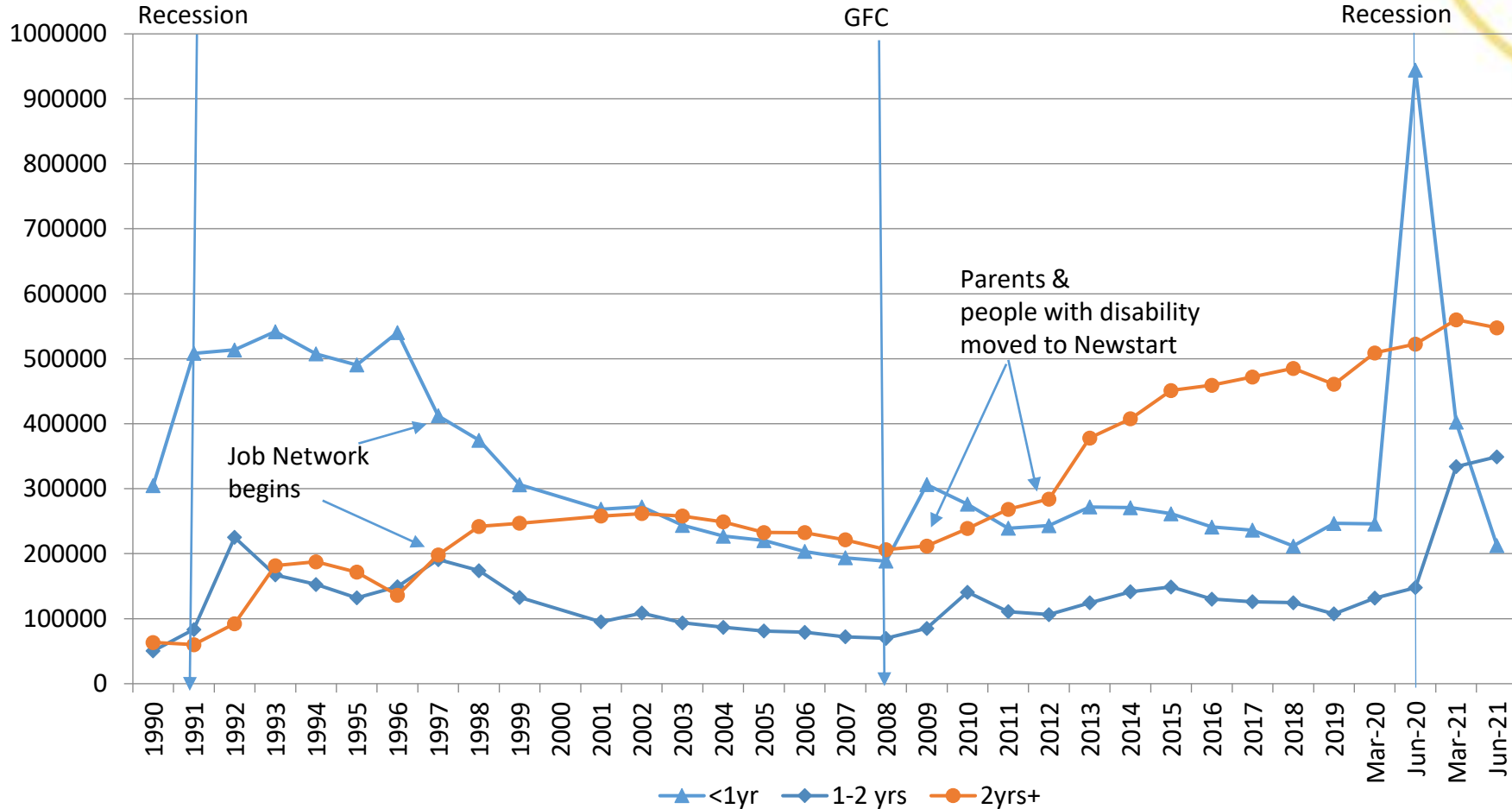
Topics

- Who receives unemployment payments?
- What do people unemployed long-term need?
- What do they get from employment services?
- What needs to change?
- What was reproduced from jobactive into Workforce Australia
- Views of people who used jobactive
- Marketisation/privatisation issues (diversity, scale, consolidation)



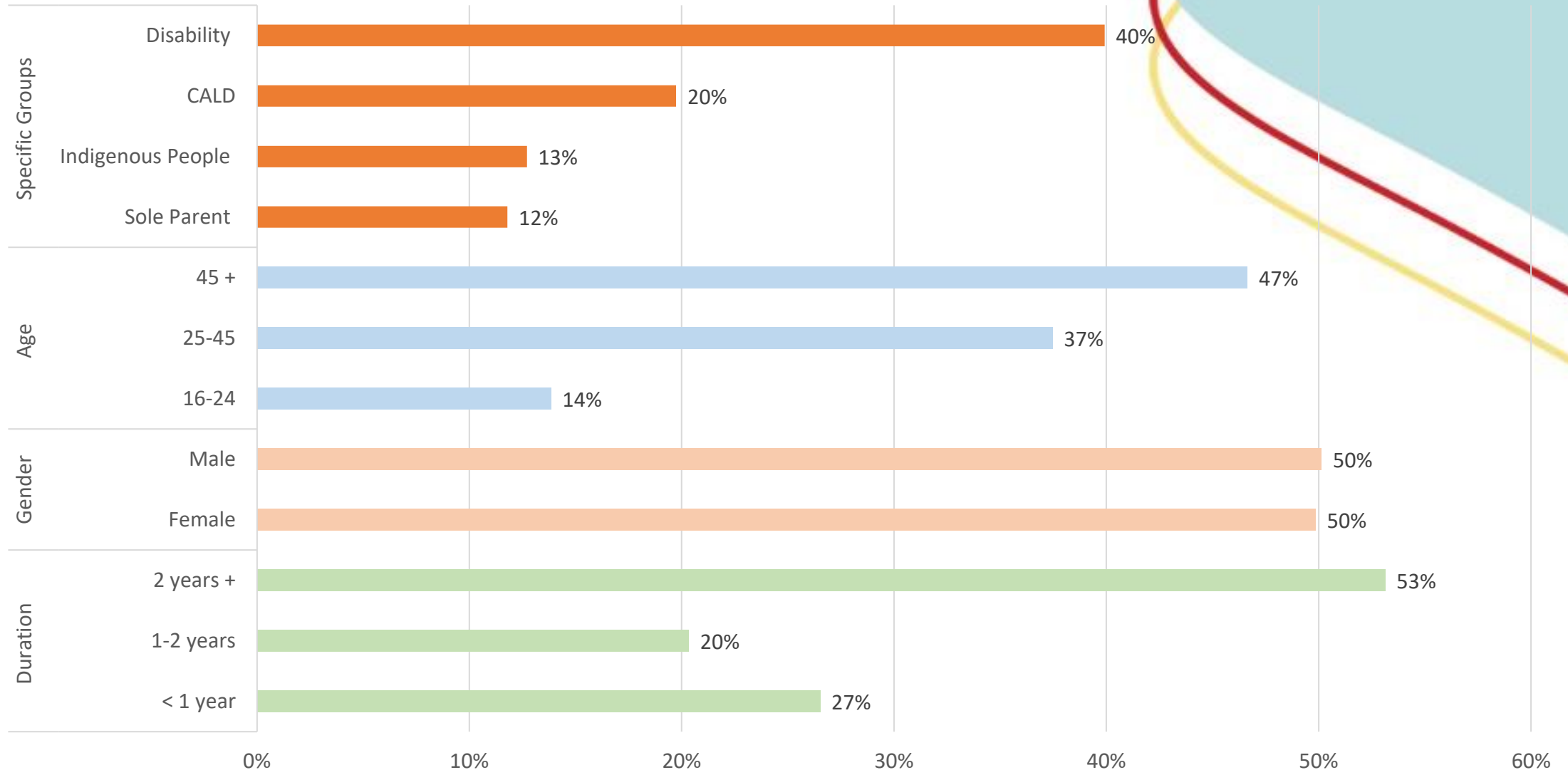
Very long-term unemployment has increased

