



CREATING JOBS, CREATING OPPORTUNITY

Tackling long-term unemployment in Australia



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Introduction

Over the past year, much attention has been devoted to the 'boom' in jobs across Australia. Both the Government and Opposition have committed to full employment, and work has become a key indicator of how we are rebounding after a tough few years. The narrative has been one of success. In spite of our economic challenges, many have been pointing to our strong jobs recovery and low unemployment rate.

Yet there's something missing from this story. Most employment statistics assume that each person can compete for every job, that it is a simple equation of job vacancies and people looking for work. We know this isn't true. Many Australians face major barriers to work, and struggle to compete in a job market that demands advanced skills more than ever before.

There has never been a more crucial time to explore the impact on these Australians as the nation's workforce changes, becoming more advanced and skilled. People without advanced skills and qualifications, looking for entry-level jobs, are bearing the brunt of these changes. These are people who are looking for work, but who might not have had an advanced education or recent work experience.

The trends in long-term unemployment in Australia show that those out of work for long stretches are overwhelmingly in this cohort, and are seeking entry-level roles. The largest group in this category are mature-age job seekers, many of whom lost blue-collar work and are struggling to re-establish themselves. At the time of writing just one in ten of all vacancies were low-skilled jobs at the entry-level, compared to one in four fifteen years ago. This means that the jobs they need simply are not there.

This dichotomy is the central focus of this paper. Our analysis is divided into three parts. The first section presents the trends in job market and shows how entry-level roles are declining, while the number of people who need them remains unchanged.

The second section looks at demand-side interventions, designed to create work opportunities for people who need them. The final section looks at supply-side interventions, designed to assist people to become job-ready. Our recommendations call for overhauling supply-side interventions, which have been failing to deliver outcomes for years. We also call for a renewed focus on demand-side programs, which have been neglected by governments for years.

As the current Government refines its agenda for jobs and skills, our hope is that we can work with them to create a truly holistic approach to employment which focuses on tackling structural barriers, and giving people the help they need to achieve their goals.

The jobs aren't there: Vacancies don't match skills

Much recent commentary has been focused on Australia's thriving job market. The Government and Opposition have both committed to approaches that focus on full-employment, and interventions often assume that everybody in need of a job can get one. However, Anglicare Australia's analysis shows this isn't true. The same cohort of people have been long-term unemployed for years, many of them without advanced skills or qualifications, and will probably only be able to re-enter the employment market through entry-level roles. These entry-level vacancies have been declining for years.

Anglicare Australia's Jobs Availability Snapshot has found that people in the highest needs category for support stay in the employment services system for an average of five years.¹ This is well beyond the definition of long-term unemployment, which is twelve months.² Those unemployed for five or more years are much less likely ever to find work again.³ The rate of long-term unemployment has almost doubled over the past ten years, while the proportion of unemployed people who are long-term unemployed continues to climb. The largest cohorts affected by long-term unemployment are people with disabilities and older Australians, who are seeking entry-level work – that is, jobs which do not require advanced skills or qualifications.⁴ In every part of the country, these jobseekers outnumber entry-level vacancies, as shown at Table 1.⁵

Table 1. Ratio of people in Stream C to Level 5 jobs, advertised by region

Region	People with barriers to work for every entry-level vacancy	People seeking work for every entry-level vacancy
Australia	1.8	15
Australian Capital Territory	1.5	12
New South Wales	1.6	14
Northern Territory	1.7	12
Queensland	2.1	17
South Australia	3.1	23
Tasmania	5.5	36
Victoria	1.2	12
Western Australia	2.5	15

Sources: ABS Labour Market Figures; Labour Market Insights

Anglicare Australia’s research also shows that these entry-level jobs have been declining and are becoming harder to compete for. Entry level roles made up one in ten of all vacancies in July 2022, compared to one in four when records began in January 2006. In 2022, there were fifteen people seeking work for every entry-level job.⁶

Our most recent Snapshot, released in 2022, shows that people in need of these roles are not benefiting from the economic recovery. The push for full employment will not be possible simply by growing the pie, or assuming that every person is qualified for every vacancy. The past two years saw job advertisements increase as unemployment, underemployment, and the employment services caseload all declined. In spite of this, we found that the number of jobseekers with barriers to work remains stubbornly consistent, as shown by Table 2.⁷ The unemployment rate isn’t low because everyone who wants a job has one. Instead, those who are long-term unemployed are giving up on finding increasingly scarce entry-level roles and dropping out of the workforce entirely.

