

26th April 2018



It's not just about jobs and growth

Every May in Canberra, as winter hibernation begins, the nation's capital comes alive as commentators descend on Parliament House to hear the Treasurer's reading of the Federal Budget. Eager to examine the announced measures and their impact on our community, analysts compare, contrast and scrutinise the finer details, determining 'winners' and 'losers' and assessing the overall state of our economy. Of course, the frenzy of activity on Budget night is the culmination of perpetual forecasting, strategizing and planning to determine how best to economically organise ourselves to thrive as a society. But, Budget night itself represents a time for optimism and opportunity—a moment to take stock, plan and unpack the economic roadmap laid out by our political leaders, policy and decision-makers that collectively, hopefully, form a pathway towards our national prosperity.

The Treasurer's speech on Budget night constitutes 'the essay'—the thesis underpinning the government's overarching economic approach and the framework guiding the measures proposed. In 2017, Treasurer Scott Morrison declared that "not all Australians have shared in [Australia's] hard won growth" and that "many remain frustrated at not getting ahead"¹. He noted "Australians have taken second jobs, where they can, so bills can be paid, and it's been a fair while since most hardworking Australians have had a decent pay rise".

Economic participation was the strong flavour of Budget 2017, with a heavy emphasis on individual contribution to our collective economic success—most explicitly highlighted in relation to our welfare system and getting our welfare budget "under control". To do this, a simple strategy was advocated: "Get Australians off welfare and into work".

Reducing reliance on welfare and promoting "jobs and growth" are admirable goals. Both are pillars that underwrite our society's ability to develop and thrive. For Budget 2018, however, a fresh and objective approach to pursuing "jobs and growth" is needed. We must take the opportunity to firmly place wellbeing and quality of life for individuals, families and community at the heart of economic planning and considerations. After all, our economy is not an end in itself—it is rather one mechanism that allows us to protect and enhance the most valuable resource our nation will ever have: our human resource. Budget 2018 must mobilize and maximize the latter to its fullest extent.

¹ 2017-18 Budget Speech. Available at: <http://www.budget.gov.au/2017-18/content/speech/html/speech.htm>



Examining and reforming the mechanisms that support and facilitate meaningful employment provide a compelling point for departure in achieving this. Further to the obvious economic advantages for individuals and our economy that are delivered through paid employment for as many people in Australia as possible, having a job can also provide a ticket to individual fulfillment, stability and wellbeing. People engaged in meaningful, stable employment enjoy greater financial stability for themselves and their dependents, higher levels of personal confidence and self-esteem, social connectedness and engagement, and many other benefits. Examining ways to better allow all members of our society to tap into their employment potential is therefore critical in achieving a thriving, prosperous and health nation.

There are four critical areas for consideration here, namely—1) examining the current job-seeker experience and the society safety that supports people without work; 2) looking at the jobactive system itself and its effectiveness in preparing people for decent, stable employment; 3) investigating employers' role in creating jobs and supportive working environments; and finally, 4) thinking about the role of government in facilitating jobs growth and fostering employment opportunity in thin employment markets. These four areas are examined in-turn below.

Our employment safety net

People in Australia who are unemployed, if eligible, gain access to income support through the Newstart Allowance. Newstart is paid to people between 22 years of age and age pension age for people looking for work, or undertaking 'approved activities' towards finding a job, defined as either applying for jobs, undertaking training or studying.

Newstart is governed by a strict reporting and 'mutual obligations' system for recipients, geared towards keeping people accountable for the support they receive. The 2017 Federal Budget controversially introduced additionally stringent measures around drug testing of income support participants that were recently pushed into legislation. The new requirements will force unemployed people who are new claimants of Newstart Allowance and Youth Allowance to agree to be drug tested in order to start receiving their payments. If found to be using drugs, support payments will be stopped. Recipients can also be selected for further random testing of illicit drugs. Those refusing to take the test would have their welfare payments cancelled immediately. The stated intention of the measure is to help unemployed people with drug problems receive treatment and find jobs, and to address community concerns that public money, through welfare payments, is being spent on illicit substances.

Such measures do little, however, to support people into meaningful and stable jobs or create the conditions for them to successfully transition off welfare and into work. We need a new approach—one that constructively focused, that builds on people's strengths, motivates and incentivises, rather than stigmatising and punishing.

We must identify and support those approaches that recognise employment barriers impacting a significant proportion of our community. This includes maximising the full capacity of our income support system to provide the training, mentoring and support required to create employment pathways and set people up for success. We must take this approach in contrast to minimising individual capacity through imposition of punitive sanctions that do little to positively influence

behaviour, promote individual agency or motivate personal drive.

And, individual job seekers shouldn't have the responsibility to overcome the employment barriers they face alone—many of which are structural in nature and beyond their ability to control. We need a well-functioning job seeker support system that fulfils the role of preparing and supporting people into jobs and that works with employers to facilitate this transition.

