

Submission to the Select Committee on Workforce Australia Employment Services



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About us

The Centre for Policy Futures (CPF), established in 2017, is a transdisciplinary research-policy hub within the Faculty of Humanities and Social Sciences. The Centre is committed to increasing UQ's impact and engagement across three main research fields: 1) environmentally sustainable futures; 2) work futures and economic security; and 3) science, innovation, and society. The Centre's objectives include developing knowledge exchange between the academic community, government, the private sector, and non-profits; pursuing rigorous research for evidence-informed policy outcomes; and contributing solutions to problems of local and national significance through applied policy relevant research.

Introduction

The Centre for Policy Futures welcomes the opportunity to provide a response to the Select Committee on its Inquiry into Workforce Australia Employment Services. Our response is informed by research into various iterations of employment services in Australia as well as research on the welfare-work nexus more generally.

Our submission starts from the premise that employment services can be done differently. The initial response to the COVID-19 pandemic demonstrates that employment services, the support provided to those without (enough) paid employment, and our conception of work more broadly, requires fundamental change based on inclusive social and economic principles.

Firstly, the pandemic highlighted the important role social income protection can play in contemporary society to ensure economic security. By doubling the JobSeeker Payment in 2020, people across Australia who were already receiving this payment had more money to pay for necessities such as medication, healthy food, and secure housing, thereby reducing cost of living stresses and reducing poverty [1]. Indeed, this policy intervention reduced the total number of Australians living in poverty by ~32 per cent overall [2].

Secondly, research in Australia and beyond has shown that softening activation practices during the pandemic improved people's lives. For example, relaxing job search requirements allowed people to pursue interests and explore other career possibilities [3], improved physical and mental health [4], and allowed people to engage in other important social practices that are not valued in employment services models, including caring work [5] such as care for Country and self-provisioning on Country, particularly for Aboriginal and Torres Strait Islander peoples living remotely [6].

Thirdly, with so many people affected by the shut of businesses, there was less scope to pathologise through policy those without (enough) work. The COVID-19 response temporarily reduced the stigma around unemployment by shifting public narratives away from the problematic mainstay that unemployment is an individual problem. Unfortunately, before the end of 2020, the welfare tropes about the need to responsabilise welfare recipients through activation and mutual obligations were repositioned as common sense, even though these remain widely unsupported by research evidence.

The COVID-19 pandemic did not completely remove activation and mutual obligations, although it did provide glimpses of what could be possible when welfare recipients are provided adequate financial help with less of the often harmful and unproductive ‘hassling’ embedded in the activation and mutual obligation employment services model. Nevertheless, the Workforce Australia Employment Services model demonstrates that little was learned from these experiences under Australia’s social security system during COVID-19.

We suggest that, even in the aftermath of COVID-19, the ongoing evolution of employment services has continued to perpetuate tropes about unemployment that are untrue and unhelpful, such as the value of paid work as the primary marker of citizenship and constitutive of personal wellness, assumptions about unemployed peoples as psychologically deficient, and the need to externally motivate people to look for work.

In this submission, we discuss the underlying policy objectives for employment services before making a series of proposed recommendations about ways that we believe, based on available research evidence, employment services should be substantially rethought to improve outcomes and longer-term impacts for those without formal employment in Australia. Within this discussion, we address Inquiry Terms of Reference (TOR) a, b, and c, paying particular attention to the ‘appropriateness’ of Workforce Australia (as per TOR a) and the ‘fairness and supportive’ aspects of this policy (as per TOR b).

Overall, we focus on shifting the fundamental assumptions that underly the Workforce Australia Employment Services policy model to broaden the definition of participation in society alongside support to transition people into meaningful employment. This approach is in line with a ‘life first’, rather than a ‘work first’ model of social security and employment services.

Underlying policy objectives

The underlying policy objectives of employment services have traditionally been focused on addressing individual behaviour and mindset, which assumes that these kinds of ‘human capital’ deficits are the reasons for unemployment in the first place and ignores other causes of unemployment (e.g., structural unemployment in areas with few jobs, workplace discrimination, provisioning of unpaid labour etc.). This understanding has given way to a long line of activation and mutual obligation policies, focused on keeping people attached to the labour market and moving them off social security payments through compliance-orientated systems. Under the evolution of a marketised employment services model in Australia, employment service providers have also had to stay competitive by reducing costs and improving efficiencies, while embracing the logic of ‘work first’ that aims to move people away from social security payments and into *any* job as quickly as possible. Within this context, program design has become less innovative and differentiated between providers, with limited ability to individually tailor services and consider the intersectional profiles and disadvantages of people accessing employment services. More than this, a consistent concern in the marketised employment services model is the incongruence between the personalised care work inherent in individualising services and policing job seeker compliance [7]. This has resulted in poor experiences for service users, who have reported a lack of individualised attention and inadequate assistance in finding work [8]. At worst, service users describe facing stigma, bullying, indifference to their needs (including regarding accessibility and disability [9]), and harm [10].