Table 2. People seeking work, 2022-2019

People seeking work	2022	2021	2020	2019
People unemployed	493,900	639,200	923,000	704,700
People underemployed	857,022	1,143,201	1,707,900	1,160,700
Employment services caseload	772,732	1,013,452	1,442,760	619,956
People with barriers to work	95,046	104,457	106,620	99,942

Sources: ABS Labour Market Figures; Labour Market Insights

This points to the difficulty many people face in securing work, in spite of the rhetoric of recovery. People are being forced to look for jobs they are unable to get. For those at the lowest rung of the job market any jobs that are available to them are increasingly precarious and insecure. If the private sector is not generating entry-level vacancies, it is up to Government to create these roles as a pathway into work.

Demand-side interventions

Creating entry-level pathways

Anglicare Australia has often showcased the potential for job creation in the aged and disability care sectors, including for people with barriers to work.⁸ As just one example, The Brotherhood of St Laurence, a member of the Anglicare Australia Network, is an expert in developing job creation programs for young people and those with barriers to employment. They have shown that job creation is possible and has enormous benefits for people who have found it the hardest to get work. Their work also shows the advantages of both systems-wide and place-based approaches.^{9 10} Pathways like these can be co-designed and trialled with people seeking such work, aged and disability care providers, training organisations and governments.¹¹ It can be trialled in some of the areas hardest hit with persistently high unemployment.

Of course, care work is not the only sector in Australia where there is future demand for workers, or where opportunities could be created. Other organisations have identified additional areas for jobs creation and growth in Australia, such as manufacturing. In smaller communities too, there is the potential to support local businesses, councils, and people to work together to create the right jobs. Programs that support Indigenous Rangers, Indigenous Protected Areas, and caring for country offer an outstanding example. This place-based job creation is critical, particularly for regional Australia.

The Federal Government has shied away from direct job creation, treating it as the work of the private sector. Incentives for employers, such as the JobMaker tax credit introduced by the previous government, are a prime example of their reticence to directly create jobs. Incentives like these simply do not have a track-record of creating lasting jobs. It is clear that government investment in job creation has become critical to those who need entry-level pathways. Job creation programs offer pathways for people with barriers to employment. Job creation simply cannot be left to an already failing market.

Investing in the care economy

Across Australia, some sectors are desperate for workers. The care industry is the fastest growing industry in Australia. The demand for skill Level 4 aged and disability care workers is projected to grow as a result of the rollout of the National Disability Insurance Agency (NDIS). The Royal Commission into Aged Care Quality and Safety reported an estimated need for more than 130,000 additional, full-time equivalent workers by 2050.¹² This would be a 70 percent increase on current levels.

These are meaningful jobs, in a growth industry, with a solid career trajectory. As a female-dominated industry, job creation in the care sector can also improve the rates of women's economic participation and in turn help close the gender wealth gap. This presents a real opportunity to connect people with barriers to employment with entry-level jobs, which in turn lead to long-term careers in sectors with a high demand for workers.

This approach makes good economic sense. Experts report that investing in early childhood education and other forms of social care would create twice as many jobs as the same investment in construction.¹³ Anglicare Australia Network members are already grappling with the challenge of meeting workforce demand, and are developing inclusive employment strategies, as shown in our case studies below.