Unemployment payment recipients by duration
(1990-2020)



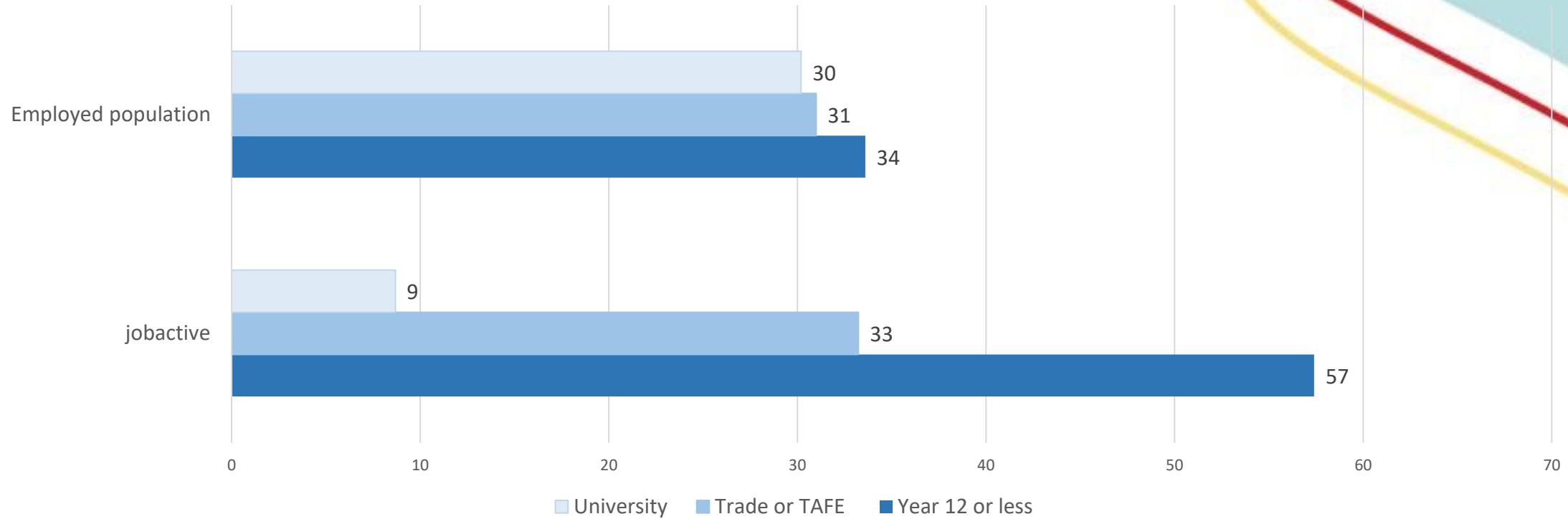
Most people on unemployment payments are on income support for over 2 years, half are 45 years+, 40% have disability

Profile of Jskr/YA recipients, March 2022



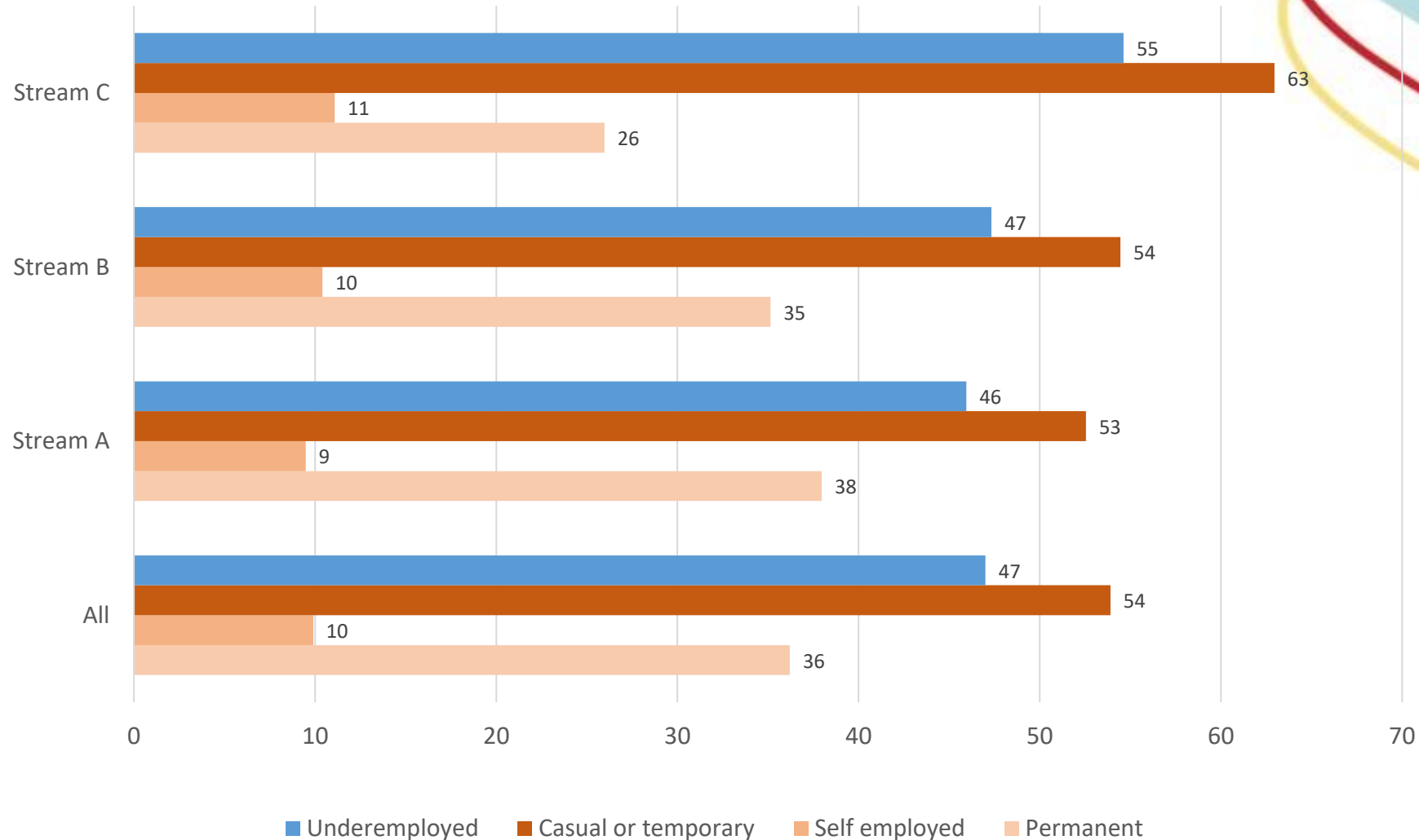
Almost 60% of jobactive participants lacked post-school quals.