Also, for those who do find themselves without work, income support should be provided without arbitrary conditionality and should be adequate to enable a decent standard of living. This is essential if it is to genuinely achieve its purpose of aiding the transition into stable, meaningful employment. Review of our payment standards has not kept pace with relentlessly increasing costs of living and we are well due for a comprehensive examination of the system to ensure it is fit for purpose. This process should be objective and focussed entirely on achieving positive outcomes for job seekers. The employment infrastructure will only work to support people into employment if each piece of the puzzle provides unaffected support and opportunity for people to get jobs.

An effective job support system

In 2015, UnitingCare Australia embarked upon a project in partnership with the Australian Government to develop a model that could transition people facing significant employment barriers into community services jobs with UnitingCare organisations. Focussed in its pilot phase on women who were long-term unemployed, the model adopted a values-based approach to recruiting, training, supporting and mentoring people into disability and aged care support roles, emphasising alignment between the job seeker's personal attributes and values, and those of their future employer. The model has proven highly successful with an overall retention rate of 85 per cent for the approximately 40 participants trained, mentored, supported and employed through the program. And importantly, participants in the project, now UnitingCare employees, reported feeling more capable, having an increased sense of pride in themselves, increased social connection, self-worth and confidence, all leading to improvements in their overall mental health and happiness. Their employers similarly report a committed, skilled and highly-motivated workforce that is fully equipped to undertake quality service deliver.

The model's successful implementation relied on maximising the resources allocated to job seekers through the jobactive system and utilising these to adequately prepare and support people into employment. The jobactive system is well resourced in its capacity to support people into work, but is often hamstrung in its ability to provide the critical connection between job-preparedness and actual jobs. Critical is the need for the jobactive system to tailor its services to support both job seeker needs, as well as those of the employer, to make genuine employment opportunity possible. Whatever Government can do to facilitate and promote this need should be strongly endorsed.

Previous Federal Budget measures such as those that introduced the Department of Jobs and Small Business' *Try, Test and Learn* and *Youth Jobs Path* do go a way to shining further light on employment barriers and finding solutions to address them. But critically, such initiatives largely circumvent the structural issues impairing the job active system that, if resolved, would negate the need for such programs. The time is ripe for renewal of critical employment infrastructure like the jobactive system and refreshing such structures to genuinely pave the way from welfare to work.



Job creation as a shared responsibility

The Turnbull Government has not shied away from owning the need to support business to succeed in stimulating jobs and growth. Further to creating the macroeconomic conditions for this to occur however, there's a need for greater Government attention on supporting areas of natural growth across sectors of our economy that have genuine capacity to boost employment.

With the expanding rollout of the National Disability Insurance Scheme, demand for service in the community and health sectors continue to grow. This trend is coupled with increasing demand for aged care services and the need for a capable and committed workforce to support people in need. Moreover, human and community services are not anticipated to be as heavily impacted by the introduction of technology to replace people in the delivery of services. Thus, demand for services is likely to outstrip the current capacity of the workforce to meet client need.

Significant scope therefore exists for Government to capitalise on the growth potential for employment in the community sector. Investment in targeted workforce strategies, subsidies and incentives for employers to train, support and mentor people into meaningful jobs should be a top priority and significant step towards boosting economic growth and prosperity.

Creating jobs in thin markets

Government is a key stakeholder in not only setting employment policy and the mechanisms to facilitate jobs growth, but also, in generating employment opportunity in thin markets. Many rural and remote communities throughout Australia are impacted by economic stagnation with private employers having little capacity to create and sustain jobs. The Government has a substantive role to play in such cases to provide a pathway to employment for jobseekers to enable equal employment opportunity. Doing so would not be a new undertaking for Government—the wage-based Community Development Employment Projects (CDEP) scheme implemented by the Federal Government between 1977–2015 provided an effective approach to stimulating employment in rural and remote communities through investment in both job seekers and the communities in which they lived. Models like this a worth revisiting and refreshing for the contemporary context.

Meaningful work

Of course, all of the employment strategies in the world aren't likely to lead to stable and ongoing work for people if they don't provide *meaningful* work. This means work that delivers decent conditions for employees with regard to hours of work, leave entitlements and sufficient security to fulfil perhaps the primary intention of employment, to provide the economic security and means that people need to live a decent life. Further to this, however, work should give meaning and purpose to people's lives, enrich their experience, develop and nurture their capability and enable them to make a valuable contribution.

We need not reinvent the wheel on how we approach the issue of employment going forward, but reflect on the policies, programs and ideals that have relevance and have been proven to work. We should simply refresh these for use in the contemporary context.

As we approach Budget 2018, opportunity abounds to take stock and lay down a roadmap for our economy that has a higher, more important purpose—to mobilise our incredible human capital and create the best possible opportunity for people to live a decent life.

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