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The Committee Secretary  
House of Representatives Standing Committee on Education and Employment  
Parliament House  
CANBERRA ACT 2600

**Re: Inquiry into Social Security Legislation Amendment (Job Seeker Compliance) Bill 2011**

Mission Australia welcomes the opportunity to contribute to the bills inquiry into the Social Security Legislation Amendment (Job Seeker Compliance) Bill 2011.

As a community services organisation, Mission Australia has been transforming the lives of Australians in need for over 150 years. We have delivered employment services since 1978, and today remain one of the largest providers of Stream Services under Job Services Australia. As at 1 April 2011, we had a total caseload of more than 55,000 job seekers and since the commencement of Job Services Australia in July 2009 have placed over 45,000 job seekers into employment.

Mission Australia believes in the delivery of high quality, empathetic employment services to the most vulnerable Australians. We support a fair compliance regime that encourages positive engagement and protects disadvantaged people from excessive financial penalties. Consistent with this approach Mission Australia has supported a continuation of the current underlying principles of the compliance regime with its focus on improvements in discretion and balanced sanctions, alternate re-engagement pathways, and safety net afforded by the Comprehensive Compliance Assessment. We now also consider that the *Social Security Legislation Amendment (Job Seeker Compliance) Bill 2011* offers the opportunity to encourage participation through greater consistency and immediacy in the application of compliance requirements.

In a review of the effects of the proposed amendments, it is also important to review the context in which they will operate. To this end, our submission advocates for further fine-tuning of the compliance and employment services policy frameworks. Mission Australia remains concerned about protection for the vulnerable in the current compliance system, its complexity, and the high rate of Centrelink rejections of Participation Reports. In the context of compliance more broadly, we also discuss the importance of a robust assessment gateway and early intervention, as well as limitations in service for the most disadvantaged and the high current exemption rate. A series of recommendations are provided in this regard.

I look forward to appearing before the committee on 18 April 2011 to answer questions regarding Mission Australia's submission.

Yours sincerely,

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## CONTEXT AND THE PROPOSED AMENDMENTS

The new amendments operate within the context of significant reform in employment services. From 1 July 2009, Job Services Australia was introduced as an integrated service delivery model, focused on individualised pathways and skills development to meet the needs of employers or self-employment. Disability Employment Services was also newly formed in March 2010.

Mission Australia has previously advocated for a continuation of the current direction of the new compliance framework that accompanied the employment services reform. It has been our experience that this framework has been effective in improving engagement and offering enhanced protections to vulnerable job seekers in the following ways:

- Enhanced provider discretion to submit Participation Reports;
- The introduction of Contact Requests, and the safety net offered by Comprehensive Compliance Assessments;
- Sanctions which match the severity of a failure; and
- Improved facility to re-engage job seekers experiencing an eight week sanction period.

In supporting the principles of the new framework, Mission Australia is strongly of the view that the proposed amendments under the *Social Security Legislation Amendment (Job Seeker Compliance) Bill 2011* are critical to ensure the compliance regime is not too lenient and has a more immediate effect. In Mission Australia's view, these amendments build on the new 'fairer' compliance framework whilst addressing the limited impact of penalties for lack of participation. This will be achieved in the proposed amendments through the suspension of payment until attendance at a reconnection appointment, accompanied by full 'back-pay' for re-engagement, or immediate financial penalty should a jobseeker fail to reconnect.

## PERSISTENT ISSUES WITHIN THE COMPLIANCE FRAMEWORK

Mission Australia has previously advocated for the 'no work no pay' concept and acknowledges the enhanced re-engagement provisions contained within the new *Social Security Legislation Amendment (Job Seeker Compliance) Bill 2011*. Nonetheless, we believe there are grounds for further improvements to be made in protection for vulnerable jobseekers, and to address persistent issues within the compliance regime which weaken the integrity of the current framework.

### Protection for Vulnerable Job seekers

Mission Australia in its submission to the *Independent Review of the Job Seeker Compliance Framework*<sup>1</sup>, outlined our concern at the adverse impact of compliance penalties on vulnerable and highly disadvantaged job seekers. Mission Australia advocates for a system that prevents job seekers slipping away from pathways to independence, and we remain concerned that job seekers that lose access to benefits may instead require our crisis assistance.

We support provisions where, job seekers identified as 'vulnerable', such as those experiencing homelessness or mental illness, will not have payments suspended in the first instance. However, Mission Australia believes that further consideration should be given to how job seekers are advised of the new compliance arrangements. The standard notification mechanism by letter is insufficient to advise disadvantaged or remotely located clients about a financial sanction. This issue is currently highlighted by the over-representation of Participation Reports received by Aboriginal people and youth<sup>2</sup>, and is applicable to a range of job seekers such as those who experience literacy issues, or have transitory living arrangements.

