



Mutual Obligation is Brokenan analysis.

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Mutual Obligation is the centrepiece of our social security system. Established in 1996 by John Howard government. It is described by Services Australia as a system that requires the recipient to undertake tasks and activities to receive your payments from us [Services Australia 2025](#). Penalties may apply if you don't meet them. The system is based on one value of which, not that long ago, Susan Ley was clear "you cannot give people something for nothing".

It is an assumption that people don't want to work, that they would take advantage of the situation. The Australian Council of Social Service reports that the mutual obligation payment is currently \$197 below the poverty line ([ACOSS report 2023](#)) So Ms Ley and her liberal colleagues believe that people don't want to work, they would choose to live in poverty. It is a rather dire view of human beings. The abundance of research would say differently. Consider the copiousness of work by Hawkins and Catalano across the last 3 decades. People want to be connected, they want and need purpose and they want a good life of which work can often contribute to.

The fact that some people have barriers to their ability to work such as their mental health, addiction, increasingly unstable housing, family violence and/or ill health is a different discussion. That is not the same as saying there are people that inherently don't want to work.

The founder of liberal ideology and our longest standing Prime Minister Robert Menzies didn't think like that. [Dennis](#) in his essay refers to Menzies when post war social security began. He didn't think we should make citizens convince the government they need help. In 1944, after warning against converting people into "suppliant[s] to the state," he went on to say:

People should be able to obtain these benefits as a matter of right, with no more loss of their own standards of self-respect than would be involved in collecting from an insurance company the proceeds of an endowment policy on which they have been paying premiums for years.

Last year a select committee chaired by [Mr Julian Hill MP](#), reviewed the 8 billion dollar Workforce Australia Mutual Obligation and Parents Next programs. The [report](#) is scathing.

“It’s harsh but true to say that Australia no longer has an effective coherent national employment services system; we have an inefficient outsourced fragmented social security compliance management system that sometimes gets someone a job against all odds.

“It should not be controversial to state that full privatisation has failed. Even the previous government implicitly admitted this by bringing a large caseload back to the public sector with Workforce Australia Online.

“The current system is inefficient, tying clients and providers up in red tape, driving away businesses and effectively making too many people less employable by requiring them to do silly courses, pointless activities or apply for jobs they simply cannot do. It has failed to prepare people for today’s red-hot labour market and to effectively address long-term unemployment, with 150,000 people stuck in the system for over five years. This must change.

The Committee made 75 recommendations supported by over 600 pages of detailed analysis. Fundamental changes recommended include:

- **An enhanced and—in some respects—radically different service model**, which recognises that clients will have different pathways to employment, social and economic participation, moving away from rigid one-size-fits all rules. This would include referrals to other human services, ‘life first’ and social participation goals for some people, a Youth Employment Service, specialist services for First Nations and Culturally and Linguistically Diverse people, and a revamped service for ex-offenders.
- **A new regulatory culture and more relational contracting model**, moving from obsessively contracting services out and denying responsibility, to a system where service partners are contracted in to work with government and employers in local communities.
- **Broadened and tailored approach to mutual obligations and a new Shared Accountability Framework for compliance**, supported by an individualised Participation and Jobs Plan, to cut red tape and compliance burden, stop driving employers away and more effectively support disadvantaged people into work.
- **Establishing and Employment Services Quality Commission as an independent regulator**, responsible for workforce standards, continuous learning, advising on pricing and funding mechanisms for quality services, data collection and complaints management.

The current mutual obligations system, coupled with payment rates, is trapping people in long-term unemployment.³ This has seen a large increase in the average time on JobSeeker, from about 2 years in 2014 to more than 5.5 years now.⁴

Detractors of the system would still be disappointed because there is a growing call for the system to be abolished. Pause here in this paper and consider what we could do with 8 billion dollars to assist vulnerable job seekers. A [report](#) by the advocacy group Get Up demanded exactly that.

This is one of the quotes in the report, “Mutual” obligations have a detrimental effect on people’s health and ability to get and maintain a job. As a result of interacting with the system,

many people experiencing bullying and abuse in employment services can feel that suicide or self-harm are their only option.