Governments on both sides of the political spectrum have been concerned that people accessing employment services are cheating the system, and this narrative has been used to amend and ‘strengthen’ conditionality [11]. The concern with ‘welfare cheats’ has led to an increased focus on punitive activation that has ongoing implications for people who (must) use employment services. Employment services have focused on shaping service user behaviour, using a stick over carrots approach to encourage ideal behaviours in service users. However, this **punitive activation approach has ongoing implications for people who must use employment services**, including those who are deeply disadvantaged. For example, research describes how people sleeping rough having their payments suspended because they didn’t attend a provider appointment despite it being well known in front line services that people experiencing homelessness are

often transient and frequently without mobile phones [12]. The strict enforcement of mutual obligations makes it harder for people living on the margins to access appropriate support and this failure to help appears entrenched [13].

While Workforce Australia has attempted to provide more flexibility with what "counts" towards people's conditions, **the points system appears complex, narrow**. As with previous contracts, there appears to be little capacity for employment service providers to innovate with early evidence suggesting providers have been penalised for allocating too many points to some activities, or points being withdrawn for some activities after the activity has been completed, e.g. 'job clubs' organised by providers. This approach penalises innovation and potentially demotivates both staff and service-users. Additionally, there is little clarity about whether the weighting of points are appropriately calibrated, such as part-time employment. While labour market variability is taken into account through fewer points being needed for areas with higher regional unemployment, there is little scope for service providers to adjust the points. Importantly, the points system follows the logic that people need external motivation (again, it is a 'stick approach') to comply with their mutual obligations, but this is not supported by the research evidence.

There is also a shift towards self-monitoring for clients via the points system, but **the benefits of more relational approaches to working with people have not been realised under Workforce Australia to date**. It is unclear how (if at all) savings from digitalisation have been reinvested in the frontline of case management. Moreover, promises to incorporate the 'needs' and 'goals' of service users into service delivery appear to have been unrealised, similarly to previous iterations of Australian employment service models [14]. As an example of this, the 'job plan' talks only about complying with mutual obligations and does not allow individuals to craft their own goals outside of job searching. This should be rectified; it is crucial to incorporate jobseeker perspectives and consider the real-world impacts of policy decisions to create a more effective and equitable employment services system.

In addition to the above, the possibilities of supporting 'job ready' service users through a **digital platform has created new obstacles for service users to navigate, thereby introducing new forms of potential unfairness into the employment services system**. Mandatory tasks can still be allocated to service users with the costs of not meeting targets resulting in income-support payments being paused or even lost. Moreover, a major potential barrier for service users accessing the Workforce Australia system is the degree of digital literacy required (which is distinct from the assessed 'job readiness' of service users – the criterion for referral to the online platform). As the latest available data from the Australian Digital Inclusion Index [15] tell us, digital literacy and inclusion are generally lower for people who are older, have less education, have lower incomes, speak languages other than English, and/or who live in remote parts of the Country. Overall, the 'digital inclusion gap' is also far higher for Aboriginal and Torres Strait Islander (from herein, 'Indigenous') peoples, with this gap being estimated at 7.9% overall in 2020 [16]. Digital inclusion is also heavily mediated by affordability of digital devices and services, which inherently makes the Workforce Australia 'self-service' platform less available to those who cannot afford to be digitally connected [17]. Indeed, the Australian Unemployed Workers Union found that older model phone and lack of data made accessing Workforce Australia's Digital Plus system impossible. This again introduces additional inequities into the employment services system, raising serious questions about whether the approach is "fair" and delivered in a way that "leaves no one behind" as per Inquiry TOR b.

Within the Workforce Australia Employment Services system there are also very few opportunities for feedback loops, making it challenging to see how the system learns. While face-to-face interaction with front-line workers allows for direct feedback, frustration in the digital self-assessment mode must be suffered remotely by service-users whose only option, it seems, is to call a national 'Job Seeker Hotline'. It is unclear whether feedback about Workforce Australia provided via this Hotline is captured and/or made available to ensure iterative improvements are made to the platform and user experience.

Overall, there is a need to rethink underlying policy objectives and move away from a compliance-orientated system focused on individual behaviour and mindset to one that supports people into decent and meaningful work through more innovative and individually tailored services. **To improve the system, we need a greater**

appetite for experimentation at the front-line, as opposed to standardisation. There may also be a role for the public provider to come back in, with the government contracting services and being more mission oriented. This is what Mariana Mazzucato [18] calls 'dynamic evaluation', which is different from market-based cost-benefit analysis. To ensure the system works for everyone, we need to put everyday citizens at the centre and avoid conflating service provider views with service user views.

Finally, it is essential to note that **the system requires government capabilities for leadership, and bold vision is necessary** to overcome business-as-usual practices and democratic deficits. We outline what a more substantial rethink of employment services needs in the next section.

What would a more substantial change look like?

