

Attachment A to Brotherhood of St Laurence response to Senate inquiry into jobactive



**Brotherhood
of St Laurence**

Working for an Australia free of poverty

Submission to the
Department of Jobs and Small Business
regarding

The next generation of employment services

Brotherhood of St Laurence

August 2018

The Brotherhood of St Laurence (BSL) is an independent non-government organisation with strong community links that has been working to reduce poverty in Australia since the 1930s. Based in Melbourne, but with a national profile, the BSL continues to fight for an Australia free of poverty. We undertake research, service development and delivery, and advocacy with the objective of addressing unmet needs and translating the understandings gained into new policies, new programs and practices for implementation by government and others. Our key initiatives to support those who face barriers to entry into the job market include:

- **Transition to Work:** a specialist youth focussed employment service. As well as providing TtW in two locations, the Brotherhood convenes and supports the Transition to Work Community of Practice which represents almost a quarter of providers nationally. The Brotherhood is also convening the National Youth Employment Body.
- **Parents Next:** a pre-employment program for parents of young children. The Brotherhood participated in the pilot and is now delivering the service as part of the national roll-out.
- **Youth Transitions Support Pilot:** a transition program to support transitions of young refugees and other migrants experiencing disadvantage. The Brotherhood is delivering the Hume pilot in partnership with settlement services providers and other ethno-specific support services.
- **Jobs Victoria Employment Network:** a state funded program targeted at disadvantaged jobseekers, as well as those ineligible for federally funded services. Sites include Dandenong, Flemington and Epping.
- **Work and Learning Centres:** a state funded program, primarily targeted at assisting public housing tenants and others experiencing long term unemployment. As a prime provider, the Brotherhood delivers in one Melbourne location, and supports local community based providers to deliver in a further four locations in regional Victoria.
- **Given the Chance:** an employment pathways program that assists individuals by providing mentoring support and workplace experience and employment. The program includes the option of brokerage and training to employers and delivers post-placement support to both jobseekers and employers. Refugees, people seeking asylum, mature-age jobseekers, public housing tenants and young people have been successfully placed into jobs using this approach.
- Delivery of **accredited and non-accredited training programs** through our Registered Training Organisation to learners experiencing disadvantage.
- **Major research** on inclusive employment, economic security and labour market disadvantage, with a particular focus on mature age, migrants, and young jobseekers

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Overview

The opportunity to reshape employment services to drive real change must be seized. Delivering more of the same, with a bit of tinkering around the edges, will set everyone up to fail—workers and jobseekers navigating a precarious labour market, employers, communities and our nation. Our economy is changing, the future of work is changing: it cannot be business as usual for employment services.

The Brotherhood is pleased to make a submission to inform the next iteration of employment services. Our contribution identifies the key factors constraining the current system and proposes a different way forward, underpinned by recommendations for reform. It draws on our practical experience of delivering a range of employment programs and on research by our own organisation and others.

Jobactive is not working well

While we recognise the efforts and investment of all those involved, and the positive experiences of some jobseekers, jobactive is not working well:

- Despite a relatively buoyant economy and strong employment growth, outcomes for jobseekers experiencing disadvantage remain poor. More than two-thirds are with the service for over a year, and around half for over two years; and for those in Stream C, the average time is five years. Particular groups (including mature age people, those with disability, humanitarian entrants, early school leavers and people facing multiple layers of disadvantage) are faring especially badly.
- Unemployed and underemployed workers are cycling between precarious work and employment services. Most jobactive employment placements are in short-term, casual and seasonal work—often through placements with labour hire firms. ‘Short-termism’ and its associated churn create long-term harm, together with long-term costs for governments and communities.
- Those at the margins of the labour market are not receiving the information, advice, pathways and support that they need. Investment in building skills and capabilities is low. Providers (which receive little reward for training outcomes) are increasingly taking a short-term, work first approach—prioritising moving people into any job over raising education or skill levels.¹
- The system is not designed with the future of work in view. Jobactive does little to assist unemployed and underemployed workers to develop the skills, and attain the qualifications and experience, needed for the current and emerging labour market.