Highest qualifications of jobactive participants and all employed workers
(% of all in Jan 2020)



Half of job placements were in casual, part-time positions

Job placements of jobactive participants (2019)



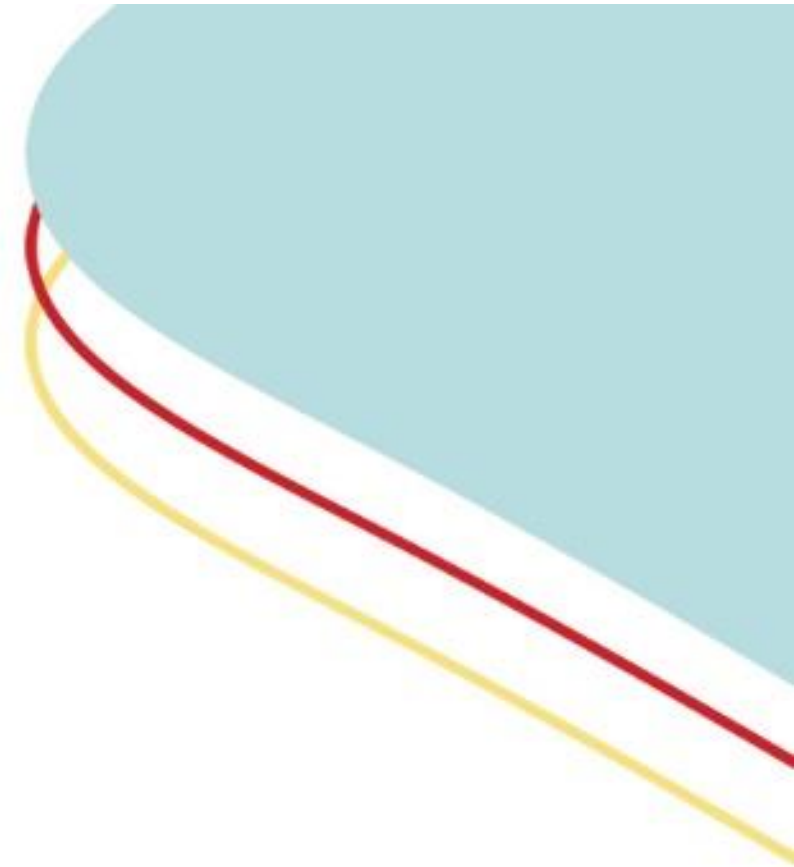
What's happened to entry-level jobs?

In times of high unemployment:

- paid working hours are rationed on as 'as needed' basis
- The result is high levels of casual employment and under-employment
- Employers expect workers to arrive on the job fully skilled and ready
- Little incentive to train and retain staff
- High level of churn among workers

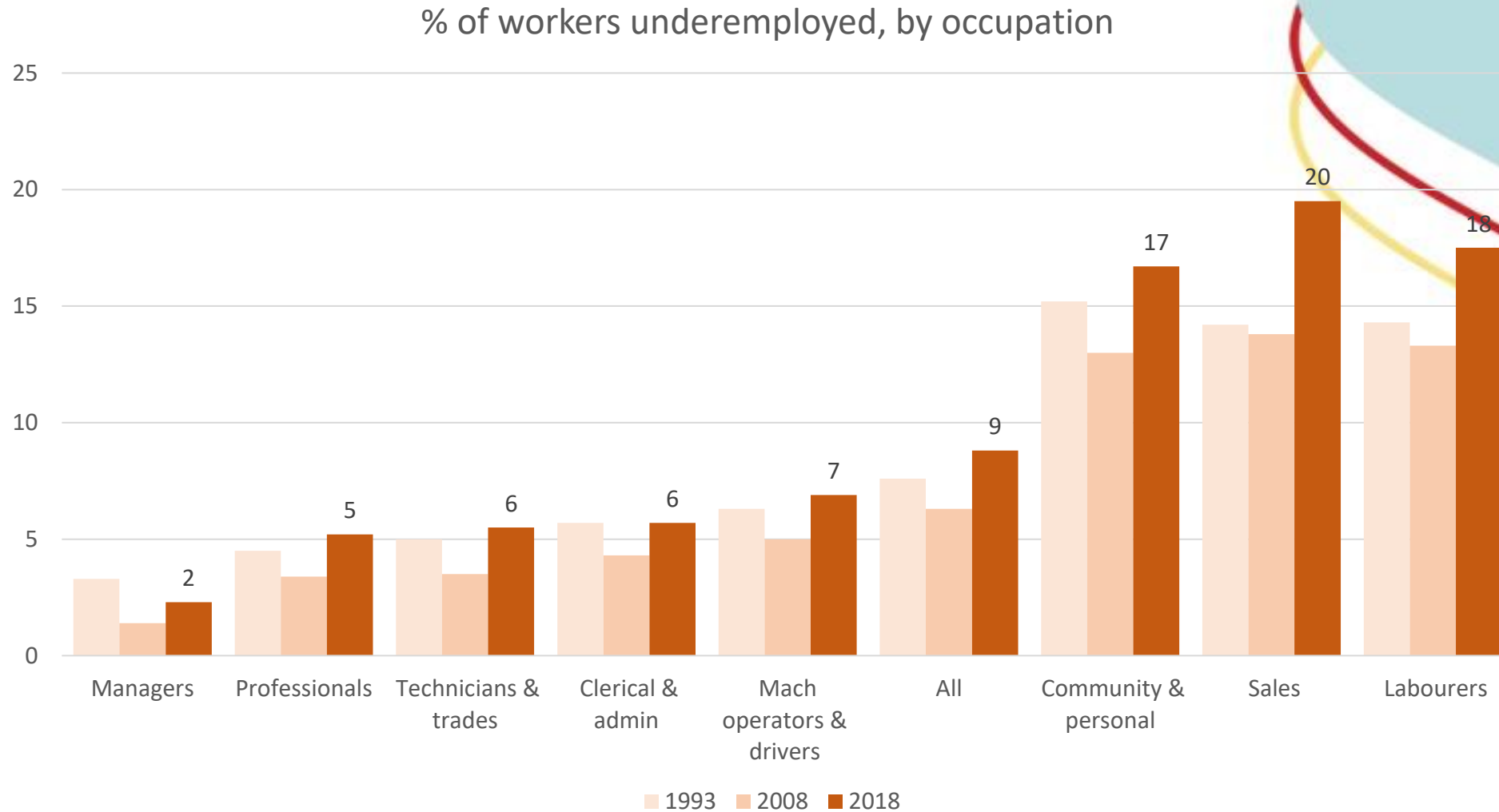
Solutions:

