



Submission to the:

**Australian Senate  
Community Affairs  
Legislation Committee**

**Re: Welfare to Work and other  
Measures Bill 2005**

by:

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(NESA)**

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The National Employment Services Association (NESA) recognises that Australia is facing a number of challenges as a result of the changing demographic profile of the population. With an increasingly ageing population there are a number of social and economic imperatives to broaden participation in the labour market and increase the skills of unemployed Australians to meet labour market needs.

NESA further acknowledges that the Government has faced important choices in developing its historic Welfare to Work Bill. NESA supports the government's focus on helping people to share in the dignity and value that comes from participation in the workforce and the economic independence developed through employment, and to recognise people's abilities and capacities rather than their limitations. NESA presented a range of issues to the Government for consideration in relation to Welfare to Work imperatives in the paper 'Meeting Australia's Demographic Challenges' Future Directions paper 2005.

NESA is the key representative body for Government contracted employment service providers. Our core role is to support the development of an effective and efficient employment services industry to meet the needs of unemployed Australians. The employment services industry has a pivotal role in achieving increased workforce participation policy objectives. The Active Participation Model provides a strong foundation for the development of strategies to deliver on the government's objectives of increasing labour market participation and employment rates and addressing skills shortages.

NESA believes that to play an effective role in increasing the participation of all Australians including parents, mature aged people, indigenous people and people with disabilities the capability of the Job Network and other employment services need to be continually developed to ensure they continue to meet the diverse needs of job seekers. NESA looks forward to working with Government to develop and support initiatives which build the capacity of the industry and enable it to deliver on Government objectives

The employment services industry includes Community Development Employment Projects (CDEP); Disability Open Employment Services; Green Corps; Harvest Labour Services; Indigenous Employment Centres (IECs); Indigenous Youth Employment Consultants (IYECs); Job Network; Job Placement; Job Placement, Employment and Training (JPET); National Harvest Labour Information Service; New Enterprise Incentive Scheme (NEIS); Personal Support Programme (PSP); Structured Training and Employment Projects (STEP); Transition to Work (TTW); Vocational Rehabilitation; Voluntary Work Initiative (VWI); Work Capacity Assessment Services and Work for the Dole (WfD), including in rural and remote areas, by way of industry service providers.

The Government has made its choice to pursue the necessary reforms responsibly, mindful that these measures are directed at securing the future prosperity of Australia, and providing the opportunity for all Australians to participate in that prosperity.

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NESA's policy recommendations to support increasing the workforce participation of working age payment recipients, including parents and people with a disability, included in our Future Directions paper were:

- 1. All aspects of relevant service delivery arrangements are designed and implemented in ways which promote positive and constructive initial and ongoing engagement of the people concerned and which provide the necessary security and certainty for people making transitions to work.**
- 2. The benefits (to individuals, their families, their communities, business and the nation overall) of increased workforce participation should be strongly and positively promoted.**
- 3. The government should make the necessary additional investments in properly resourced and high quality assistance - which is flexible and can be sequenced and tailored to the needs of individual job seekers. Such investments will be more than offset through reductions in income support payments and increased income tax revenues.**
- 4. The government should take steps to progressively address and remove disincentives in the present income support system so that increasing participation results in net improvements in income for all income support recipients who increase their workforce participation.**

### **Increasing Economic Participation**

While it is true that single parents spend around 12 years on average on income support a significant proportion already have some level of participation in the labour market and are only partially reliant on welfare. Indeed the current proposal recognises that the participation of parents will increase with these initiatives however the majority will continue to qualify for partial income support.

Broader consideration should be given to increasing the capacity of parents to achieve higher levels of economic independence through education and training. Employment service programmes are resourced to support short term education and training opportunities. However the driving performance management models align with the work first agenda and provide little incentive to facilitate medium to longer term education and training which will improve the ability of job seekers including parents and people with a disability to achieve greater economic independence. Education and training initiatives will also increase the capacity to better meet skills in demand. As indicated in the NESA Future Directions paper:

*DEWR stated in its submission to the Senate inquiry into Current and Future Skills needs; "Skill development in Australia is vital to Australia's long-term economic and employment growth. Ongoing enhancement of Australia's skills base is essential to achieve further productivity gains and help Australian industry to compete effectively in a highly competitive world marketplace".*

*In order to address skills shortages effectively a number of interventions are required. As the Hon Brendan Nelson MP stated in the launch of the National Skills Shortage Strategy "Local communities are facing skill shortage as a result of the introduction of new industries, or the departure of existing ones, resulting in the need for communities to "reinvent" themselves through training, education and employment". (6 April, 2004 MIN 673/04)*

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Key recommendations to support increased levels of participation and increased economic independence in NESAs Future Directions paper were:

- 1. It is recommended by the employment services industry that the Commonwealth develops a work placement program package to be incorporated into Job Network which supports work experience opportunities for job seekers. This package must include the provision of a National insurance coverage arranged by the commonwealth.**

Whilst training and education assists in developing the workforce related skills, the business community highly values a demonstration of those skills through recent work history. Work experience programs have the potential to increase job seekers capacity and employability. Work experience can clearly play a significant role in increasing opportunity for parents, mature aged workers and disability support pension recipients and engaging them in the workforce. In particular work experience assists job seekers to confirm their vocational choices, apply their skills, confirm their ability to make a transition from welfare to work and experience the social benefits of labour market participation.

