

27 September 2018

Senate Employment and Employment References Committee
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Dear Committee Members

jobactive inquiry 2018

The Brotherhood of St Laurence is pleased to respond to the Senate Committee's inquiry into the jobactive system. A short overview of our recent submission to the government's Next Generation of Employment Services Review appears below, together with the voices of those intersecting with the jobactive system. The full submission, and that lodged on behalf of the Transition to Work Community of Practice (which we facilitate) are attached.

We welcome the opportunity to be part of any future hearings held by the Committee to inform this inquiry. We also invite members and staff of the Committee to visit a Transition to Work site to see the program in action and reflect on how it could inform the next stage of employment services.

A lot of people think that there are a bunch of dole bludgers out there, but it's really not true, because no-one wants to be stuck at home all day doing nothing ... People want to have savings ... people want to do things. If you don't have a full-time job you can't do that. I just want to get out there and work. I just need a job so I can move ahead in life. **Kevin, Transition to Work study, 2017**

Jobactive is not working well

While we recognise the efforts and investment of all those involved with jobactive, and the positive experiences of some jobseekers, it is the Brotherhood's view that that jobactive is not working well.

Poor outcomes for disadvantaged jobseekers

Despite a relatively buoyant economy and strong employment growth, outcomes for jobseekers experiencing disadvantage remain poor. More than two-thirds are with the service for over a year, and around half for over two years; and for those in Stream C, the average time is five years. Particular groups (including mature age people, those with disability, humanitarian entrants, early school leavers) are faring especially badly.

Short-termism and churn

Unemployed and underemployed workers are cycling between precarious work and employment services. Most jobactive employment placements are in short-term, casual and seasonal work—often through labour hire firms. ‘Short-termism’ and its associated churn create long-term harm, together with long-term costs for governments and communities.

[The jobactive provider] said I should forget about ever returning to full-time work, and embrace insecurity as the new normal. The future will be dictated by short-term contracts, casual, on-call work ... You get steered into low-skilled and insecure jobs, they argue that is all that exists in the local labour market ... This means you just end up in the never-ending roundabout of low-paid, low-skilled, casual jobs that last a few weeks or months. This situation sets in train a pernicious cycle of going in and out of work. **Correspondent with BSL 2018**

Little investment in capabilities needed for future of work

Those at the margins of the labour market are not receiving the information, advice and support that they need. Investment in building skills and capabilities is low. Providers (which receive little reward for training outcomes) are increasingly taking a short-term, work-first approach—prioritising moving people into any job over raising education or skill levels.¹

The system is not designed with the future of work in view. Jobactive does little to assist unemployed and underemployed workers to develop the skills, and attain the qualifications and experience, needed for the current and emerging labour market.

I think they should assist their mature age [jobseekers] in the jobs that are available in the labour market. And train them in those areas ... Yeah there is a need for that because if there is training, training should be leading to real jobs, not just training where again you get yourself not getting a job. **Jimmy, Mature age jobseekers study, 2018**

Compliance drive and punitive approaches at the expense of meaningful assistance

The compliance-heavy approach is diverting front-line employment services staff from assisting jobseekers in the way that they want to. This contributes to high staff turnover. It also undermines the trust and engagement of those seeking meaningful employment assistance.²

Jobseekers face an increasingly punitive approach, despite the chronic shortage of entry-level and low-skilled jobs. Staff are issuing more than twice as many sanctions as under the previous Jobs Services Australia model.³

The compliance regime has good elements, but mostly they’re highly problematic, and [it] continues the trend of more intrusion, control, sanctions and so called obligations, which any other cohort receiving government payments are not subjected to.

The first thing that hits you viscerally is the red circle on your jobactive account. The demerit dial ... The dashboard is like an ankle monitor. While it tracks your every move, measures your ‘effort’, level of ‘engagement’ and ‘participation’, it’s also evaluating you remotely. **Correspondent with BSL 2018**

¹ JM Lewis, M Considine, S O’Sullivan, P Nguyen & M McGann, *From entitlement to experiment: the new governance of welfare to work*, Australian Report back to Industry Partners, 2016.

² D Bowman, M McGann, H Kimberley & S Biggs, ‘Activation and active ageing? Mature-age jobseekers’ experience of employment services’, *Social Policy and Society*, vol. 15, no. 4, pp. 647–58.

³ Lewis et al., *From entitlement to experiment*.

No jobseeker agency over their employment assistance

Unemployed and underemployed workers have little choice or control over their experience of employment support. This works against building motivation and capability.