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<sup>1</sup> Mission Australia (2010). [Submission to Independent Review of the Job Seeker Compliance Framework](#). Mission Australia: Sydney. July 2010. p3-4.

<sup>2</sup> DEEWR (2010) [Job Seeker Compliance Data](#). Commonwealth Government of Australia: Canberra. September Quarter 2010. Tables 2 and 3.

Whilst we advocate that the most vulnerable job seekers should receive appropriate exclusions, we also believe that the introduction of positive boundaries for disengaged jobseekers, similar to those that they would experience in the workforce, can be beneficial. Our experience is that highly disadvantaged job seekers can respond positively to more rigorously applied compliance measures, if these are applied consistently and fairly, as they provide a measure of order that may have been lacking previously in the job seeker's life. As a result we view Participation Reports as an engagement tool and not just a compliance tool.

The effectiveness of any compliance regime on vulnerable job seekers is dependant on the availability of non-vocational support services. In our experience, non-compliance often masks a job seeker's underlying issues or barriers, and we remain concerned about the adequacy of non-vocational support in some regional and rural areas where we operate. This is particularly the case for the lack of support for job seekers with mental health issues, the complex nature of which can include other barriers, such as alcohol and drug dependency and homelessness. Our frontline staff have expressed clear concerns about the detrimental impact a lack of support services has on job seeker compliance and progress to employment.

### **Complexity and Resource Costs**

The compliance framework remains excessively complex and resource intensive to implement. In our submission to the *Senate Inquiry into the Social Security Legislation Amendment (Employment Services Reform) Bill 2008*<sup>3</sup>, Mission Australia expressed concern that certain aspects of the new system had not been mapped to determine the administrative impact on providers. A recent independent study has illustrated that the administrative resource is extensive; the Nous Group (2010) found that employment service providers spend 50 per cent of their time with any one jobseeker on Job Services Australia administration and compliance<sup>4</sup>. This is likely to increase with the additional requirements of the proposed amendments.

The current framework is underpinned by a substantial body of documentation. In a recent survey, Mission Australia managers reported that they are spending more time on compliance-related matters than under Job Network. In practice, they outlined that significant resources are still required to appropriately monitor, record, evidence, and lodge a participation-related application to Centrelink, and to explain the compliance framework to job seekers. To this end, Mission Australia strongly supports the recommendation of the *Independent Review of the Job Seeker Compliance Framework* for a 'simplification review' of Centrelink and the Department of Education Employment and Workplace Relations (DEEWR) compliance documentation, conducted by independent consultants skilled in plain English drafting and IT design<sup>5</sup>.

### **High Rate of Overturn of Participation Reports**

Recent DEEWR compliance-related data indicates that a high number of Participation Reports are being overturned by Centrelink<sup>6</sup>. This data illustrated that less than half (43%) of the 128,147 Participation Reports submitted in the September 2010 quarter were upheld. This low acceptance rate is even more stark when it is considered that the industry utilised their discretion through 83,631 Contact Requests. The majority of participation reports were overturned because of a 'reasonable excuse' (69%). Around 20 per cent of the 'reasonable excuses' upheld by Centrelink were on the grounds of a 'medical reason' where specific evidence was not provided.

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<sup>3</sup> Mission Australia (2008) [Submission to the Senate Inquiry into the Social Security Legislation Amendment \(Employment Services Reform\) Bill](#). Mission Australia: Sydney. p8.

<sup>4</sup> The Nous Group (2010). [The Evolution of the Job Services Australia System](#). December 2010 [attachment to Jobs Australia Submission to the Employment Services 2012 Consultation]. P1.

<sup>5</sup> Disney, J., Budels, A., and Grant P (2010) [Independent Review of the Job Seeker Compliance Framework](#). Independent publication funded by Department of Education Employment and Workplace Relations. September 2010. R1 p79.

<sup>6</sup> DEEWR (2010) [Job Seeker Compliance Data](#). Commonwealth Government of Australia: Canberra. September Quarter 2010. Tables 8, 9, 9b.