¹ JM Lewis, M Considine, S O’Sullivan, P Nguyen & M McGann, *From entitlement to experiment: the new governance of welfare to work*, Australian Report back to Industry Partners, 2016.

- The compliance-heavy approach is diverting front-line employment services staff from assisting clients in the way that they want to. This contributes to high staff turnover. It also undermines the trust and engagement of those seeking meaningful employment assistance.²
- Jobseekers face an increasingly punitive approach, despite the chronic shortage of entry-level and low-skilled jobs. Staff are issuing more than twice as many sanctions as under the previous Jobs Services Australia model.³
- Unemployed and underemployed workers have little choice or control over their experience of employment support. This works against building motivation and capability.
- Employer engagement and confidence is low: just 4.7% of employers used public employment services in 2015, down from 8% in 2011.⁴ Front line staff dedicate over three times as long to contract compliance and other forms of administration as to employer engagement.⁵
- What little employer engagement there is tends to be focused on single or small batches of job placements. More strategic engagement with industry and employer bodies to meet broader recruitment needs is rare.
- Commissioning larger providers to operate across vast employment regions has diminished opportunities for responsiveness to local circumstances and local collaboration, undermining some of the key benefits typically associated with outsourcing.⁶ As smaller community organisations have been pushed out of employment services or absorbed into larger organisations, local knowledge and connections have been lost.
- The competitive market is eroding trust between providers, diminishing collaboration and sharing of learning about evidence-informed programs and practice, and discouraging innovation.⁷
- Employment services are largely disconnected from related federal, state and local initiatives. Opportunities to align efforts and resources are being missed, with duplication in some areas and neglect of others.

Fundamental reform is needed

Fundamental redesign is needed—in the way employment services are commissioned, the way they serve jobseekers, employers and communities and the way they interface with other systems, policies and programs.

² D Bowman, M McGann, H Kimberley & S Biggs, 'Activation and active ageing? Mature-age jobseekers' experience of employment services', *Social Policy and Society*, vol. 15, no. 4, pp. 647–58.

³ Lewis et al., *From entitlement to experiment*.

⁴ KPMG, *The Australian recruitment industry: a comparison of service delivery*, report for the Department of Employment, KPMG, 2016, p.19.

⁵ Lewis et al., *From entitlement to experiment*.

⁶ Jobs Australia, *State of play: Jobactive employment services 2015–2020 tender results*, Jobs Australia, Carlton South, Vic., 2015.

⁷ S Olney & W Gallet, *Issues in market-based reform of human services: lessons from employment services*, paper prepared for the Social Service Future Dialogue, 2016.

Critically, employment services need to be responsive to the changing labour market. They need to operate within a broader National Employment Strategy and be connected with mutually reinforcing initiatives such as workforce planning, training, economic development, inclusive employment and support services. Improving the interface between employment services and related initiatives and systems (social security, tax, etc.) ought not to be dismissed as out of scope.

There is much to learn from our experiences of what is and is not working. There are definite bright spots among Australia's current ancillary programs. For example, the more aspirational, flexible, collaborative, localised and demand-side approaches being used in Transition to Work are driving higher engagement and lower cost outcomes; it should be continued and expanded. We endorse the submission from the TtW Community of Practice which sets out the case for a specialist youth employment service.

Recognition of the challenges facing mature age jobseekers through the upcoming Careers Transitions Service is also welcome, as is the recognition of the need for regional employment approaches through the upcoming place-based trials.

Future employment services need to be crafted to resolutely address current shortcomings and to do more of what is working well. While appreciating that employment services can't fix everything, if we get the design right (from purpose to goals to principles, and at the levels of systems, service and practice approach) there is reason to be ambitious that better outcomes for jobseekers, employers, communities, providers and governments will follow.