No adviser has appraised skills, identified the qualifications needed to meet job criteria, nor have they made any attempt to have this discussion, nor have they recognised this as in any way essential. They haven't even attempted to ask me the simple question 'What sector and job would you really want to work in?' There's been no tailoring of assistance at all. No attempt to review my background and experience, nor has any job plan even acknowledged 11 years in the NSW public service, nor my enrolment in the BSocWork at UOW ... No follow-up, or proactive steps or 'reverse marketing' to connect with employers . **Correspondent with BSL 2018**

Frontline staff under pressure and poorly trained

High caseloads leave little time for building rapport and relationships, which are critical success factors for jobseekers with complex needs. Jobactive staff routinely report dissatisfaction with their KPIs, time constraints and large caseloads. Staff report seeing at least 18 jobseekers a day.⁴ Investment in staff capabilities is low.

Over 12 per cent of respondents [front line jobactive staff] reported that they had received no training to do their job whereas a little under half reported receiving informal training from colleagues (Lewis et al., 2016). This suggests that sizeable numbers of frontline employment services staff have limited expert training (for example, qualifications in social work, health sciences, etc.) in how to work with highly disadvantaged jobseekers in an integrated way. **Policy Lab, University of Melbourne, Submission to Future of Employment Services Review 2018**

Poor engagement with employers

Employer engagement and confidence are low: just 4.7% of employers used public employment services in 2015, down from 8% in 2011.⁵ Frontline staff dedicate over three times as long to contract compliance and other forms of administration as to employer engagement.⁶

We stopped working with a [provider] because they were doing ... the KPI, tick-a-box thing and ... I can't do that again, sorry. **Employer perspectives study, 2018**

... when I had a chance to meet up with people like [Work and Learning Advisor] here, and he can pick me up and take me in car and go to some bosses and say 'This person is looking for a job', that's when [I'm] successful. But I had already put in a resume there and they didn't call me back. But ... when someone connects you with those people ... I think we need that connection – someone who can stand up and say something. **Jobseeker, Work & Learning Centre Report, 2015**

What little employer engagement there is tends to be focused on single or small batches of job placements. Strategic engagement with industry and employer bodies to meet broader recruitment needs is rare.

Potential community effort not being realised

Commissioning larger providers to operate across vast employment regions has diminished opportunities for responsiveness to local circumstances and local collaboration, undermining some of the key benefits

⁴ Survey of frontline employment services staff (SFESS) (Lewis et al. 2016)

⁵ KPMG, *The Australian recruitment industry: a comparison of service delivery*, report for the Department of Employment, KPMG, 2016, p. 19.

⁶ Lewis et al., *From entitlement to experiment*.

typically associated with outsourcing.⁷ As smaller community organisations have been pushed out of employment services or been absorbed into larger organisations, local knowledge and connections have been lost.

Competitive environment is counter-productive

The competitive market is eroding trust between providers, diminishing collaboration and sharing of learning about evidence-informed programs and practice, and discouraging innovation.⁸

Misalignment of efforts

Employment services are largely disconnected from other federal, state and local initiatives that impact on employment. Opportunities to align efforts and resources are being missed, with duplication in some areas and neglect of others.

Fundamental reform is needed

The opportunity to reshape employment services to drive real change must be seized. Delivering more of the same, with a bit of tinkering around the edges, will set everyone up to fail—workers and jobseekers navigating a precarious labour market, employers, communities and our nation. Our economy is changing, the future of work is changing: it cannot be business as usual for employment services.

Fundamental redesign is needed—in the way employment services are commissioned, the way they serve jobseekers, employers and communities and the way they interface with other systems, policies and programs.

Critically, employment services need to be responsive to the changing labour market. They need to operate within a broader National Employment Strategy, and be connected with mutually reinforcing initiatives such as workforce planning, training, economic development, inclusive employment and support services (see figure, next page). Improving the interface between employment services and related initiatives and systems (social security, tax, etc.) ought not to be dismissed as out of scope.

⁷ Jobs Australia, *State of play: Jobactive employment services 2015–2020 tender results*, Jobs Australia, Carlton South, Vic., 2015.

⁸ S Olney & W Gallet, *Issues in market-based reform of human services: lessons from employment services*, paper prepared for the Social Service Future Dialogue, 2016.



There is much to learn from our experiences of what is and is not working. There are definite bright spots among Australia’s current ancillary programs. For example, the more aspirational, flexible, collaborative, localised and demand-side approaches being used in Transition to Work are driving higher engagement and lower cost outcomes; it should be continued and expanded.