The Senate Committee into Current and Future Skills Needs concluded in its report **Bridging the Skills Divide** (Pg 85) that it also believed improved opportunities for work placement were required and that impediments to work experience placements including lack of public liability insurance and workers compensation issues should be addressed to assist job seekers improve their skills base.

- 2. Implementation of a career advancement model which provides extended post placement support and assistance (2 years) to enable career progression into areas of identified skills shortage should be considered.**

The increasing incidence of part-time and casual work presents significant additional challenges in workforce development. For many Australians opportunities to benefit from training and development while in the workforce are limited. As the Senate inquiry into Current and Future Skills Needs noted in **Bridging the Skills Divide** (2003) *“the growth of a large casual and contingent workforce increasingly locked out of opportunities for skill formation, career progression and economic security”*.

In order to achieve a work first approach that supports a reduction in welfare reliance can only be achieved by ensuring job seekers can achieve sustainable employment and a wage that supports them and their family. Employers consistently rank recruiting and retaining skilled workers as two of their top human resources priorities. Equally low-skilled job seekers struggle to find pathways out of low entry jobs which offer little opportunity for long term retention or advancement. Career advancement programs can provide a solution to these overlapping labour market challenges. Importantly such a programme does not delay entry into the workforce by providing directed career advancement interventions post placement and can further reduce reliance on income support.

In addition to looking at strategies to assist individuals increase their economic participation the strategy should also address ways to improve the economic prosperity and participation in job poor communities.

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It is a concern for providers in rural and remote communities that additional welfare recipients will be asked to job search activities where it is clear there is limited opportunity and many consider the exercise fruitless. In the absence of job creation initiatives in such communities, activity requirements must reflect actual opportunity and other available supports such as child care facilities.

### **Special Circumstances**

Reforms in welfare systems are complex and NESAs are pleased that the Government has reflected in its Bill the need to be mindful of the fragility of the many people who may be affected by these changes. NESAs note that there have been many provisions made within the Bill to ensure our most vulnerable income support recipients such as those who have experienced domestic violence or traumatic family breakdown are considered.

It is clear that it is inappropriate to build such a system on absolutes and individual need and circumstance must form part of the equation however equally there must be mechanisms to ensure that there is consistency and equity in these considerations. Particularly, when we are referring to the most vulnerable of Australian citizens a reliance on their ability to appeal decisions and advocate on their own behalf would be an inadequate safety net. NESAs believe that the broader community would disapprove of initiatives that were portrayed as being unfair or inequitable in their implementation.

### **Extra Employment Services and Support**

NESAs acknowledge the Government for ensuring that job seekers still have access to other benefits, supports and for the introduction of more generous taper rates for Newstart Allowance to facilitate and encourage welfare to work.

The employment services industry particularly the Job Network welcomes the addition of the Employment Preparation service as a gateway to the Job Network for some parents and mature aged job seekers. This service aims to find work and overcome barriers to employment by equipping them with skills to re-enter the workforce. Those parents with a recent work history however will commence in employment assistance in the Job Network in Job Search Support. Job Search Support provides for a single forty-five minute interview and the use of self help facilities for the first three months of assistance.

Given the magnitude of the Welfare to Work reforms and the likely social adjustment NESAs would strongly advocate that the eligibility for Employment Preparation be broadened. NESAs do not believe it is in the interest of parents, the Government or employment service providers to initiate an increase in participation requirements without the provision of intensive services to assist them to meet their potential or increased obligations. There is wide concern amongst the employment services industry that the provisions within the Employment Preparation service will not be sufficient to meet the needs of many parents. The industry is very clear and unanimous in its belief that Job Search Support provides inadequate support for parents making the welfare to work transition.

The Government should be recognised for providing additional employment related services to job seekers including parents with special needs such as the Personal Support Programme.

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However, it is clear that the Personal Support Programme which has a capped capacity cannot provide timely engagement and response to existing service demands which is likely to increase greatly with the Welfare to Work initiatives.

We highlight the following excerpt from NESAs 'Meeting Australia's Demographic Challenges' Future Directions paper 2005:

The Personal Support Programme provides services to job seekers who are experiencing personal issues which render them not work ready, in the short to medium term. As a complementary programme the Personal Support Programme enables job seekers to ultimately gain maximum benefit from Job Network through addressing multiple non-vocational barriers to get them job ready prior to assisting them to get and keep jobs.

According to the findings of recent Australian research "**Estimating the prevalence of mental disorder among income support recipients: approach, validity and findings**" (Butterworth 2004) it was found that income support recipients have a high prevalence of common mental health problems.