At the same time jobs created, including those in the care sector, need to be permanent, secure roles, with competitive wages and good conditions. Inadequate and short-term funding from the government makes it impossible for sector employers to offer secure work. The Royal Commission into Aged Care Quality and Safety noted that casually employed carers can struggle "to provide continuity of care and form ongoing relationships with older people," and that the system would function best if moved away from this reliance on casual workers.¹⁴

Anglicare Australia members and others delivering aged care and disability services are already grappling with the challenge of meeting workforce demand, and taking the opportunity to implement inclusive employment strategies. Some case studies are presented below. These lived experiences are instructional both in terms of what is possible, and in identifying the barriers to expanding such approaches to provide meaningful opportunities for many more people. These case studies demonstrate that these opportunities and barriers are relevant to the whole human services sector.

Case Study 1: Anglicare Tasmania home support

Anglicare Tasmania is a major provider of domestic cleaning and home support services to older people and people with a disability, with over a thousand clients across the state. It acts on its mission to create a more just and equitable society, and its need to recruit home support staff to meet demand in small communities through an explicit program of inclusive employment. It seeks to employ people locally who have no prior qualifications or experience but are willing to learn, to help people with a disability and older people with home support services in their community.

Recognising that people face a range of barriers to securing work, Anglicare Tasmania has tailored its interview and training processes to support people with little or no experience in applying for jobs, and to suit a wide range of applicants. Induction materials are available in a variety of formats to support different levels of literacy and styles of learning; and new employees are 'buddied' with experienced workers for on the job training. New staff are also supported to complete a Certificate II in domestic cleaning, which helps people without one to secure a post-high school qualification, and they can choose to advance to a Certificate III. Achieving new qualifications is accompanied by a pay rise.

The work shifts are designed to support people with barriers to remaining employed or unable to undertake full-time employment. Shifts are from 9am to 3pm to support single parents to pick children up after school for example, and are well-suited to people for whom long work days are not appropriate.

Anglicare Tasmania also fosters local community support for their staff. Clients are encouraged to positively engage with new staff training and form a relationship. The importance of supporting employment for local people who have previously struggled to gain work to help create a more inclusive, happy and prosperous community is emphasised.

While at times Anglicare Tasmania has been offered funding for training through Jobactive and later Workforce Australia for some participants, overall it has found the mutual obligation requirements for potential employees are impediments to utilising this funding. Having good local relationships for the referral of potential employees and self-funding the training has been more effective.

Case Study 2: National Youth Employment Body Skills Trial

Over the last year the National Youth Employment Body and the Transition to Work National Community of Practice have supported five communities in Darwin, Penrith, Logan, the Gold Coast and Adelaide North to implement a coherent and tailored skills pathway into aged care and disability support for young people.

Anglicare Australia member the Brotherhood of St Laurence was the enabling organisation, providing the methodology, research and evaluation expertise. Forty-eight young people have successfully completed the pathway, with many confidently moving into employment or further training relevant to their aspirations and goals.

The Skills Trial pathway has provided young people with holistic support to explore different roles and careers, build work readiness and industry exposure, skill development and work experience, which has enabled them to make an informed decision on further training or work in the sector. Even if the sector is not for them, young people have gained the skills, confidence and experience developed through the pathway on to other opportunities.

The trial has involved employers in the co-design and all steps of the pathway (information sessions, recruitment, training), encouraging local organisations to adapt their practice and thinking on the skills and innovations required to engage a young workforce into entry-level roles.

Case Study 3: SPARK Aged Care Apprenticeships

Informed by its research on the workforce issues facing the aged care sector, Anglicare Australia member Benetas is trialling the SPARK Aged Care Apprenticeships program. This is a revolutionary program which flips recruitment on its head, and is aligned with the Aged Care Workforce Strategy, A Matter of Care.

In 2018 Benetas pilot tested an initiative to 'grow our own' talent, which involved ten candidates. The SPARK Aged Care Apprenticeships program sources people with the right values first and foremost. They are then taught the skills they require to work in aged care. Benetas then employs them on a work based traineeship to give them the workplace experiences, coaching and support from buddies, as well as the opportunity to complete their Certificate III in Individual Support at TAFE, all whilst working at Benetas. This TAFE program is delivered in a flexible way to enable the work based learning to continue.