Recognition of the challenges facing mature age jobseekers through the upcoming Careers Transitions Service is also welcome, as is the recognition of the need for regional employment approaches through the upcoming place-based trials.

Future employment services need to be intentionally crafted to address current shortcomings and to do more of what is working well. While we appreciate that employment services cannot fix everything, if the design is right (from purpose to goals to principles, and at the levels of systems, service and practice approach) there is reason to be optimistic that better outcomes for jobseekers, employers, communities, providers and governments will follow.

Future directions

Key future directions for reform recommended by the Brotherhood include:

A transformed offer for unemployed and underemployed workers

The new system needs to be unwavering in preventing and addressing long-term unemployment and underemployment. This will mean considerably strengthening the current service offer. Investment in building capabilities (vocational advice; skills building; training) needs to be front-loaded to prevent people being parked in the system for an extended period. Achieving sustained, stable work outcomes, so people are not repeatedly churned through the system, needs to be prioritised. Approaches that are tailored to the circumstances of different groups of jobseekers and different places (but remain true to evidence-based models) are crucial.

A retreat from the compliance-heavy ‘jobseeker activation’ approach would make way for an emphasis on greater jobseeker agency, which is intrinsically motivating and ultimately drives better outcomes. Choice for jobseekers about what they want to be and do, together with voice and control about how they get there, makes all the difference.

I don't like being unemployed, I want to make a contribution, but I want it to be a real contribution that matches my skills and my abilities and my commitments. **Daisy, Mature age jobseekers study, 2018**

Frontline practice would be reframed though use of an approach that prioritises attention on talents, abilities and potential, rather than deficits. This would involve positive coaching, enabled by smaller caseloads.

[At Transition to Work] We listen to [our participants], and work with them to find the best opportunities to suit their aspirations – they are not a number or a statistic, they are people with real challenges, and real hopes and dreams. **Transition to Work program manager, 2017**

While increased reliance on on-line servicing is inevitable, great caution, and clear principles and rules, will be needed to mitigate associated risks. A digital-first, rather than a digital-only approach should be used for jobseekers willing, suitable and equipped to engage in this way.

A strategic and supportive relationship with employers and employer bodies

A greater emphasis on the demand side of the employment equation would reposition employers as major stakeholders and customers of employment services. Employers needs to be involved at all levels—from having a voice in systems governance, to strategically advising how employment services can assist their present and future workforce needs; to co-designing training and recruitment pathways; to providing opportunities for jobseekers and being supported to implement inclusive employment practices.

... employers want that bespoke [service], someone who understands their business needs, and is able to go out and help them recruit, help them organise pre-employment training if it's required, you know—just ... outsource what they don't have the capacity to do internally, and navigate the market for them as well, and source talent for them. **Employer association member, employer study, 2014**

Delivery *with* rather than *to* the community

The opportunities, resources and networks that could be made available to jobseekers in their local area are not to be underestimated. Employment services need to be actively working with the local community. This requires providers with strong local connections and intentional approaches to mobilising local expertise and resources.

A collaborative operating environment

Provider collaboration needs to be at the heart of the new system, so that trust and reciprocity will enable improvement of systems and service. Mechanisms for continuous improvement and sharing best practice—such as Communities of Practice—will only thrive where providers are not in fierce competition with each other for market share, jobseekers, employers or local resources.

The new system needs to support a diversity of providers, through models and funding approaches that enable delivery by smaller providers.

A different role for government

Government needs to step into the role of market steward, and actively work with stakeholders (including jobseekers and employers) to deliver better outcomes and co-create public value. This means taking a shared approach to governance, by inviting these groups to be part of systems oversight. It also means government contributing to the achievement of shared goals—through measures including the right policies and commissioning environment. Reframing the relationship with jobseekers from mutual obligation to mutual accountability would help to foster a sense of reciprocity.

Government should listen to people and they should have representatives that work at places like Centrelink and these other places that actually listen to people and take on board their struggle and how they are impacted. **Maggie, Mature-age jobseekers study, 2018**

The Brotherhood stands ready to assist the Committee further with its inquiry into jobactive. Please contact me on (03) 9483 1364 or smallett@bsl.org.au or Nicole Rees, Senior Manager of Public Policy on 0407337940 or nrees@bsl.org.au to discuss any aspect of our submission, request an appearance at future hearings or arrange a visit to see the Transition to Work program in operation.

Yours sincerely

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