A key finding was that around 31 per cent of income support recipients experienced a common mental health disorder (anxiety, affective or substance abuse disorders) in the previous 12 months compared to 19 per cent of working age Australians not reliant on welfare payments. A further finding was that those identified as unemployed (34%) and lone parents (45%) had particularly elevated disorders. The research also indicated that job seekers with these types of issues were more likely to be breached than other job seekers.

Job seekers not currently in a position to benefit from employment services are referred to this pre employment programme. The waiting lists for PSP in some areas are to the extent that it is no longer even treated as an option and job seekers are directed to other services. The additional places will not satisfy existing demand or the increased numbers of parents and people with a disability who will flow into employment services as a result of the changes. The welfare to work initiatives will not be fully effective in their objectives if vulnerable job seekers including parents and people with disabilities are not provided with services most appropriate to their needs.

### **Getting the Very Long Term Unemployed Back Into Work**

The employment services industry believes that opportunities to participate in full time work for the dole opportunities should be broadened. While current proposals focus on job seekers who have displayed characteristics of work avoidance they overlook the positive benefit that may be obtained by job seekers who despite genuine efforts have been unsuccessful in finding employment. Full time work for the dole can assist job seekers to develop their employability and vocational skills. Indeed it is the belief of the industry that many job seekers would volunteer for such programs if permitted. It is also recommended that consideration be given to early access to full time Work for the Dole for voluntary participants as a positive participation mechanism to reduce the quantum of job seekers reaching long term unemployment.

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The employment services industry particularly Job Network is concerned that the level of investment in job seekers deteriorates once their length of unemployment increases to 24 months. In a buoyant labour market there is an increased prevalence of job seekers with high support needs remaining unemployed.

The ability of employment service providers to maintain positive engagement of job seekers, effectively support and monitor activity requirements post Customised Assistance 2 is challenged. While new services such as Wage Assist for long term unemployed job seekers are supported the industry believes there is need for further initiatives to be developed such as job creation programmes.

### **A Fair But Firm Compliance Regime**

Australia's welfare system provides a necessary safety net for citizens who find themselves in need. Whilst valuing the safety net that our welfare system provides, Australians also recognise the obligations of recipients. In addition to greater financial independence and better quality of life which employment can provide, participation in the workforce also contributes to social inclusion and community cohesion. We need to do more to assist those people who can more actively participate in the labour market to achieve their individual potential and contribute, to the extent they can, to the nation's wellbeing.

While acknowledging the need for a fair and firm compliance regime employment service providers request that the human factor in implementing the regime is given a high priority. Employment service providers are highly concerned that the impact of the compliance regime could result in increased levels of personal, family and social dysfunction such as self harm, domestic violence, family breakdown, increased crime and the like.

Breaking down isolation from the labour market and encouraging people back into work is a key challenge which can only be achieved with a whole of Government and partnership approach. Developing initiatives which build linkages between portfolios to deliver integrated strategies to support income support recipients make the transition from welfare to work is imperative. Such linkages need to be broad and include housing, health and family support such as child care.

In particular linkages to health services to meet the needs of the prevalent numbers of welfare recipients affected by mental health issues are required. It is universally reported that there is a high proportion of people with undiagnosed mental health issues currently in employment service programmes. Furthermore that providers experience barriers trying to access appropriate health services to meet their job seekers needs.

Ensuring that the mechanisms for assessing and streaming job seekers into the correct programmes are effective is imperative. This will ensure that job seekers are provided with the correct mix of services and that they are delivered in a manner which enhances their capacity to participate. NESAs believes that the introduction of the Comprehensive Work Capacity Assessments delivered by Department of Human Services will provide a good framework as the welfare to work agenda is implemented.

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Ready access to programmes following assessment will ensure that engagement occurs. There is little value in increasing participation requirements and then having job seekers inactive while they wait for a place in services such as Personal Support Programme to become available. The reputation and credibility of Government contracted employment services will come under critique if job seekers are not given access to the most appropriate service in a timely and responsive manner.

Most people will appreciate that when an individual is going through traumatic times and crisis such as bereavement or family breakdown they will be challenged in their ability comply with activity requirements. It is also clear that many individuals are not adept at conveying their circumstances clearly. For example research indicates that the majority of people who are homeless do not identify themselves as such. These job seekers are highly vulnerable in the compliance regime but as there is no diagnosis or health support in place it is a fear that many of these job seekers will be labelled as merely non compliant.

The mechanisms for assessing job seekers entering into employment services need to reflect a client centred approach, prioritised on individual need. Mechanisms such as the Job Seeker Classification Instrument (JSCI) which will trigger referral to Comprehensive Work Capacity Assessments need to be reviewed to ensure they are robust and appropriately identify potentially at risk and vulnerable job seekers. The Comprehensive Work Capacity Assessor or Centrelink Social Work teams should apply flags indicating vulnerable job seekers.

NESA looks forward to continuing to work with Government on developing the implementation model for the compliance framework which provides for fair, equitable decisions and is appropriately compassionate in its application.