The low uphold rate for Participation Reports shows a need for improved consistency between providers and Centrelink decision making. Mission Australia is cognisant of the different roles under which employment services and Centrelink operate, and the need for improvements in both appropriateness and quality of Participation Reports across the sector. Nonetheless, as a not-for-profit community services organisation, front-line Mission Australia staff believe that they exercise appropriate discretion in applying Participation Reports and report dissatisfaction at the perceived lack of support offered by Centrelink to improve jobseeker engagement through this mechanism. Mission Australia is also cognisant of the resource and cost implications associated with Participation Reports, particularly those overturned by Centrelink, which takes employment advisors away from outcome focussed activities.

Mission Australia advocates for increased Centrelink clarification around the required evidence-base for Participation Reports, particularly when job seekers are using illness as a reason for non-participation. We support the proposition by the Australian Council of Social Services (ACOSS) that consistency could be improved if training in administrative and social security law was provided to employment advisors, along with their Centrelink counterparts<sup>7</sup>. We further agree with ACOSS's call for transparency and advocate for the provision of more detailed Performance Report data through the *Employment Services System*, that allows for comprehensive analysis of overturn rates by such factors as site, stream, reason, and participants' flagged as 'vulnerable'.

## **PERSISTENT ISSUES WITHIN THE EMPLOYMENT SERVICES FRAMEWORK**

Mission Australia also remains concerned about areas within the employment services structure that challenge the objectives of the new amendments and compliance framework more generally.

### **Initial Assessment Processes**

The level of assistance provided to job seekers under Job Services Australia is determined by an assessment interview through the Job Seeker Classification Instrument (JSCI). The JSCI is completed by Centrelink when a jobseeker first presents for employment assistance and is often completed by telephone.

Accurate assessment through the JSCI is vital to ensure job seekers receive an appropriate level of support and are placed under requirements for which they have the capacity to comply. However, it is Mission Australia's experience that many job seekers are unwilling to fully disclose barriers, particularly over the telephone, in the initial JSCI assessment. As a result, many job seekers are serviced at a level that is not commensurate to their level of disadvantage.

Evidence of this is demonstrated by a 24 percent increase in re-assessments undertaken by Mission Australia's Job Capacity Assessors across two financial years (22,024 in 2008-09; compared to 27,308 in 2009-10). Recent research conducted by the Orima Research (2010) for Mission Australia also highlighted issues with the assessment gateway<sup>8</sup>. It found that almost one third of job seekers initially classified as Stream One had not worked for five years or more or had never worked.

Mission Australia also remains concerned about the return of responsibility for Job Capacity Assessments to Centrelink from 1 July 2011. The National Employment Services Association (NESA, 2010) notes that before the introduction of Job Capacity Assessors there were significant delays experienced in arranging assessments, especially in rural and remote areas<sup>9</sup>. This is particularly problematic given that referral to a Stream Four classification can only be achieved following a Job Capacity Assessment. NESA (2010) also cited performance data which indicates that Centrelink conduct more Job Capacity Assessments by telephone than contracted providers, leading to additional concerns about jobseeker disclosure<sup>10</sup>.

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<sup>7</sup> ACOSS (2010). [Submission to the Independent Review of the Job Seeker Compliance Framework](#). July 2010 p11.

<sup>8</sup> Orima Research (2010) *Mission Australia Employment Solutions*. Research unpublished. July 2010.

<sup>9</sup> NESA (2010). [Submission to the Independent Review of the Job Seeker Compliance Framework](#). July 2010. p5

<sup>10</sup> NESA (2010). [Submission to the Independent Review of the Job Seeker Compliance Framework](#). July 2010. p5.

## Service Exemptions

Within the Job Services Australia model, a significant proportion of Mission Australia's caseload is excluded from receiving any assistance under service exemptions. At the start of April 2011, twenty percent (over 11,000) job seekers on Mission Australia caseload were suspended. Recent industry-wide statistics produced by DEEWR suggest 29 per cent of the total caseload is suspended<sup>11</sup>.

Mission Australia remains concerned that the high level of exemptions provided to job seekers (such as on the grounds of medical exemptions) effectively exclude job seekers from employment services and any capacity for providers of Job Services Australia to assist.

## Limitations in Early Intervention

Financial resources for the highly disadvantaged and longer-term unemployed have been strengthened under JSA, with a parallel reduction in resources for the job-ready and recently unemployed. Whilst the Job Services Australia model is still relatively new, Mission Australia's early experience supports the NESAs view that a reduction in support for the recently unemployed is counterproductive to achieving the aim to decrease the number of the long-term unemployed<sup>12</sup>.