- Sustained full employment
- Workplace relations reform
- Invest in training for people who are unemployed
- Refer them to the right job rather than the first job available



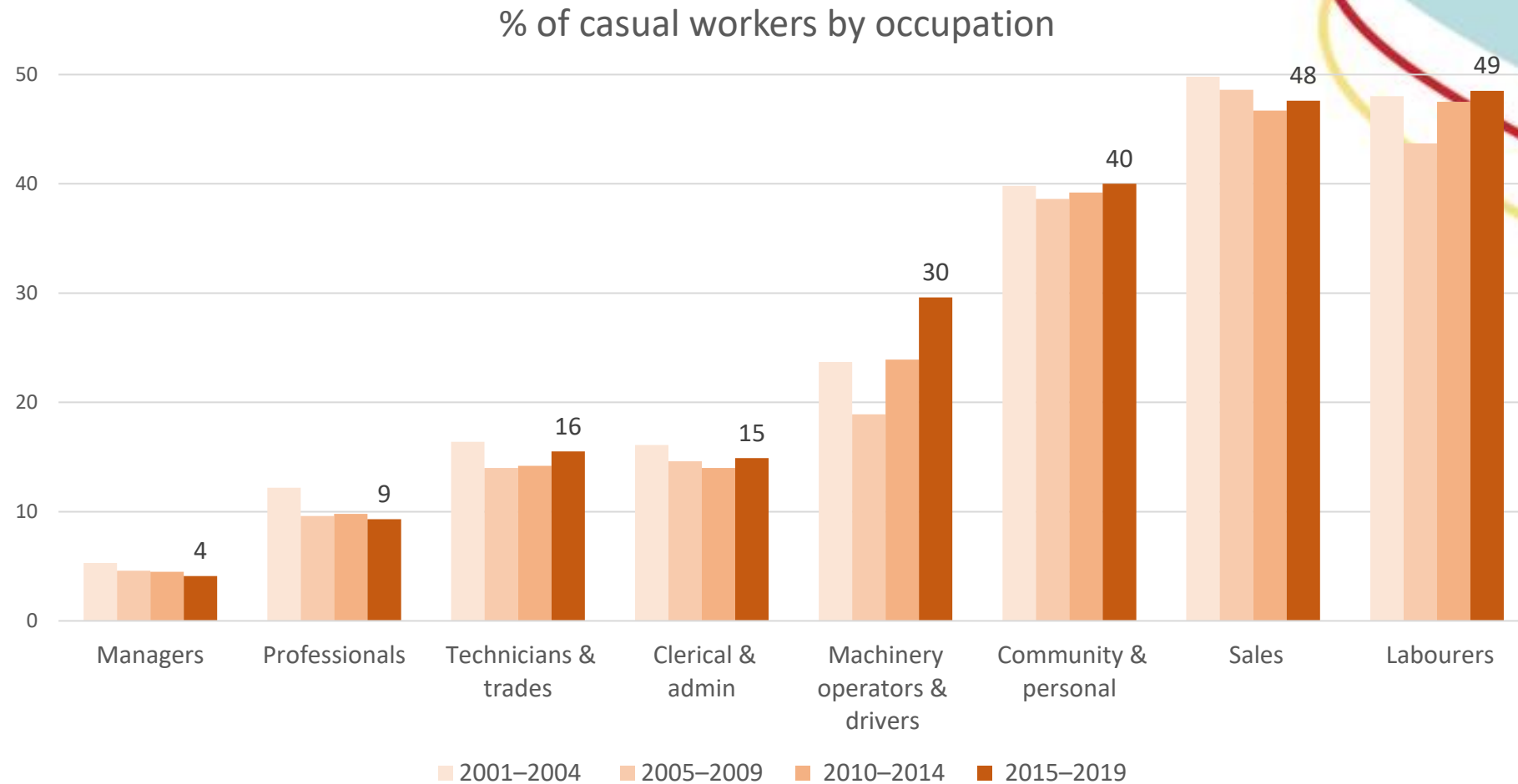
What's happened to entry-level jobs?

Underemployment was common in entry-level jobs pre-COVID



What's happened to entry-level jobs?

Casual employment was common in entry-level jobs pre-COVID



Melbourne Institute (2021), HILDA Statistical report.

What do people unemployed long-term need?

Agency:

- Commit to a genuinely agreed path to employment
- Ability to repeatedly put yourself in front of employers: requires *headspace and confidence*
- Scarcity of time or money, or fear of loss of income support, deprive people of both

Personalised guidance and support:

- Skilled consultants with time to engage and a degree of control over *their own work*
- Specialised providers or service partnerships to assist the most disadvantaged
- A clear line of sight to the right job

Investment – the right mix of:

- Career guidance and vocational training
- Foundation skills
- Employer incentives and supports
- Practical help (internet, transport, child care)

Connection with the right employer and the right job

- Partner with employers to encourage them to consider people they previously set aside
- Find the right job for the person (not just the first available)
- Mentoring and support for both the unemployed person and the employer to make it work for both



What do they get?

Agency:

- Job search requirements based on (high) volume rather than quality
- 'Keep busy' activities every 6-12 months
- Living on \$48 a day
- Almost immediate payment suspension for minor infringements (approx. 180,000 per month in early 2022)

Personalised guidance and support:

- Workforce Australia caseloads = approx. 80 (150+ in jobactive)
- No qualification/skill requirements for consultants; no independent quality assurance
- 'Tick a box' approach focussed on supervision of activity requirements

Investment:

- Few receive career guidance (e.g. CTA for older workers)
- Main form of training (Employability Skills) is of doubtful quality; some get vocational training but limited to 1 year fulltime
- Only a few thousand wage subsidies so far; Work for the Dole is more common but doesn't lead to paid employment
- Some help with job search costs, but very inconsistent (provider discretion)

Connection with the right employer and the right job

- jobactive reached <5% of employers, heavy focus on labour hire, part-time entry level jobs
- Supply side focus – send people out to find their own jobs
- Work first approach – take the first available job

What needs to change?