Future directions

Key future directions for reform recommended by the Brotherhood include:

A transformed offer for unemployed and underemployed workers: The new system needs to be unwavering in preventing and addressing long-term unemployment and underemployment. This will mean considerably strengthening the current service offer. Investment in building capabilities (vocational advice; skills building; training) needs to be front-loaded to prevent people being parked in the system for an extended period. Achieving sustained, stable work outcomes, so people are not repeatedly churned back through the system, needs to be prioritised. Approaches that are tailored to the circumstances of different groups of jobseekers and different places (but remain true to evidence-based models) are crucial.

A retreat from the compliance-heavy 'jobseeker activation' approach would make way for an emphasis on greater jobseeker agency and voice, which is intrinsically motivating and ultimately drives better outcomes. Choice for jobseekers about what they want to be and do, together with voice and control about how they get there, makes all the difference.

Front-line practice would be reframed through use of a capabilities approach which prioritises attention on talents, abilities and potential, rather than deficits. This would involve positive coaching, enabled by smaller caseloads.

While increasing reliance on on-line servicing is inevitable, great caution, and clear principles and rules, will be needed to mitigate associated risks. A digital-first, rather than a digital-only approach should be used for jobseekers willing, suitable and equipped to engage in this way.

A strategic and supportive relationship with employers and employer bodies: A greater emphasis on the demand side of the employment equation would reposition employers as major stakeholders and customers of employment services. Employers need to be involved at all levels—from having a voice in systems governance, to strategically advising how employment services can assist their present and future workforce needs; to co-designing training and recruitment pathways; to providing opportunities for jobseekers and being supported to implement inclusive employment practices.

Delivery *with* rather than *to* the community: The opportunities, resources and networks that could be made available to jobseekers in their local area are not to be underestimated. Employment services need to be actively working with the local community. This requires providers with strong local connections, and intentional approaches to mobilising local expertise and resources to provide jobseekers with support and opportunities.

A collaborative operating environment: Provider collaboration needs to be at the heart of the new system, so that trust and reciprocity will enable systems and service improvement. Mechanisms for continuous improvement and sharing best practice—such as Communities of Practice—will only thrive where providers are not in fierce competition with each other for market share, jobseekers, employers or local resources.

The new system needs to support a diversity of providers, through models and funding approaches that enable delivery by smaller providers.

A different role for government: Government needs to step into the role of market steward, and actively work with stakeholders (including jobseekers and employers) to deliver better outcomes and co-create public value. This means taking a shared approach to governance, by inviting these groups to be part of systems oversight. It also means government contributing to the achievement of shared goals—through measures including through the right policy and commissioning environment. Reframing the relationship with jobseekers from mutual obligation to mutual accountability would help to foster a sense of reciprocity.

Recommendations

Purpose, goals and principles for employment services (chapter 2)

1. Employment services as bridge to sustainable employment

Re-purpose employment services as a bridge to sustainable employment for unemployed and underemployed workers.

2. Employment services as part of a National Employment Strategy

Develop an overarching National Employment Strategy—driven by a Ministerial Taskforce—that provides a framework for responding to current and future employment needs. The Strategy would situate employment services within a range of mutually reinforcing initiatives.

3. Goals for employment services

Reorient the goals of future employment services to include the following:

- The incidence of long-term unemployment and underemployment among jobseekers using employment services is reduced.
- Jobseekers are effectively assisted to secure and sustain stable employment.
- Employers' confidence in and use of employment services increases.
- Labour market needs—including skills shortages and growth industries—are met with jobseekers using employment services.
- Multiple stakeholders work together to enable better outcomes for jobseekers using employment services.
- Local effort is harnessed to address unemployment and underemployment, and drive local economic development and inclusive growth.
- Employment service providers collaborate.
- A stronger return for taxpayers is achieved through better outcomes for jobseekers, employers and communities.

Establish accountability measures for government and providers for performance against these goals.

