

# PER CAPITA RESPONSE: ALP & LNP PLANS FOR JOBACTIVE

22 March 2019 – Warwick Smith & Abigail Lewis

<i>Working It Out</i> recommendations	ALP jobactive reforms	LNP jobactive reforms
Trial a Job Guarantee		
Replace CDP	Abolish CDP	
Restore public service delivery		
Establish an employment services ombudsman		
Separate compliance from service provision		
Standardised training for employment services staff		
Limits on maximum caseload size for employment services staff	Reduce workload by reducing reports to Centrelink	Reduce caseload size by switching to digital platform
Increase Newstart by \$75 per week	Review the rate of Newstart	
Index Commonwealth Rent Assistance to housing costs		
Include unemployed workers in any planning/review of jobactive		Claims to have consulted job seekers
Address the fact that there are not enough jobs available by replacing the outcome-based, work first model with a service-based, human capital model	<ul style="list-style-type: none"> <li>Remove requirement to apply for 20 jobs per month</li> <li>Review and redesign Work for the Dole</li> <li>Mutual obligations vary according to individual circumstances</li> </ul>	<ul style="list-style-type: none"> <li>Remove requirement to apply for 20 jobs per month</li> <li>Wider variety of mutual obligation activities</li> <li>Save money by switching to digital platform and reinvest in tailored services for long-term unemployed</li> </ul>
Re-structure contracts and incentives for service providers	<ul style="list-style-type: none"> <li>Providers only report to Centrelink four times a year</li> <li>New performance measures related to relationship building within local labour markets</li> <li>New funding arrangements that reward long term employment outcomes</li> </ul>	New performance regime for providers, but retain outcome payments
Invest in lifelong learning		

## General comments

### Neither platform constitutes the overhaul jobactive needs

Our report *Working It Out*<sup>1</sup> recommended a complete overhaul of the jobactive system to recognise the fact that there are not enough jobs available for everyone who wants to work. Unemployed people need services that support them into training, education, or work, not services that punish them for struggling to comply with activities that do not and cannot increase the demand for labour.

The new system would be co-designed with unemployed workers themselves. It would restore some public delivery of services, separate compliance from service provision altogether, introduce standardised training for service provider staff, and completely re-structure provider contracts. It would reward providers for constructive engagements with job seekers and placing unemployed workers in secure, long-term employment.

With that in mind, it's important to point out that both these reform packages aim to improve the system's day-to-day operations without addressing the flawed premise on which the whole service rests. Incremental change is still change, however. We've reached an important milestone when both major parties recognise that jobactive is failing unemployed people and needs substantial reform.

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<sup>1</sup> <http://bit.ly/working-it-out>

## Comments on LNP platform<sup>2</sup>

### Welcome the wider variety of mutual obligation activities, but details needed

Our report *Working It Out* identified that in the current job market, the requirement to apply for 20 jobs each month was unrealistically onerous and didn't work for jobactive participants, providers, or employers. We therefore welcome the LNP's commitment to remove this requirement and to introduce a wider variety of possible mutual obligation activities.

However, the introduction of a points-based system for mutual obligations raises some concerns. Unemployed people will be able to collect points from a wider variety of possible activities, but the highly punitive Targeted Compliance Framework will remain in place. Collecting enough points to comply may well be as burdensome and ultimately unhelpful as applying for 20 jobs each month.

More detail is needed on which activities will be rewarded with how many points before it's clear if this will improve the system at all.

### Concerns about digital service provision

The flagship policy of the LNP's platform is a switch to digital service provision for "job-ready and digitally literate" job seekers. The digital platform will allow job seekers to report their mutual obligation online and access an online jobs board.

Ostensibly, this allows job seekers to avoid travelling to appointments for supervision they don't need, and reduces caseloads for service provider staff, freeing up money and time for those needing extra support.

We have a number of concerns with such a switch to digital service provision. Historically, digital service provision in social security has further disadvantaged vulnerable groups. Witness after witness at the Senate Inquiries into both jobactive and ParentsNext testified that they were unable to feed themselves or their kids after their payments were cut off when the website glitched or failed to log their compliance. When the ParentsNext app breaks on a Friday night, single mums who can't call their provider until Monday morning live in fear of a payment suspension all weekend. All this evidence, combined with the lessons we should have learned from the 'robodebt' scandal, highlights the risk of switching to digital and reminds us of the need for human oversight in the social security system.

Relying on automation for compliance in a social security context carries with it the real risk that penalties are applied in error, which can be extremely damaging for vulnerable groups already living far below the poverty line. Participants in both jobactive and in ParentsNext (under which single parents report their compliance using a digital platform) have reported multiple and ongoing glitches in the system that have prevented them from undertaking or reporting mutual obligations and resulted in payment suspensions that meant they couldn't feed their kids.

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<sup>2</sup> All information on the LNP platform taken from its page on the Department of Jobs and Small Business website, and the fact sheets available for download therein: <https://www.jobs.gov.au/new-employment-services-model?3fh8=>

Another key issue is access. Many participants in jobactive are Newstart recipients and thus living far below the poverty line. A switch to digital service provision assumes that unemployed workers are able to afford laptops, tablets, or smartphones, that they have access to the internet in their homes, or that they are able to travel to a library to access a computer and the internet. This is often not the case. We believe any move to increased online service delivery should be accompanied by targeted subsidies for internet access either at home or on mobile phones.