Boost the rate, abolish mutual obligations, have counsellors instead of job coaches. Give people the time and flexibility to work on their motivation rather than just being cut off completely. Don't have bullies and unempathetic people working in Centrelink. Abolish work for the dole and have volunteering instead that isn't forced and brings some positive inspiration and motivation. *Luke Filby*, New South Wales.

Interestingly one of the recommendations was to build community-led employment programs for the public good. A new approach to social and employment services design based on a framework for locally controlled processes led by unemployed people with the involvement of the broader community, service providers, local government. The Fraser Government in the mid 70's did exactly that with its employment initiatives that employed job seekers on a range of programs for community good providing them with training and paid work for 12 months. So it can be done and it could be one of the things on our wish list for the 8 billion dollars.

This paper is meant to be a broad shout out for change whether you are in regional Australia or in the cities. But the relevance to the Derek Amos Institute is that not only have we established that the system is broken a view Get Up has termed as punishment for profit. If you live in regional Australia you are even further disadvantaged.

The Job Providers are based in five towns across Gippsland. The towns where they appear are Latrobe Valley, Leongatha, Sale, Wonthaggi and Bairnsdale

.Given this the following occurs:

- Clients in Wilsons Prom have a two hour trip to Leongatha however there is no public transport
- Clients in Phillip Island have a 40 minute trip to Wonthaggi however there is no public transport and the island is very isolated from the rest of Victoria unless a client has a motor vehicle
- Clients in Omeo or Orbost have at two .5 hour trip to Bairnsdale with no public transport other than a Coach service twice a day
- Clients in Mallacoota which is 15 KM from the Victorian/ NSW border and thus Eden in NSW is much closer have a 3.5 hour trip to Bairnsdale with no public transport however client must attend an agency in Victoria. Eden is 1.5 Hour trip being 30 Km beyond the border into NSW
- Clients in Dago have a two hour trip to either Sale or Bairnsdale with no public transport
- Clients in LaCoke have a 1.5 hour trip to the Latrobe Valley
- Clients in the Great Alpine have a two - 3 hour trip to Latrobe Valley
- Cornella with a population of around 800 has a bus service that runs every second Thursday once a day that leaves Cornella at 10am and returns from Wonthaggi at 4pm that goes to Coronet Bay. This is a 1.5 hour trip each way!

These are examples and as you will see there is not a vast amount of training or employment located in these outlying areas given the isolation. The employment choices are basically farming.

This significantly affects Young People who often do not drive. There are no buses other than in some cases coaches such as Orbost to Bairnsdale however this is quite an expensive exercise and creates an all-day episode as coaches are not very frequent being twice a day. This seriously effects a young person wishing to take on an apprenticeship as the closest training is in Sale and depending on the apprenticeship sometimes Traralgon.

Gippsland has the highest youth unemployment per capita in the country particularly when you look at the employment statistics relating to young people. Training and job opportunities are just not available to young people and if they are the choices are very minimal compared to metropolitan areas.

Hence given these issues mutual obligations just don't work for many isolated young people in Gippsland and hence they leave the area to seek these opportunities and are lost to the region forever. Therefore, Gippsland in general and in these isolated areas has a very aging population which in turn creates the eroding of these small communities and hence reduces the chance of their future existence.

Conclusion

We will conjecture that three terms of a Conservative Prime Minister in John Howard changed the social fabric in Australia. The consistent message by his Governments and the conservative press is that people were cheating. People have to be grateful for a social security net and must earn that money. In the words of the current conservative leader you cannot give people something for nothing.

Previously to the Howard Government the long standing Menzies social contract was what we as a society abided by. So much so that we would suggest that there had been very little consideration in policy about the social security safety net. We as a society simply accepted that you had to have one. The social compact with some of the most vulnerable people has now been broken. It would be foolish to suggest that it is just Mutual Obligation alone that has done this. However, it is a large contributor to the misery and poverty job seekers find themselves in. And every time they fail to comply they are punished by withholding funds. If they are a parent that is also withholding funds from children pushing all further into poverty. A significant contributor to the ACOSS estimation that 1.2 million children and young people who live in poverty. We ask that you consider what 8 billion dollars could be better spent on to restore the social contract and improve, health, housing and a more equal Australia.

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