4. Principles to underpin employment services

Adopt principles to underpin coherent systems design, service design and practice approach. These could include mutual accountability; collaboration; local/place-based adaptability; tailoring and timeliness; capabilities and opportunities building; agency and voice.

A strong service offer to equip unemployed and underemployed workers for sustained employment (chapter 3)

5. A unified service with tailored approaches

Require tenderers to demonstrate they can appropriately address the needs of local jobseekers. Assess tenderers' understanding of the enablers and barriers faced by particular groups; and their

ability to recruit specialist staff, establish partnerships and tailor employment services for different jobseekers.

6. A specialist youth service

Continue Transition to Work as a specialist youth service, but expand it to cover young people aged up to 25 years. (The current service is only available for some 15–21 year olds.)

7. Other specialist services only in exceptional situations

Enable specialist providers to tender to deliver services to discrete groups (e.g. humanitarian entrants) where they can demonstrate need and impact. Specialism should be the exception rather than the rule.

8. A dedicated program to address intergenerational disadvantage

Enhance Parents Next as a discrete program to prevent and address intergenerational disadvantage. In addition to providing pre-employment assistance, it would equip parents as their child's first teachers; link children to early learning and care; strengthen connections to community; and engage employers in flexible work arrangements that support parenting responsibilities. It should be removed from the targeted compliance framework and associated demerit points system.

9. Fidelity with flexibility

Clearly define evidence-informed features and good practice in tender documents and deeds, and reward innovation to suit local circumstances and different groups of jobseekers.

10. Early Intervention

Front-load investment in jobseekers at risk of long-term unemployment.

11. Sustained, stable employment outcomes

Prioritise, reward and foster sustainable job placements that enable people to hold work longer.

12. Strengthen the service offering for jobseekers experiencing disadvantage

Ensure the following services are available for jobseekers experiencing disadvantage:

- skills assessment, recognition and documentation
- careers counselling and vocational guidance attuned to regional labour markets
- investment in building skills, capabilities and qualifications
- support with aspects of their lives that compromise their ability to gain work (e.g. homelessness).

13. Reframe relations between employment consultants and jobseekers

Equip providers to introduce a coaching approach, informed by Advantaged Thinking, to build on the strengths, talents and aspirations of jobseekers.

Provide for smaller caseloads to enable more personalised support .

14. Strengthening capabilities of employment services staff

Invest in the capabilities of employment services staff.

Develop a quality framework for employment services, together with a suite of training packages.

Mitigating the risks of online service provision

15. Principles for online services

Develop principles, with independent ethics oversight, to guide the operation of online services. Key considerations should include equity; transparency; accountability; accessibility; non-commercialisation; and benefits outweigh harm.

16. Rules for online servicing

Give practical effect to the above principles by developing rules for online servicing that:

- Limit it to locations with reliable internet services
- Require a face to face assessment before a jobseeker is streamed into online services
- Require jobseekers to voluntarily opt in, and enable them to switch to face-to-face services at any stage
- Preference face-to-face servicing for people identified as at risk of social isolation, long-term unemployment; or assessed as having poor digital literacy
- Provide opportunity to connect with a person (rather than a bot) to support and complement online engagement and allow discussion about potential breaches/non-compliance
- Enable users to view and print/download all information held about them at any time, and to rectify inaccurate information
- Re-assesses streaming for online servicing if a jobseeker remains unemployed or underemployed for more than six months
- Enable user feedback to be collected, and where appropriate, acted upon

17. Safeguarding data use

Prescribe the terms of data collection, matching, storage, use and access to protect the privacy of jobseekers, and provide for independent oversight.

Fostering employment opportunities (chapter 5)

18. Strategic and streamlined employer engagement

Streamline engagement with employers and industry bodies through an independent network of regional brokerage/intermediary services. These could be attached to local/regional employer-led Community Investment Committees.