Many unemployed workers have also repeatedly expressed that the isolating nature of unemployment means they prefer face to face interaction with their job service provider and would not want that replaced by a virtual job agent.

Although Jobs Minister Kelly O'Dwyer's announcement "stressed people who used the online portal could access face-to-face services if required",<sup>3</sup> according to the fact sheets on the Department website, this appears to depend on which of three programs (representing varying levels of support) the participant is streamed into. While participants streamed into Digital Plus or Enhanced Services will have access to face-to-face support, participants streamed into Digital First (those deemed "job-ready and digitally literate" will have to fully self-service online and will not be connected to a human employment services provider at all.

This rests on the premise that the system is able to accurately stream unemployed workers and define them as "job-ready and digitally literate" or otherwise. The existing streaming system by which job service providers assess the job-readiness of jobactive participants has been shown to be seriously flawed, with unemployed workers who are homeless or who do not speak English being sorted into Stream A (judged as needing the least support).

If streaming is to happen, it needs to be done accurately, in person, by qualified staff. Unemployed workers need to have access to support from an actual human person should they find themselves incorrectly streamed – so far, all the platform promises is a "contact centre".

### Retention of outcome payments

Although the LNP platform includes mention of a new performance regime for job service providers, it is explicit in retaining the system of outcome payments linked to employment outcomes. Under the new framework it appears that providers will receive bonuses for placing long-term unemployed workers, but not for placing unemployed workers in long-term employment.

We are concerned that the new payment structure will not address the churn<sup>4</sup> in the system or incentivise providers to place job seekers in activities that would benefit them but do not necessarily attract a bonus payment (for example, training opportunities). More detail is needed on what activities constitute the "milestones towards employment" for which providers will be paid.

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<sup>3</sup> <https://www.theage.com.au/politics/federal/kelly-o-dwyer-to-unveil-biggest-changes-to-employment-services-in-two-decades-20190319-p515fk.html>

<sup>4</sup> 'Churn' in this context refers to the phenomenon of job service providers receiving multiple equal outcome payments for placing the same unemployed worker in a series of short-term, insecure jobs or activities, incentivising them to 'churn' workers through the system rather than place them in long-term, secure employment.

### Lack of incentive for employers

The LNP platform claims that the new digital service will make it easier for employers to find suitable job seekers to fill vacant positions, but does not acknowledge that employers almost never explicitly look to hire unemployed workers, or explain how employers will be incentivised to engage with the jobactive system. Currently, only 4% of employers use jobactive to find workers.

## Comments on ALP platform<sup>5</sup>

### Welcome reviews into Newstart and Work for the Dole

Having advocated for an immediate increase to the rate of Newstart and for the abolition or overhaul of the dangerous and ineffective Work for the Dole program, we welcome the ALP commitment to review both.

### Welcome the tailoring of mutual obligation activities

Our report *Working It Out* identified that in the current job market, the requirement to apply for 20 jobs each month was unrealistically onerous and didn't work for jobactive participants, providers, or employers. We therefore welcome the ALP's commitment to remove this requirement and to tailor mutual obligations to individual needs and circumstances.

In particular we welcome Shadow Employment Service Minister Terri Butler's comments regarding moving the jobactive program away from onerous compliance obligations and towards genuine employment outcomes.

We continue to recommend separating compliance from service provision entirely so that the person helping an unemployed worker to find a job is not the same person punishing them. We recommend restoring the compliance function entirely to the public sector.

### Welcome the reforms to provider incentives and funding

Our report *Working It Out* recommended a total re-structure of how the performance of job service providers is measured, as well as how they are incentivised and funded. Our focus groups consistently reported to us that their job service provider did not have knowledge of the local labour market and could therefore not direct them towards appropriate jobs. We therefore welcome the ALP's commitment to introduce new performance measures related to relationship-building within labour markets.

The overhaul of funding arrangements to address churn by ensuring that better, longer-term employment outcomes attract higher payments than short-term, insecure placements, is also very welcome.

### Concerns about retaining compliance by private service providers

The ALP platform does not appear to include a move towards a share of public service delivery. Our report *Working It Out* recommends the restoration of at least some service delivery to the public sector,

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<sup>5</sup> Information on the ALP platform taken from Shadow Employment Service Minister's press release (<https://www.terributlermp.com/news/media-releases/opinion-piece-we-should-make-this-broken-jobs-system-redundant/>), and the subsequent coverage in both the conservative and progressive media (<https://www.theaustralian.com.au/national-affairs/industrial-relations/alp-plans-overhaul-of-job-welfare/news-story/5a4cf43c23029b032357cb9b11c14a61> and <https://www.theguardian.com/australia-news/2019/jan/08/labor-says-jobactive-system-is-failing-job-seekers-and-businesses>)

particularly to address the needs of long-term unemployed workers and those with significant skills gaps and other special needs, and to oversee the compliance side of the service.

### Concerns about staff training and caseload size

We remain concerned that the ALP platform does not appear to include reforms to the training of job service provider staff and their caseloads. Our report *Working It Out* demonstrated that staff are often not trained to deal with vulnerable people in sensitive situations and have no specific expertise in the local labour market. Furthermore, they are often working with unsustainably high caseloads averaging 150 clients. In order to ensure quality service delivery, there should be a standard of training and a limit on caseload sizes across the industry.