Resources

- Australia spends less than half the OECD average on employment assistance; caseloads are still too high

Compliance

- Shift from supervision of 'activities' to flexible help; compliance should sit in the background (e.g. Transition to Work)

Quality assurance/consultant skills

- Independent quality assurance/complaints body; minimum qualifications for consultants

Investment

- A flexible, negotiated annual *Jobs and Training Offer* for people unemployed long-term (after 6 months for young people), replacing Work for the Dole & Employability Skills Training
- Offer is based on individual rather than (assumed) 'target group' needs; but delivery mechanisms/providers may vary among groups (e.g. young people, parents)
- Program resources (wage subsidies, training, etc) are available to providers *at scale* (in addition to Employment Fund)

Commissioning model:

- Benefits of competition are doubtful
- Public employment services aren't necessarily more effective, but for-profit providers haven't added value
- Outcome payments help focus on jobs, but (on their own) don't encourage investment in the most disadvantaged
 - fund investment directly without prescribing what help to offer each person

Regional partnerships

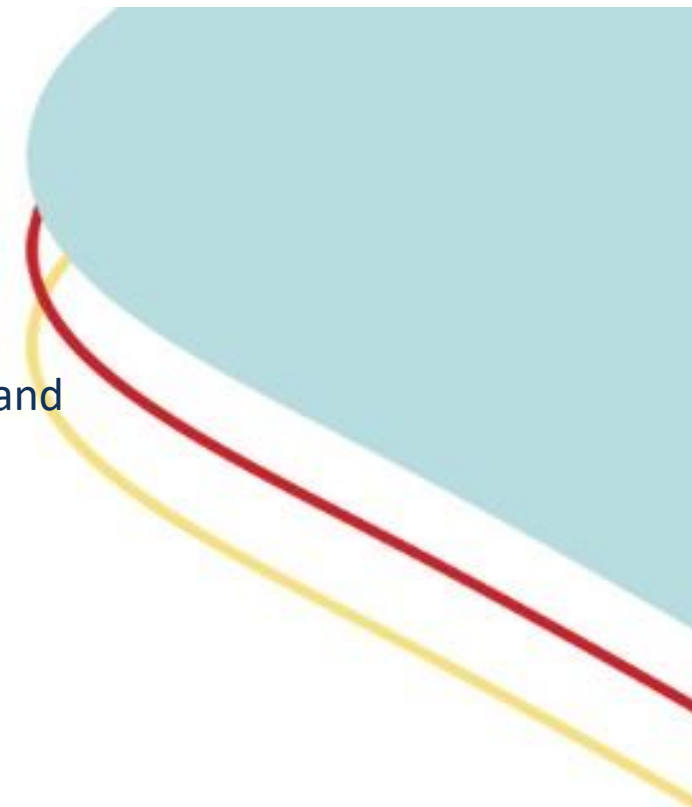
- Providers, employers, unions, training institutions & social services working together have more impact
- Such collaboration is inconsistent and patchy – must be structured into funding arrangements without detracting from local leadership and agency
- Workforce Australia commissioning model and competition among providers work against this

What needs to change?

Diversity of providers

ACOSS's view is that providers offering employment services should:

- be grounded in local communities and have local level labour market knowledge and connections; and/or;
- have specialised expertise in assisting a particular group (such as new migrants);
And
- have demonstrated capacity to assist people who are long term unemployed and otherwise disadvantaged in the labour market to secure decent jobs;
And
- be motivated by a desire to reduce unemployment and social and economic disadvantage rather than profits.



What hasn't changed from jobactive?

Inflexible activity requirements

Heavy reliance on Work for the Dole and Employability Skills Training

Targeted Compliance Framework and payment suspensions

Work-first contract incentives (via outcome payments)

- Incentives may not overcome problem of creaming and parking
- Reliance on the 'market'

High caseloads

- Lack of workforce transition and/or development plan
- Workforce not equipped to deal with complex psychosocial issues

A model not well designed to promote employment of people unemployed long term

- Lack of investment in community development
- Lack of investment in job creation where jobs are scarce or employers are still reluctant to employ the most disadvantaged



What about ParentsNext?

Issues include:

- Age of youngest child
 - Enrolment of parents with strong employment histories
 - The Targeted Compliance Framework and reporting requirements
 - High volume of payment suspensions
 - Accessibility of providers, and frequency of appointments
 - Access to exemptions
 - Surveillance of attendance at playgroup, storytime, swimming lessons
 - Referral to own entity activities e.g. basic training
 - Not a genuine intervention for domestic violence
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- In 2021 the PJCHR said that
‘the human rights compatibility of the measure would be addressed if an individual's qualification for parenting payment was not linked to the person meeting participation requirements’ (p.112) - or in other words to make the program voluntary.

The committee recommended changes be made to assist with the proportionality of ParentsNext including:

- the need to ensure that there would be human assessment before payment suspensions were applied; an assessment of the suitability of the program and the