The process includes, for example, site visits, work experience shifts, learning about a resident's life and reporting back. The site and the person then decide if they want to progress. If both agree then a fixed term 12-month contract is offered as an apprenticeship.

This program is in its infancy but is continuing to grow. Benetas currently has a total of 34 'Sparkies' working and learning. They are very optimistic about the benefits the program will provide not only for its staff, but for the older people they serve.

Refocusing on job creation

The focus on training highlights a general government aversion to being seen to be intervening in the market, which is a major impediment to helping people into work. This manifests in the reluctance to spend funds on direct job creation. This approach is confusing when considering that the training packages announced in recent federal budgets amount to hundreds of millions, yet unless these are linked directly to actual jobs, may not see many people gain employment as a result. A similar amount of funds spent on direct job creation would have a far greater positive impact.

The case studies in this paper focus on the opportunity of linking people with barriers to work to the human services sector, as it is known to be expanding rapidly and generating new jobs at appropriate skill levels, and it is an area Anglicare Australia members can speak to with authority. Achieving much better linkages between employment support and real entry level job opportunities being created around the country in human services would be a major achievement and could help many people into employment.

It cannot however be assumed that care work is suitable for everyone, and even by the numbers that sector alone will not generate enough new positions for those needing them. There is a strong need for governments to not only identify sectors of the economy

like human services where jobs demand can be linked to opportunities for people most struggling to gain employment, but to also work to actively create jobs at the local community level.

This means challenging assumptions that publicly funded jobs are 'worth less' or 'cost' the economy overall. This is a false assumption, as a person employed to deliver a public service not only helps build society, their employment returns funds to both their community through increased spending and taxes to government. Indeed, the Australian Government already funds one highly successful program that demonstrates how counterfactual arguments against publicly funded jobs are. The Working on Country program, noted above, employs Aboriginal and Torres Strait Islander people as rangers for Indigenous Protected Areas providing entry level training and career progression. This program directly employs more than 2,000 Aboriginal and Torres Strait Islander people. It also generates allied employment through associated commercial activities such as feral pest and fire management, tourism and wild food harvesting for Indigenous communities.¹⁵

A further example is the case for employing more mental health peer support workers. Peer workers, as people who have experienced mental illness themselves or assisted other loved ones who have, are now recognized globally as contributing many and significant positive improvements to the delivery and outcomes of mental health services. Peer support work provides a meaningful and flexible employment option for people living with or who have recovered from mental illness, and work is not necessarily confined to the public sector. There are numerous recommendations to significantly expand the number of peer mental health workers in Australia,¹⁶ as well as business cases,¹⁷ providing a clear intervention point for government.

Recommendations

Anglicare Australia recommends:

- » That the Government explores demand-side interventions, rather than simply focusing on supply-side interventions as has been traditionally the case in Australian employment policy.
- » A dedicated focus on direct job creation. Given the high demand for entry-level vacancies, and the fact that these vacancies are becoming more scarce, this should include strategies for creating entry-level roles as a pathway to longer-term employment.
- » That the Government maps out sectors in need of additional workers, both now and into the future. These sectors would benefit most from the creation of entry-level job pathways. Aged care, disability, and other care sectors are obvious candidates.

Supply-side interventions

As of October 2022, there are over a million Australians on job seeking payments – more than before the pandemic first struck. Others have stopped looking work, and are no longer counted as part of the official unemployment figures.

For years, the Australian Government has pursued a confounding strategy with regard to these jobseekers. They have been forced to run a gauntlet of activities and obligations, subject to breaches and payment suspensions, and pursued relentlessly for small and insignificant debts in order to ‘maintain integrity in the system.’ At the same time, large for-profit employment service providers have been continued to be paid enormous amounts of public funds in spite of their repeated, careless errors and poor outcomes. Put simply, the system funds employment service providers to harm vulnerable people while failing to deliver outcomes.