19. Demand-led approaches

Incentivise demand-led approaches that equip and train jobseekers for labour market opportunities, particularly in skills shortage areas

20. Parallel support for employers and jobseekers

Provide parallel support that combines preparing jobseekers for available roles with equipping employers to take on disadvantaged jobseekers

21. Supported labour hire

Promote *supported* labour hire arrangements to create work opportunities for disadvantaged jobseekers while also minimising employer risk

22. Promoting inclusive employment

Promote the business case for inclusive employment and support successful realisation of social procurement and corporate social responsibility measures.

Support to match jobseeker needs (chapter 6)

23. Face to face assessments

Move to face to face assessments, as first preference, to better gauge and understand jobseeker circumstances .

24. More comprehensive assessment tool

Develop a new assessment tool that identifies a jobseekers aspirations and capability, any barriers to work (personal and structural), and their capacity for digital engagement.

25. Regular reassessment

Re-assess the circumstances of jobseekers and the mode and intensity of assistance they are receiving, if they have not secured work after six months of employment support.

26. Joint or independent assessments for highly disadvantaged jobseekers

Introduce joint or independent assessments for jobseekers with complex needs.

Agency and mutual accountability (chapter 7)

27. Reduced focus on compliance

Move away from compliance-heavy approaches in front-line services, to build trust and motivation

28. Jobseeker agency

Reframe activation around agency by empowering unemployed and underemployed workers to have greater voice in and control over their experience of employment services.

29. Mutual accountability

Reframe the current one-way notion of mutual obligation as mutual accountability, to foster reciprocity.

30. Government as market steward

Refocus the role of government in employment services from commissioning and contract managing to being an active market steward with a mandate to work with all stakeholders to deliver improved outcomes and public value.

31. Effective governance

Establish governance structures—such as an Independent Panel—to enable employers, jobseekers and local communities to report on their experiences, monitor system performance against goals and identify opportunities for improvements of employment services.

Harnessing local effort (chapter 8)

32. Smaller area delivery

Enable providers to deliver services across areas smaller than the current employment regions, to facilitate place-based approaches

33. Community-embedded providers

Appoint organisations with the expertise and capacity to engage their community, by requiring them to demonstrate this in the tender process (as in the TtW tender process)

34. Collaborative mechanisms to harness community effort

Invest in employer-led regional economic development approaches (like the Community Investment Committees) to mobilise local efforts, particularly in areas of concentrated disadvantage and thin labour markets

Commissioning for collaboration (chapter 9)

35. Contestable commissioning for collaboration

Use a collaboration-focused model of contestability, where providers are not in direct competition, or are at least operating in an environment of tightly managed competition between a small number of providers.

36. Sharing good practice

Commission regional communities of practice, supported by continuous improvement mechanisms, where providers share learnings and use data to drive improvement.

37. Fairer performance measurement

Establish targets through a benchmarking approach, rather than a relative approach (Star Rating) to incentivise collaboration between providers. Outcomes targets may vary for place and jobseeker cohort where appropriate.

38. Enabling delivery by smaller organisations

Commission 'enabling organisations' to support smaller organisations to provide employment services, where appropriate.

39. Sustainable funding mechanisms

Employ an uncapped, demand driven model for market share, with a minimum floor i.e. a minimum level of places with upfront funding (and funding per place) to enable smaller organisations to enter the market.

The goals for future employment services (Chapter 2)

Purpose, goals and principles

Employment services need to be equipped to respond to social and economic trends

Australia continues to experience significant social and economic change. Four interrelated megatrends are impacting the labour market and the future of work: globalisation, climate change, demographic change, and technological change.