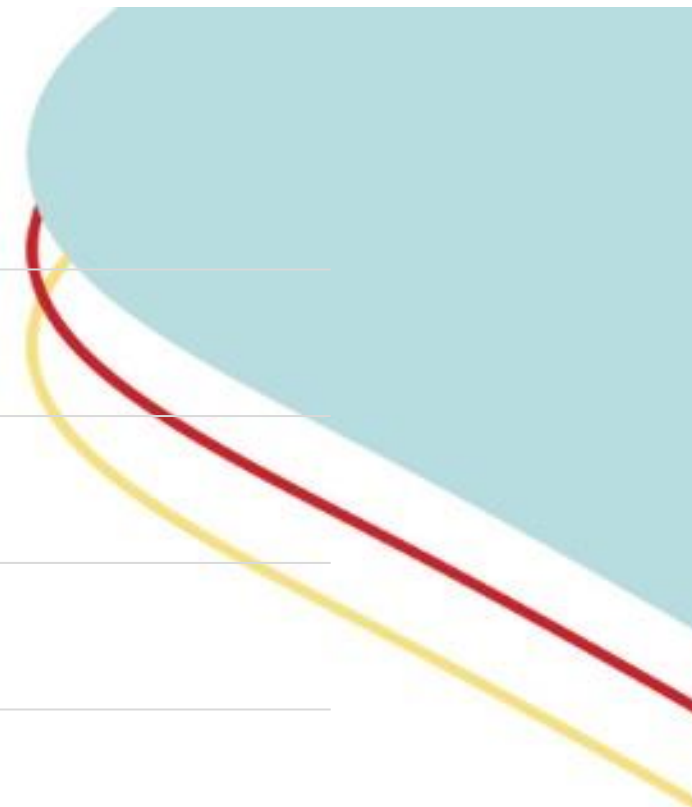
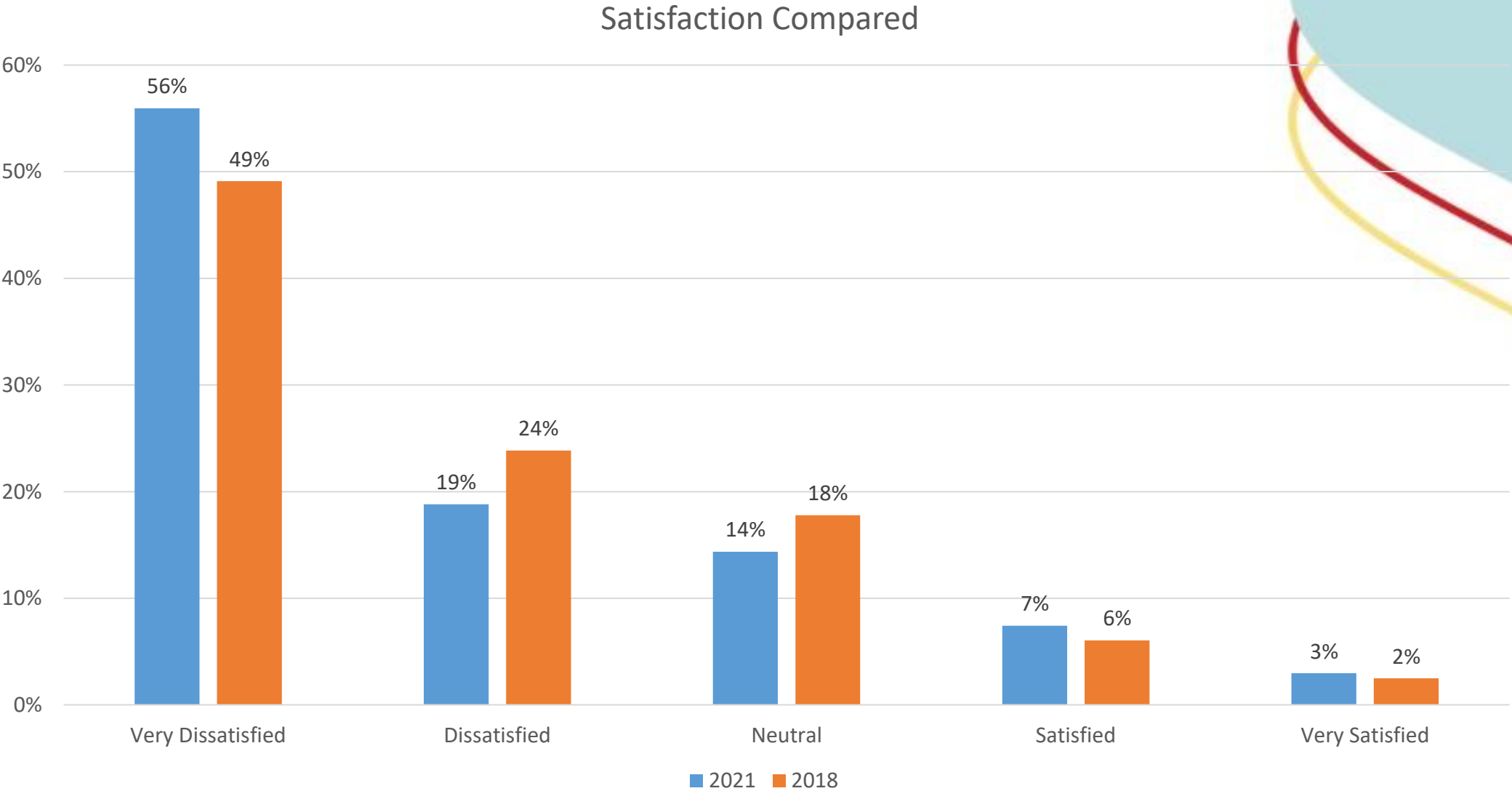


'job-seeker' experiences of jobactive

- Disciplinary use of compliance to get outcomes
- Incorrect requirements in job plans
- Experienced as bullying
- Poor implementation of policy
- Own entity referrals
- Poor social security decision making