Workforce Australia is the current iteration of this system, a network of privatised employment services agencies contracted to support job seekers into work. In spite of the billions of dollars invested in them, privatised employment services in Australia have repeatedly shown to be entirely unfit for purpose,¹⁸ failing those who need the most help.¹⁹ This is the model that the new Government has inherited, and with it, the Government takes on three major concerns with the current system: it is failing to place people in work; it is rampant with errors that get in the way of job seeking; and it incentivises throughput over employment outcomes.

Overhaul employment services

Employment services have been constantly growing and evolving since the Howard Government first introduced the Job Network. The current system, Workforce Australia, was developed by the previous Morrison Government and inherited by the current Albanese Government. The system’s architecture is based on job seeking activities, mutual obligations, and breaches for non-compliance which providers are paid to

administer. The new system enacted in July introduced a digital portal and more automated services for some job seekers, eliminating the need for an employment services provider for the most work-ready job seekers. In spite of the digital portal, there remain many opportunities for for-profit providers to generate revenue streams through administering breaches and obligations.

Anglicare Australia notes that the pandemic saw the former Government spend staggering amounts in payments to providers for 'job placements' that were already being guaranteed by the Australian Government's JobKeeper payment.²⁰ This highlights the power of the industry, and the willingness of Government to support providers to generate income and provide them with revenue streams. The for-profit employment service sector is now a multi-billion dollar industry.

A system that fails to help people find work

Anglicare Australia's research shows that the employment services system is not delivering for those facing the greatest barriers to work – for example, people who may not have qualifications or experience to draw on, those trying to re-enter the workforce after a long break, or those living in regional or remote areas. Despite a decrease in the official unemployment rate over the last decade, the mutual obligation regime does little to help people find employment. Government data shows that those in the greatest need of support are those facing the greatest competition for work.²¹ This is backed by academic research which shows that people are actually likely to be unemployed longer if they are subject to mutual obligation activities or Work for the Dole, and if they participate in employment services.²²

Government and parliamentary reviews have also shown that programs such as youth internship programs,²³ Work for the Dole,²⁴ and the Community Development Program²⁵ have failed to place people in work. Anglicare Australia applauds the new

Government's scrutiny of these programs. Yet research also suggests that employment services have been failing in its aims for years, with a recent parliamentary inquiry reporting that "participants are gaining employment in spite of [the system], not because of it."²⁶

This is likely because the causes of unemployment tend to be structural, and much deeper than the factors that Workforce Australia was established to solve. The people at the centre of this system understand the futility of this equation. Recent research from Anglicare Australia showed that in spite of a high level of compliance with Centrelink obligations and jobseeking activities, many respondents did not consider these activities to be useful in helping them find work.²⁷

When asked about their attitudes to their obligations, very few respondents agreed that their activities were helping them find paid work (11 percent), that their activities and obligations were tailored to their needs (19 percent), or that they were getting the support they needed to find work (13 percent). Responses to the latter were particularly damning, with a staggering 85 percent of respondents disagreeing with the statement that the system is supporting them to find work. This includes 36 percent of respondents who strongly disagreed.

Overall, participants in our study were not positive about their prospects for finding paid work in the future. 35 percent of survey respondents disagreed that they would find paid work again, and 27 percent gave neutral responses. 38 percent believed that they would find paid work in the future. These responses were influenced by the age of respondents. Respondents aged 45 and over were significantly more likely to be pessimistic about their future work prospects, disagreeing with the statement that they will find paid work (52 percent) compared to those aged 44 and under (15 percent). Those aged 18 to 35 were the most likely to agree that they will find paid work.

Our survey shows that people's experiences of their obligations, and to the system itself, were overwhelmingly negative. 79 percent believed that their Centrelink activities are pointless, while 56 percent thought these obligations prevent them from participating in more meaningful activities. Just 12 percent found the system easy to interact with. In spite of this, the overwhelming majority of people we surveyed told us they want to do activities that lead to work (75 percent). This result is a damning indictment on the failure of employment services to provide meaningful support and useful activities.