Key labour market trends impacting employment services include:

- **Increasing inequality:** Both wealth inequality and income inequality in Australia are growing.⁸ This adversely impacts economic growth, social cohesion, and trust in our institutions.⁹ Declining union membership and the erosion of the standard employment relationship and the industrial awards system have all contributed to a reduced share of income for workers.
- **Declining real wages:** Minimum wages have declined from 50% of average full-time wages in 2000 to 44% in 2015¹⁰ while wage growth has stagnated.¹¹ Wage stagnation is likely to persist, although skills shortages could push wages up in certain occupations.¹²
- **Employment precarity:** The rate of underemployment is the highest since records began in 1985¹³ and growing. Australia's rate of part-time employment is the third highest in the OECD¹⁴ and has increased from 18.9% of employment in 1986 to 31.6% in 2016.¹⁵ Part-time and casual workers are increasingly confronted with unpredictable and irregular weekly rosters.¹⁶ Many underemployed jobseekers are trapped in temporary work, which does not provide economic security. Marginal self-employment is growing, particularly among part-

⁸ M Fletcher & B Guttman, 'Income inequality in Australia', *Economic Roundup*, no. 2, 2013, pp. 35–54; OECD, *In it together: why less inequality benefits all*, OECD Publishing, Paris, 2015.

⁹ ACOSS) *Inequality in Australia 2018*, ACOSS & University of New South Wales, Sydney.

¹⁰ OECD, *Minimum relative to average wages of full-time workers*, OECD Statistics, 2017, viewed 12 July 2018, <<https://stats.oecd.org/Index.aspx?DataSetCode=MIN2AVE>>.

¹¹ J Bishop & N Cassidy, 'Insights into low wage growth in Australia', *Bulletin (Reserve Bank of Australia)*, March quarter, 2017, pp. 13–20.

¹² T Balliester & A Elsheikhi, *The future of work: a literature review*, working paper no. 29, Research Department, International Labour Office, 2018.

¹³ Australian Bureau of Statistics (ABS), *Labour force, Australia, September 2017*, cat. no. 6202.0, table 22, ABS, Canberra, 2017.

¹⁴ OECD, *Part-time employment rate (indicator)*, OECD, 2018, viewed 30 July 2018, <<https://data.oecd.org/emp/part-time-employment-rate.htm>>.

¹⁵ J Borland, *Part-time work in Australia: a second look*, Labour market snapshots, University of Melbourne, 2017.

¹⁶ ABS, *Labour force, Australia, June 2018*, cat. no. 6292.0, table 22, ABS, Canberra, 2018; OECD, 'The future of social protection: what works for non-standard workers?', Policy Brief on the Future of Work, 2018, viewed 2 August 2018, <<https://www.oecd.org/social/Future-of-social-protection.pdf>>.

time, unincorporated, solo entrepreneurs.¹⁷ Even for those who are currently employed, there is a decline in perceived job security.¹⁸

- **Job polarisation:** Technological change is expected to continue.¹⁹ The kinds, types, distribution and quality of jobs are shifting. Greater polarisation between low and high paid work will mean fewer mid-range jobs.
- **Increased requirements for qualifications:** The vast majority of new jobs created in Australia now require a vocational or university qualification.
- **Social security subject to increasing conditionality:** Access to welfare payments has become less certain and more conditional than it was 20 years ago.²⁰
- **Working age payments reducing in real value:** The sub-poverty level rates of Newstart and Youth Allowance operate as a barrier to employment, making it nearly impossible to meet costs related to work search – such as transport and phone/data usage. Low payments also present a barrier to participating in social and community life, which can push longer term recipients into broad and deep economic and social exclusion.²¹
- **Increasing housing unaffordability:** For people surviving on Newstart and Youth Allowance, rents are severely to extremely unaffordable in all states, in both metropolitan and regional areas.²² The April 2018 release of Anglicare’s Rental Snapshot showed that of 67,000 rental listings across Australia, just three were affordable for a single person on Newstart.²³

A recent report into rough sleeping in Victoria found:

it is now a common occurrence that unemployed people who are without the support of family or friends are resorting to rough sleeping simply because of the inadequacy of the Centrelink income available to them. They are having to choose between adequate shelter and food, transport costs and other essential living costs ... their ability to look for work and meet all their obligations under Centrelink rules is seriously impaired by factors beyond their control.²⁴

These challenges undermine the link between employment and economic security and cast doubt on the assumptions on which current employment services are based – that people can sustain themselves on Newstart while looking for work; that full-time, stable employment is available for all who want it; and that those in work will have adequate means to live.