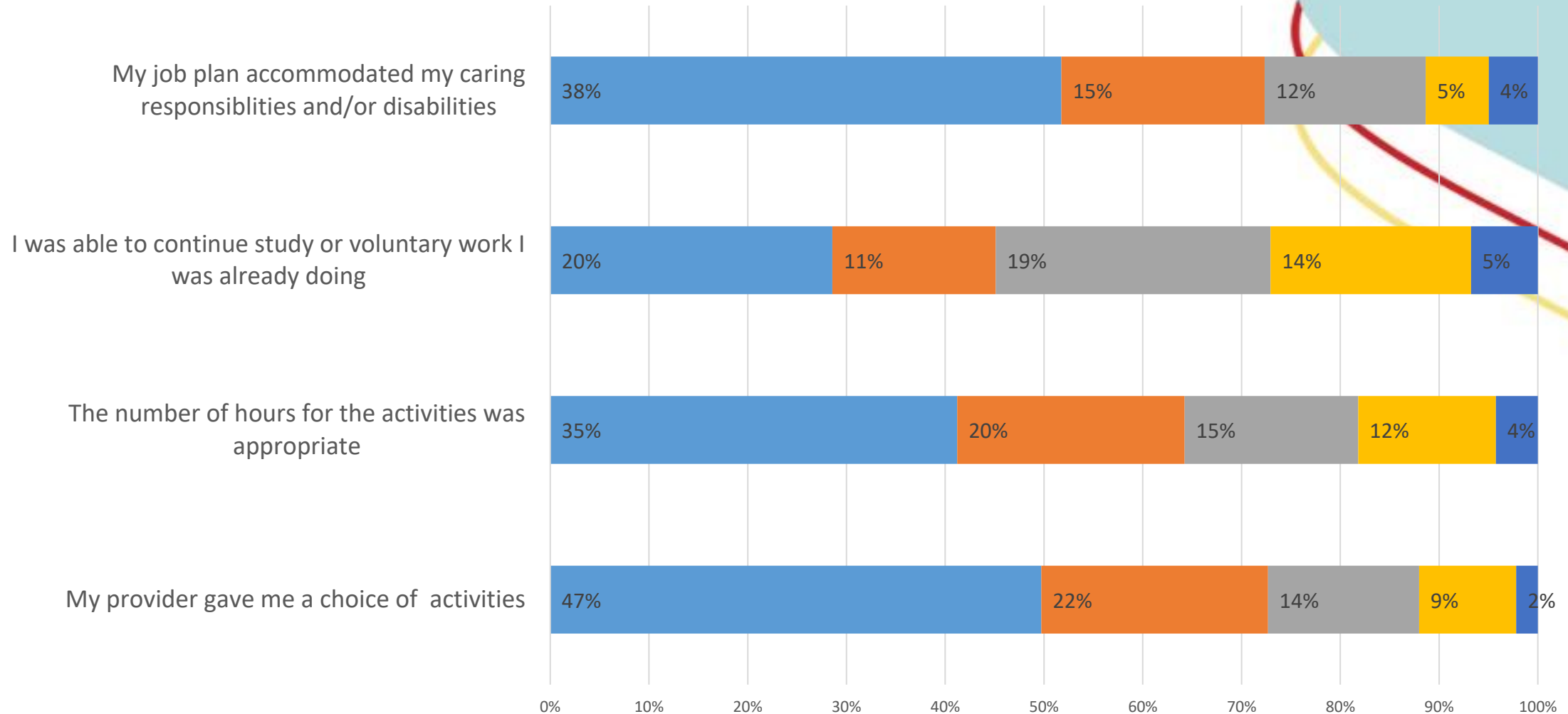


Satisfaction with jobactive

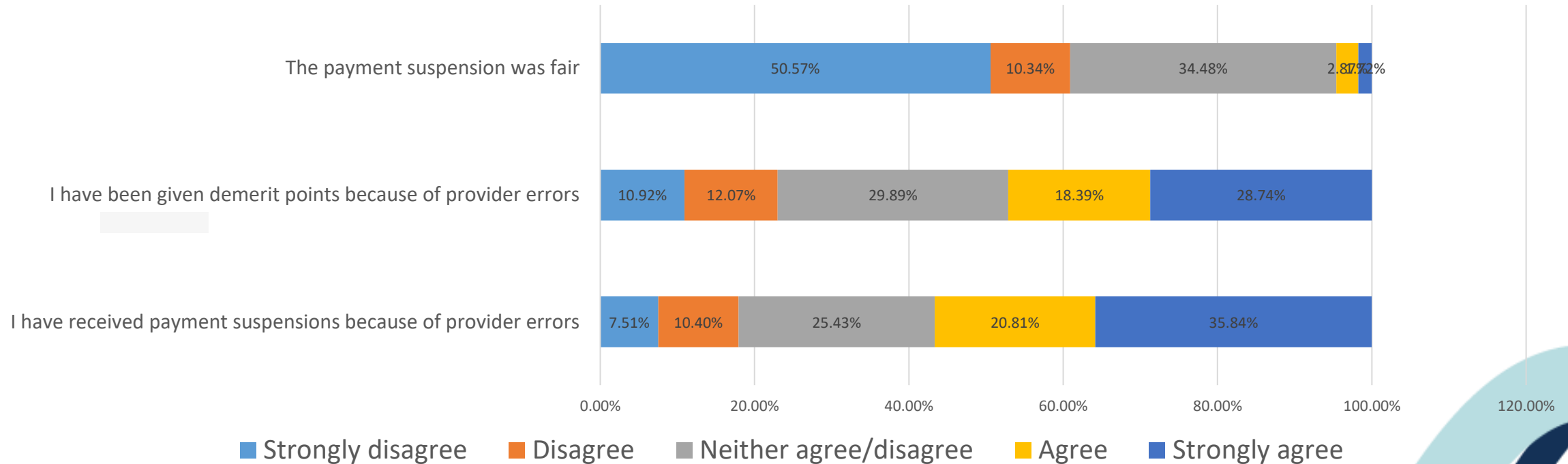


Experiences of jobactive

Choice and control of activities in job plans

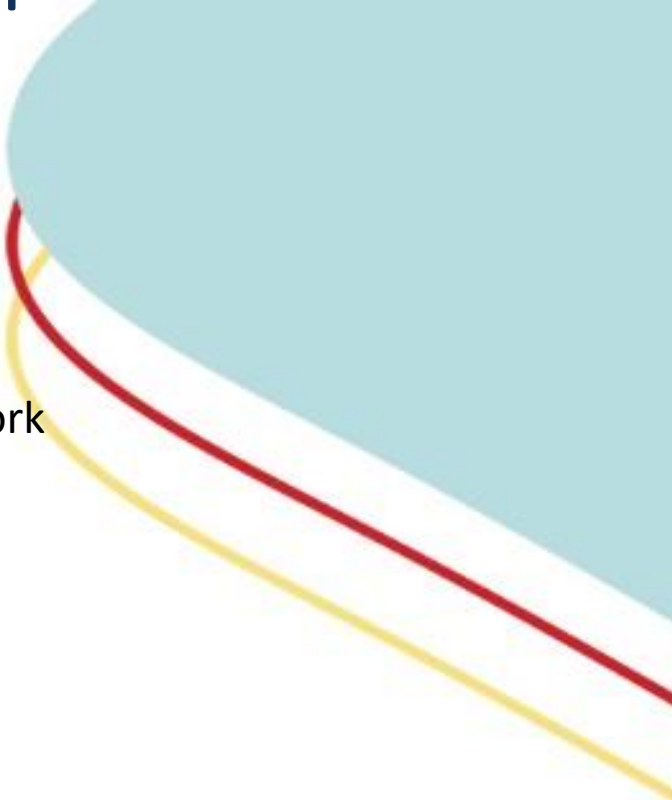


Experiences of the Targeted Compliance Framework



- The **threat effect of payment suspensions** cause anxiety that is harmful to their well-being, regardless of whether the suspension results in a delay to the payment or not.
- **Complaints processes** are not accessible and do not lead to problems being addressed in the short term; people fear 'retribution' for complaining

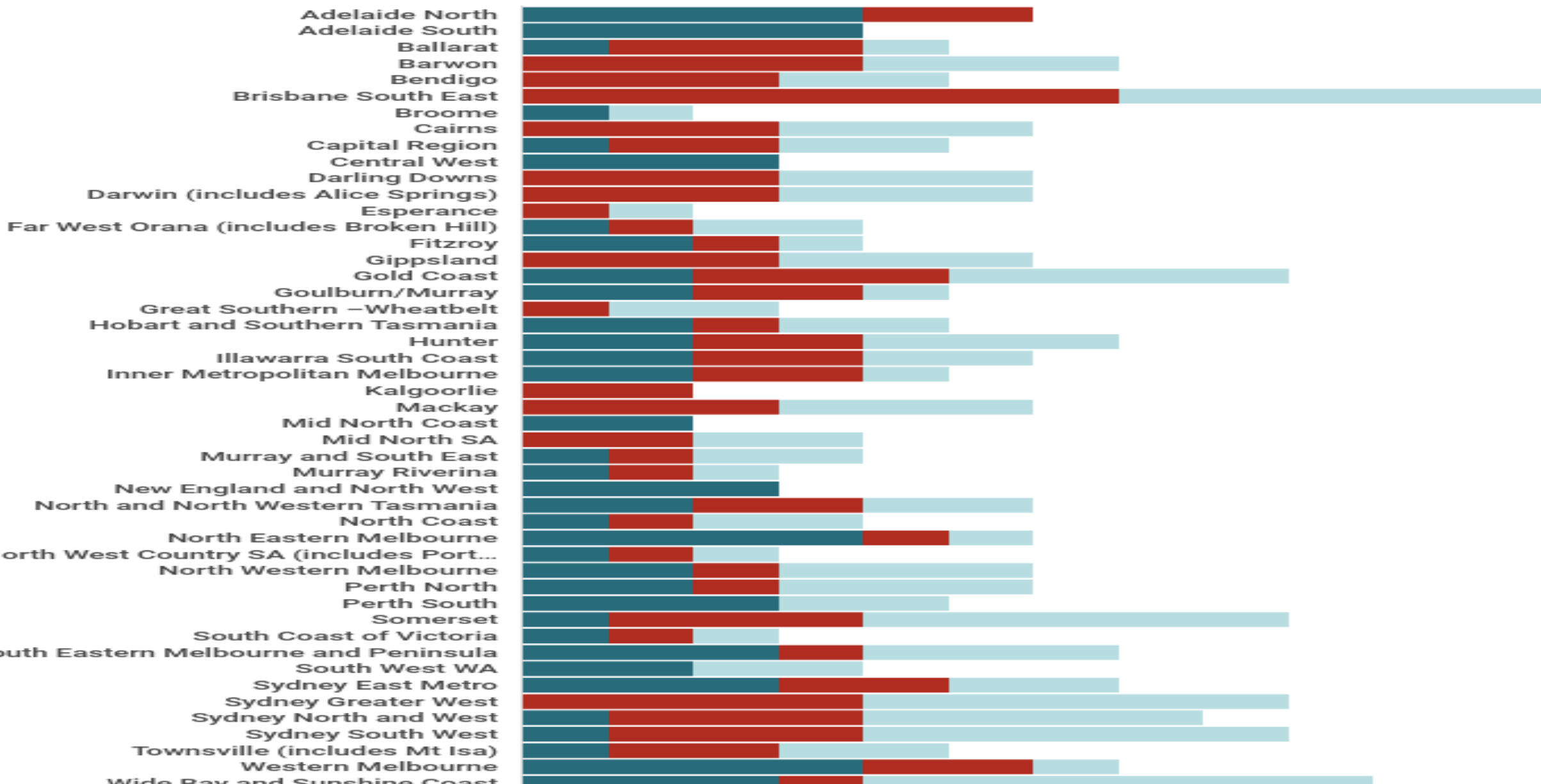
Experiences of jobactive: adult education and VET providers