Breaches do not lead to work

In a perverse set of decisions, for-profit providers have been entrusted with the responsibility to issue breaches and penalties in order to give them a new funding stream,²⁸ because the new model has reduced their client pool with more people being placed in the online portal.

There is widespread evidence of system errors that penalise people who have not done anything wrong. Many are unfairly enduring a loss of income as a result of flawed systems by their providers. Some have reported being breached for missing appointments that had not even happened yet. Others were breached after providers refused to reschedule appointments that clashed with training, job interviews, or even casual work. The system routinely punishes people without due process, yet it has endless tolerance for mistake-prone providers. Those who bear the brunt of the system's errors cannot afford to be breached, with the JobSeeker payment already well below the poverty line.

The inaccuracy of this system, and the role providers play in errors, are of major concern to Anglicare Australia. People who have done nothing wrong are having their income support suspended because of administrative errors. Data reviewed by a recent Senate inquiry into employment services heard that the error rate for penalties was around 50 percent in 2016.²⁹

In the years since this data was generated, it has become harder to judge the accuracy of breaches. This is because the previous government restricted the power of Centrelink to overturn penalties and review the accuracy of breaches in 2018. This means that people who may have done nothing wrong are having their income support suspended, suddenly and without any warning, and with little recourse. Yet there are indications that the system remains rife with error. Of 744,884 participants in the system, 581,866 had their payments suspended by their provider in the 2020-21 financial year.³⁰ More than one in five people who had their payments suspended were found not to be at fault. This is likely to be a conservative number, as there is limited public information to people on how to challenge a breach.

This is supported by Anglicare Australia's recent survey, with many of our participants having incurred a debt (58 percent). This number appears to be large, but it is difficult to verify to whether it is an overrepresentation. Centrelink has not published information on the percentage of its clients who have incurred debts.

Worryingly, of those who had incurred a debt, nearly half (47 percent) believed it to be the result of an error on the part of their employment service provider or Centrelink. Another 20 percent were unsure who was at fault. This highlights a feature of Australia's compliance framework that is unique by international standards – governments in other developed countries do not levy debts on people who have been overpaid through no fault of their own due to system errors.³¹ Most respondents reported that they had to turn to charity or personal connections for help as a result of having their payments suspended (54 percent). Very few believed that being breached made it more likely that they would find work (9 percent), and an overwhelming majority rejected this statement (69 percent).

In light of these findings, it is staggering that the Workforce Australia system continues to allow providers issue rigid penalties, such as payment suspensions and cancellations, without review. It does not provide any new recourse, punishment, or penalty for providers who continually abuse this power or issue incorrect penalties carelessly. This is a major failure to learn the lessons of the previous Jobactive regime.

Years of research and experience have shown that breaching someone does not help them gain a job. Yet paying for-profit providers to administer these breaches in order to give them a funding stream all but invites abuse of the system.

Incentives promote exploitation over success

Despite some minor improvements, many of the worst features of the old Jobactive system remain. Billions of dollars' worth of new contracts to support this scheme were signed by the Coalition just months before it lost government.

The new Workforce Australia model is ostensibly based on the work of the Employment Services Expert Panel, which collected evidence from service providers, users, peak bodies and labour market experts. Yet the model only cherry-picks from the Panel's recommendations, ignoring calls to favour specialist and locally-based providers over for-profits, end excessive compliance and penalties for people, and end avenues for exploitation of the system.

Under new terms being kept by the current Government, the notorious Work for the Dole program will remain. So will other mandatory activities, such as "employability skills training" (EST) for younger jobseekers or "career transition assistance" (CTA) for Australians aged over 45. When job network providers offer these services for people receiving welfare payments, like JobSeeker or Parenting Payment, they are paid additional fees. For example, every unemployed person placed in a Work for the Dole

program earns the job provider a \$500 “placement” fee. PaTH internships and National Work Experience Program placements are worth \$1000 to a job provider. Participants referred for EST are either partly or fully publicly funded by the taxpayer at \$1250 each, with a \$250 “placement” fee to the job network provider. CTA fees are between \$1800 and \$2250, fully funded by the government.