¹⁷ T Carney & J Stanford, *The dimensions of insecure work: a factbook*, Centre for Future Work, The Australia Institute, 2018.

¹⁸ J Foster & R Guttman, 'Perceptions of job security in Australia', *Bulletin (Reserve Bank of Australia)*, March quarter, 2018, pp. 80–99.

¹⁹ Balliester & Elsheikh, *The future of work*.

²⁰ P Saunders, *New budget standards show just how inadequate the Newstart Allowance has become*, *Conversation*, 25 August 2017; D Arthur, *Extending mutual obligation—court-ordered fines and arrest warrants*, Parliamentary Library, 2018.

²¹ Saunders, *New budget standards*.

²² SGS Economics, *Rental affordability index*, May 2018.

²³ Anglicare Australia, *Rental affordability snapshot April 2018*, Anglicare Australia, Ainslie, ACT, 2018.

²⁴ Nicholson, T 2017, *Rough sleeping in Victoria: Situation appraisal – May 2017*, p. 47, viewed 26 July 2018, <<http://chp.org.au/services/rough-sleeping-situation-appraisal/>>.

Design of employment services cannot be divorced from the context

The future of work, including how far the negative impacts of automation and other technological advances, and precarious working conditions are realised, will be strongly influenced by political decisions.

Accordingly, design of our future employment services must not be divorced from the broader context they will operate in. It needs to be undertaken in tandem with broader policy reform that tackle both supply *and* demand side challenges. The need for policy coherence across economic, employment, education and training, and social protection policies has been recognised by the ILO and OECD.²⁵ They observe that because of the structure of government departments, portfolios and budgets, much to do with the labour market (and indeed VET, education and social security) is out of the view of the employment service system, and can even obstruct the effectiveness of employment services.²⁶

This is true of Australia, where current efforts to improve employment outcomes are fragmented. We echo Olney and Gallet's assessment:

While the barriers to work faced by the long-term unemployed are complex and intertwined, governments' efforts to address those barriers are not mutually reinforcing. Every service provider interacting with the long-term unemployed and people at risk of long-term unemployment—both within government and working under contract—is working towards achieving [individual] key performance indicators tightly bound to the critical success factors of its [own, distinct] funding sources ... and no overarching authority steering or coordinating their activity or capturing meta-data on its impact. This is a significant weakness in the institutional architecture of activation and employment services.²⁷

Employment services should be re-purposed as a bridge to sustainable employment

As part of a National Employment Strategy, employment services need to provide a bridge to sustainable employment for unemployed and underemployed workers – rather than serving as a compliance arm of the social security system. This means identifying the aspirations, skills and skill gaps of jobseekers; working with employers, vocational and education providers, career development agencies and other stakeholders to identify current and future opportunities at a local and regional level; and assisting people into secure and sustained work.

²⁵ ILO & OECD 2014, *Promoting better labour market outcomes for youth: report on youth employment and apprenticeships*, prepared for the G20 Labour and Employment Ministerial Meeting Melbourne, Australia, 10–11 September; K Langenbucher, D Pacifico, C Prinz & M Vandeweyer, *Connecting people with jobs: key issues for raising labour market participation in Australia*, OECD Publishing, Paris, 2017.

²⁶ ILO, *Public employment services: joined-up services for people facing labour market disadvantage*, ILO briefs on Employment Services and ALMPs, no. 1, viewed 10 August 2018, <https://www.ilo.org/employment/Whatwedo/Publications/policy-briefs/WCMS_632629/lang-en/index.htm>.

²⁷ Olney & Gallet, *Issues in market-based reform*, 2016.