- Sector starved of 'job seekers'
 - Market disruption has dissolved relationships
 - Job seekers referred to other activities because of mandatory requirement to do Work for the Dole/EST as the six-monthly activity
 - Own entity referrals (by employment service providers) are problematic
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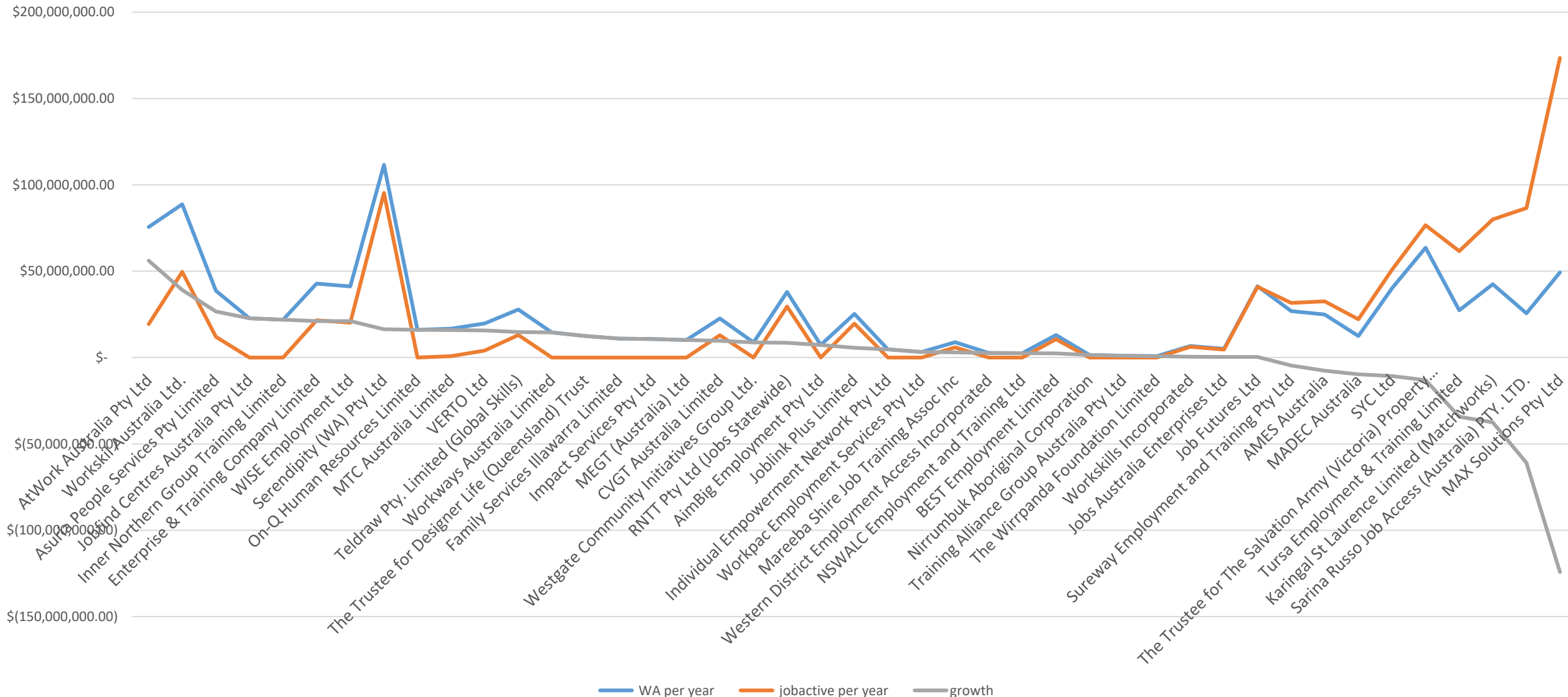
Fall in employment service providers over time



2019 tender: Market disruption



2019 tender: But also market continuity and growth for some, esp DES providers



Relevant ACOSS publications

Submissions and policy papers on new employment services

- Proposed local employment development partnerships model <https://www.acoss.org.au/wp-content/uploads/2020/08/200812-Local-employment-and-skills-development-partnerships-FINAL-2.pdf>
- Provider payment model <https://www.acoss.org.au/201208-acoss-submission-new-employment-service-payment-model/>
- Points Based Activation <https://www.acoss.org.au/pbassubfinal/>
- Licensing of services <https://www.acoss.org.au/acoss-submission-employment-service-licensing/>
- Initial submission to Expert Panel https://www.acoss.org.au/wp-content/uploads/2018/08/ACOSS_submission-on-future-employment-services_FINAL.pdf
- Parents next <https://www.acoss.org.au/wp-content/uploads/2021/05/PNJCHRIquiryFinal.pdf>

Research

- Voices 2: Survey of people using jobactive services <https://www.acoss.org.au/wp-content/uploads/2022/06/VoU2021.pdf>
- Faces of Unemployment: profile of people on unemployment payments <https://www.acoss.org.au/faces-of-unemployment/>
- Statistics: payment suspensions <https://www.acoss.org.au/mutual-obligation-snapshot-payment-suspension/>
- Statistics: Unemployment payment compliance system <https://www.acoss.org.au/mutual-obligation-snapshot-the-targeted-compliance-framework/>
- Brief on Job Plans <https://www.acoss.org.au/what-is-a-job-plan/>
- Statistics: Outcomes of Workforce Australia tender. <https://www.acoss.org.au/workforce-australia-provider-snapshot/>
- Statistics: Short profile of people using jobactive services <https://www.acoss.org.au/profile-of-people-who-use-employment-services/>

Contact:

Dr Peter Davidson
Principal Adviser,
Dr Simone Casey
Senior Advisor

Australian Council of Social Service (ACOSS)

peter@acoss.org.au

simone@acoss.org.au

www.acoss.org.au