All of this promotes churn, and the design of the system all but invites abuse. As the Australian Human Rights Commission has noted, services can ‘cream’ and ‘park’ clients based on what is profitable for them.³² Creaming refers to provider behaviour that prioritises attention for clients with fewer barriers, and who are easier and cheaper to move into employment. Parking is behaviour that deliberately neglects giving time, energy or resources to clients with more barriers. This is because it requires considerable, and usually expensive, support to assist them into work.³³ This highlights how open the system is to abuse, incentivising providers to provide minimal and substandard service.

In many cases, providers profit by simply doing nothing. Those who successfully find work for themselves, get themselves work-ready in spite of the system, and do this while complying with their obligations, are highly profitable for providers. They are paid for holding appointments with the job seeker and having them on their caseload. They are then also paid bonuses when the person finds work, regardless of the role they played in that process.

Another aspect of the system open to exploitation is training. Under current Workforce Australia contracts, there are various ways job agencies can claim payments from the taxpayer for referring people into courses, including those run by the same company or a related entity. These include outcome payments for when a client completes an eligible course, while in some cases job agencies can claim the cost of the course through a

reimbursement pool of funds. There is almost no quality assurance on these courses. According to recent media reports, one job agency claimed more than \$100,000 by referring jobseekers to its own online short courses, which included topics such as “body language” and “making decisions.” Anglicare Australia’s own research and interviews shows that many of these courses are unhelpful and in many cases pointless.³⁴

This kind of short-term training does not secure people work or ensure there are jobs available for them. Tellingly, The Brotherhood of St Laurence found that young people struggling to get into the workforce are not being well-served by training unlinked to viable job opportunities, with 44 percent of young people seeking work they studied having completed three or more courses in the last five years.³⁵ Instead of linking training and work experience to a real job placement, training has simply become another income stream for providers.

The system must exist to support people who are out of work to achieve their goals, rather than to create artificial pathways for providers to generate profits.

Training that shapes the workforce of the future

As shown above, short-term training programs offered through Workforce Australia have been shown to be an expensive failure. Linking training and work experience to a real job placement is therefore critical, but government policies have not been supporting this. Instead there is a reluctance to challenge the belief that the market without intervention will provide the jobs needed for people, as long as they are trained. The data presented in this paper shows this is simply not the case.

A key concern is that programs aren’t providing support beyond initial training. Evidence shows people with significant barriers to work need not only tailored assistance to obtain a job, there needs to be ongoing mentoring and support for

both the employee and employer until a level of job security is reached to ensure the placement will be ongoing. All case studies in this paper have highlighted this as an essential component of their success. Money spent on training programs risks ultimately being wasted if it's not linked to actual work placements, and post-placement support to help people ensure it becomes a secure job.

The experience outlined in the case studies above show that where employers reach out with an explicit aim of helping people find work through a training pathway, the conditions of the employment services system hamper rather than help. The incentives and pressures placed on providers to count a person placed in a position as a success, regardless of whether that position continues, work directly against the kind of ongoing support we know is necessary to ensure that people keep their jobs. Redirecting funding to programs that offer diverse employment opportunities to people with barriers to work and delivers the wrap-around support they need would yield higher success rates.

There has never been a more important time to do away with pointless obligations and training offerings that people out of work are subjected to replace them with a system that works. There are barriers to re-training at TAFE, university or school for those who can't afford to fund their own course or would be left without income support. Yet our research has shown that people would be better served by this kind of meaningful training that equips them to work in areas of known demand, such as the care sector, or the support to gain competencies that are increasingly essential to gaining work. These competencies could include financial support to complete a police check, a working with children or vulnerable people check, first aid, or support to obtain a driver's licence.

These offerings are far more useful than the training options currently available, and our experience tells us many people would gladly take them up.