There are important ethical and policy questions about how society and employment services should support people who are without (enough) paid employment, including those furthest from the labour market. Employment services have so far failed to support many service users because the program logic is essentially the same, albeit with some incremental changes. Workforce Australia is no different; it perpetuates the same myths about (un)employment that have animated previous employment service policies and programs, including that:

- people who are unemployed need prodding into action, and that there is therefore a need to prioritise extrinsic (rather than intrinsic) motivations;
- paid employment is the key marker of responsible citizenship (and therefore, other means of social contribution are less important);
- any job is better than no job at all (despite what this means for the health, wellbeing and autonomy of individuals);
- competition drives innovation and business take risks (despite the strong evidence that this has not occurred in Australia's marketised employment services sector);
- outsourcing saves taxpayer money and lowers risks (despite there being few employment outcome gains under these models compared to high rates of harm); and
- the priority is to work on the demand side (employability) rather than to focus on supply.

There is an opportunity to, however, dislodge and rethink these persistent myths that underpin employment services, and to reshape how we address unemployment as a 'problem'. While ideas of "activation" have been traditionally seen as a solution, the current landscape has shifted considerably. With the proliferation of poor-quality jobs and the inability of a large section of the population to participate in employment whether due to job scarcity, disability or the replacement of some workers by automated technologies, the collective challenge we might be facing is how to extricate ideals of health and wellbeing from the institution of paid work [19].

Dislodging these myths would mean that the path ahead for employment services in Australia would not be to reinforce indifference through an automated points-based system, but to pursue services that seek to make life more hospitable outside the narrow sphere of employment while also respecting the autonomy, choice, and freedom of those seeking employment. It would also allow employment services to focus on relational case management; to start with where people are at, not approach them through the lens of pre-determined goals.

The COVID-19 pandemic has demonstrated that we can approach unemployment from a different perspective, one that recognises the harms that employment services can contribute to. By reframing unemployment as a broader issue of meaningful participation and wellbeing, we can move away from stigmatising and blaming unemployed individuals, and towards a more holistic understanding of health and wellbeing for all.

Recommendations

Based on our understanding of the research, we believe that employment services in Australia needs to be rethought and restructured to reflect the changing nature of work, the social and economic realities of the 21st century, and the lived experiences of people experiencing unemployment and under-employment. We suggest several key principles that should guide this rethinking, including with regard to the future of the Workforce Australia Employment Services system:

- 1. Recognise the value of all forms of work:** Employment services should not privilege paid work over other forms of work, such as caring work or volunteer work. These forms of work are often undervalued and under-recognised, but they are critical for social cohesion, social reproduction and wellbeing. Such change would require the points-based activation system to be re-structured for greater flexibility to recognise different forms of work.
- 2. Acknowledge the social determinants of employment:** Un/deremployment is not just an individual problem, but also a social problem that is influenced by structural factors such as discrimination, access to education and training, and the availability of jobs in certain regions or industries. Employment services should take a holistic approach that addresses these structural factors, rather than focusing solely on the individual.
- 3. Provide adequate financial support:** Social income protection, such as the JobSeeker Payment, is critical for ensuring economic security for people experiencing un/deremployment. This support should be adequate to meet basic needs and allow for social and economic participation. We should learn from, rather than discard, the lessons of the COVID-19 experience in this regard and recognise that economic security is an important precursor to securing employment in the first place. In doing so, policy makers need to recognise that the level of JobSeeker Allowance is already inadequate to support active job seeking activities, which are further undermined when penalties and suspensions are applied.
- 4. Avoid punitive activation practices:** Research has shown that punitive activation practices, such as requiring people to engage in intensive job search or face financial penalties, can have unintended negative consequences, such as increasing stress and reducing wellbeing. Employment services should prioritize support and encouragement rather than punishment and coercion. Practical changes could include reducing or even removing job seeking requirements for people with a certain amount of paid work, noting that they are already fulfilling their mutual obligation by working. More fundamentally, instead of penalties and suspensions for failure to meet activation activities, the provision of modest rewards for completion could be instituted into JobSeeker Allowance policy and/or Employment Services policies.
- 5. Involve people with lived experience:** People with lived experience of un/deremployment should be involved in the design and implementation of employment services. Their perspectives and insights are critical for ensuring that services are responsive to the needs and experiences of those they are intended to serve. Adopting genuine co-design processes of service delivery mechanisms and digital tools is a practical measure that would enhance service outcomes and compliance.
- 6. Avoid introducing further inequalities into the employment services system:** The digitisation of employment services under the Workforce Australia self-service platform introduces further inequities into the employment services system, particularly for those who are digitally 'excluded'. There is, moreover, no evidence that any savings made through digitisation are being reinvested in frontline support for those who either cannot access the digital self-service mode, or for whom the mode is insufficient. This, however, grossly underestimates the value of relational case management that meets peoples' diverse individual needs.

- 7. Undertake an ethical algorithmic audit of the key algorithmic decision-making processes:**
The intent to deploy digital technology to better streamline people to the services that they would most benefit from is an important innovation. However, there is significant research that demonstrates that algorithms can unintentionally introduce and reinforce bias and discrimination. It is therefore important in addressing ToR b that independent algorithmic audits be undertaken to ensure such biases are not embedded in the Workforce Australia algorithms.

We believe that the COVID-19 pandemic provided a glimpse of what is possible when employment services are rethought and restructured to prioritise social and economic wellbeing beyond the paid work ethic. We urge the Select Committee to consider these principles as it evaluates the current state of employment services in Australia and makes its recommendations.

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