A recent review estimated that 15 per cent of those initially assessed as Stream One 'job ready' (37,500 job seekers) become long-term unemployed<sup>13</sup>. Mission Australia believes that it is essential that providers act early in a job seekers unemployment period to prevent entrenched joblessness. Indeed, research using data from the *Household, Income, and Labour Dynamics in Australia* (HILDA) survey found that for males, the likelihood of entrenched joblessness was 15 times more likely if job seekers were unemployed a year prior<sup>14</sup>.

Mission Australia has previously advocated for an increased allocation of funding for Stream One job seekers and/or for 'recruitment style' services to be offered. It is critical that such services are sufficient to provide early intervention and reduce the likelihood of newly unemployed job seekers transitioning to long-term unemployment.

## Servicing the Most Disadvantaged Job Seekers

It is Mission Australia's view that there is an overlap between mainstream and disability services, and that the most disadvantaged job seekers could benefit from extended further intensive services.

Mission Australia is concerned that the most disadvantaged Stream Four job seekers are only able to receive 12 to 18 months service prior to the Work Experience Phase. The Work Experience Phase provides for only six contacts per year, and provides no opportunity for further intensive servicing. Mission Australia supports increased contacts and service fees across each stream in the Work Experience Phase, and particularly for the most disadvantaged.

In our submission to the *Employment Services 2012 Consultation*<sup>15</sup> Mission Australia has suggested that a Stream Five be established for the Disability Management Services (Program A) to ensure better employment outcomes for those with disabilities who are able to work.

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<sup>11</sup> DEEWR (2010) [Job Seeker Compliance Data](#). Commonwealth Government of Australia: Canberra. September Quarter 2010. Table 6.

<sup>12</sup> NESAs (2010). [Submission to the Employment Services 2012 Consultation](#). July 2010. p5.

<sup>13</sup> The Nous Group (2010). [The Evolution of the Job Services Australia System](#). December 2010 p1.

<sup>14</sup> Perkins, D., & Scutella, R. (2008) [Improving Employment Retention and Advancement of Low-paid Workers \[online\]](#). Australian Journal of Labour Economics, Vol. 11, No. 1, 2008: 97-114.

<sup>15</sup> Mission Australia (2011) [Submission to the Employment Services 2012 Consultation](#) Mission Australia: Sydney.



## RECOMMENDATIONS

Mission Australia recommends the following:

1. That the central features of the existing compliance framework are retained, and job seeker engagement encouraged by the amendments provided in proposed the *Social Security Legislation Amendment (Job Seeker Compliance) Bill 2011*;
2. Enhanced protections are considered to protect the most vulnerable jobseekers under the proposed the *Social Security Legislation Amendment (Job Seeker Compliance) Bill 2011*;
3. In line with the *Independent Review of the Job Seeker Compliance Framework*, we recommend additional mechanisms be used to supplement the standard mail notification to advise job seekers when a penalty has been activated, particularly for job seekers in rural and regional localities. These notifications must clearly explain the penalty and the action that can be taken to reduce it;
4. Improved streamlining and categorisation of compliance-related documentation. Mission Australia supports the *Independent Review of the Job Seeker Compliance Framework* recommendation for a ‘simplification review’ of Centrelink and the DEEWR compliance documentation, by independent specialists in plain English drafting and IT design;
5. Improved training mechanisms implemented across the sector to improve consistency between employment services providers and Centrelink in Participation Reports. As recommended by ACOSS, this could take the form of joint training in administrative and social security law for employment advisors and Centrelink assessors;
6. Increased clarity about the evidence-base requirements for Performance Reports, particularly in relation to ‘reasonable excuses’ on medical grounds;
7. Improved transparency through the release of additional Performance Report data via the *Employment Services System* that is sufficiently detailed for employment service providers to monitor and develop strategies to address rejection levels of Performance Reports;
8. To supplement findings from DEEWR quality reviews, the engagement of an independent expert to undertake a review of the efficacy of the initial JSCI gateway assessment, JCA and Stream Service Reviews conducted via telephone;
9. Following the changes to the JCA program from 1 July 2011, improved facility for employment service providers to input into JCA referrals to Centrelink for job seeker / provider initiated Change of Circumstances reasons;
10. Improved early intervention through the provision of services to job-ready jobseekers akin to more traditional recruitment model and greater incentives for employment service providers who work successfully with job-ready jobseekers (i.e. Outcome Fees);
11. The provision of service fees to employment service providers in recognition of the resources dedicated to servicing suspended job seekers; and
12. Increased contacts and service fees in the Work Experience Phase, and the inclusion of a ‘Stream Five’ to integrate segments of the Disability Employment Services into the mainstream of employment service provision.