Raising the rate of payments for people out of work

Australia's social security system leaves hundreds of thousands of people well below poverty line. It takes for granted that every working age household will be supported by income from paid work. This assumption has led to a system which treats unemployment as an individual problem rather than a structural one, while also approaching disability, illness, single parenthood, and major life disruptions as outlier issues.

This system assumes that all working-age individuals should be able to find full-time, full-year work. While some people may combine part-time or intermittent work with income support, the expectation is that reliance on income support will be temporary and short-term. Payments are designed to support people through temporary spells of joblessness, while moving people into the labour market is how the Government purports solve the problems of poverty and social exclusion.

This approach has never worked. Many people lack the qualifications or experience to compete for available jobs, while others find themselves trapped in a system that cannot accommodate the circumstances of their lives. With the value of income support payments deteriorating over time, they are caught in a poverty trap as they navigate a system which is not equipped to help them. The failures of the system have been easy to hide because most Australians have not had to rely on it.

As the labour market changes and people's lives grow more complex, the system is coming under growing pressure. It was designed on the assumption that only small numbers of people would be unemployed, and that work would provide people with enough income to live. The past three years have upended those assumptions. When large numbers of people lost work in 2020, it became clear that stringent obligations and activity tests were futile in the face of systemic barriers.

Crucially, an increase in Jobseeker and related payments would help people find work. The Business Council of Australia has stated that the rate of unemployment payments is so low it is acting as a barrier to work. This is because the costs of preparing for an interview, or even travelling for an interview for those in regional areas, can be huge for a person relying on the payment.

Supporting people out of work with a liveable income is crucial. Even with direct job creation and other measures to promote employment, it will be some time before there are enough job vacancies to match those who want them. If people who are out of work can live a life of dignity on a liveable income and contribute according to their capacity, we would make major savings from the funds currently wasted on punitive measures to make them look for non-existent and unsuitable jobs.

Recommendations

Anglicare Australia recommends:

- » The immediate removal of breach powers from private employment service providers, returning them to Services Australia. If the Government believes this cannot be done under current contractual arrangements, then it must create real, financial consequences for providers who issue incorrect breaches, wrongly suspend payments, and fail to advise clients of their rights to appeal decisions and change providers.
- » Abandoning obligations that have been shown not to lead to work. Employment service providers should instead be assessed and rewarded for their ability to place people in long-term work.
- » Ending incentives for short-term training programs that do not deliver results. Publicly funded programs should instead be able to demonstrate how they are connected to job prospects in a tangible way.
- » Remove income support restrictions for people who wish to re-train at TAFE or university, and make it easier to secure commonwealth-supported places.
- » Raising the rate of income support payments to the Henderson Poverty Line.

Conclusion

As we move into a focus on full employment, it is clear that the job market is leaving many people behind. The recovery is being driven by the most employable jobseekers taking the most easily available jobs. Those with barriers to work are still without a job.

Many commentators are focusing on the positives. Unemployment has declined, and many believe the employment market is thriving. In spite of this, the number of people with barriers to work seeking employment has barely budged. Those who need the most help to find work, and those who are long-term unemployed, are not benefitting from the recovery in the labour force. This has created a dichotomy: long-term unemployment remains stubborn while unemployment overall declines.

These trends show the importance of using both demand-side and supply-side interventions to tackle this dichotomy. We are calling for a renewed focus on direct job creation, particularly in entry-level roles, focusing on sectors with high projected demand for workers. The care sector is an obvious candidate for such a program. We are also calling for a major overhaul of employment services to focus on delivering real outcomes, instead of simply administering breaches and obligations. In the meantime, it will be critical to raise the rate of income payments to ensure that people do not get caught in poverty traps while they seek work.

Reimagining our approach to employment is a challenge, but as this paper shows, it also an opportunity to rethink our programs. We must redesign our systems to put the needs of people at the centre.

Our hope is that they will work with us, and with people caught up in the system, to reimagine how it looks and what it can achieve.

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