And be situated as part of a national employment strategy

Employment services need to be closely connected with mutually reinforcing initiatives with the following key elements:

- measures to promote **full employment**, with incremental targets – such as a jobs guarantee scheme.
- a new, universal **national careers advice and vocation guidance service** to assist people – regardless of whether they are in or out of work – with skills assessment and recognition and advice about how to best position themselves to take up opportunities in the modern economy. This would support people’s employment transitions and adopt a preventative approach to unemployment. The need for a whole-of-system career support model, connected to government, industry, local communities and educational institutions was identified in recent research by the Department of Education and Training.²⁸
- **labour force strategies** for meeting current and projected workforce shortages (e.g. in aged and disability care, social services, construction). Intentional opportunities (backed by targets or deliverables) could be earmarked for a good proportion of jobseekers in employment services to be engaged with tailored pathways into skills shortage areas.
- **an effective interface with the training system** to assess jobseekers’ existing skills, identify transferable skills and strengthen foundational and vocational skills
- maximising **local content** through public spending, to generate local jobs
- a **social procurement strategy** that ties government purchasing and contracting arrangements to structured employment opportunities for jobseekers using employment services.
- **inclusive employment targets** across the public sector
- **tax and social security reforms** to address the ‘poverty trap’ of effective marginal tax rates (which can be as high as 95%) for those moving into or increasing their work.²⁹ This discourages movement off benefits and into work
- connecting employment services to **local and regional economic development** initiatives.

These elements would best be brought together under a coherent national employment strategy , which could be jointly driven by a taskforce involving ministers from the Employment, Economic Development, Training, Finance, Social and Human Services portfolios.

We should have ambitious goals for future employment services

The goals outlined in the Discussion Paper are not ambitious enough. They fail to tackle to current shortcomings in the employment services system, and lack vision about the potential contribution

²⁸ PwC, *Career and skills pathways: research into a whole-of-system approach to enhancing lifelong career support mechanisms for all Australians*, report produced for the Department of Education and Training, 2017.

²⁹ M Stewart, ‘Mothers have little to show for extra days of work under new tax changes’, *The Conversation*, 20 June 2018; B Phillips, *Distributional modelling of effective marginal tax rates 2000–2015 (work in progress)*, 2017.

that employment services can make to, and how they connect with related systems, policies and programs. Furthermore, some of the suggested goals (jobseeker activation; self-sufficiency and personal responsibility) seem to attribute un/underemployment to jobseeker failure alone rather than acknowledging structural barriers that also need to be addressed.

Below are suggested alternative goals for employment services. These could be backed by appropriate accountability measures for government and providers.

The incidence of long-term unemployment and underemployment among jobseekers using employment services is reduced: The dial needs to be shifted on long-term unemployment—which has been stubbornly persistent through multiple iterations of employment services.³⁰ Explicit focus and reward for moving those experiencing long-term unemployment and underemployment into sustainable work, as well as front-loaded preventative measures to assist those at high risk of prolonged periods out of work ought be considered. Government policy levers such as investment in social enterprises, social procurement initiatives and inclusive employment requirements would help open opportunities for those furthest from work.

Jobseekers are effectively assisted to secure and sustain stable employment. Given the increasingly insecure labour market, the quality and sustainability of job placements needs to be a focus. Design needs to give greater weight to lifting jobseekers' skills and qualifications, uptake of structured opportunities for work and learning (e.g. apprenticeships/traineeships); and assistance to find more secure forms of work.

Employers' confidence in and use of employment services increases: There is a need to elevate the relationship with employers, positioning them alongside jobseekers as the major stakeholder and customer of employment services. Employers, and their associated bodies (e.g. chambers of commerce) could be informing practice, supporting work exposure and work experience opportunities; co-designing pathways. A well-functioning employment services system could provide employers with strong candidates, loyal employees and more inclusive teams.

Labour market needs – including skills shortages and growth industries –are met with jobseekers using employment services: An active focus on preparing jobseekers to meet current and emerging labour market opportunities in their region is needed. This will require strategic engagement with labour force needs, a coherent system of vocational guidance, linkages with the training system and creation (with employers, training providers and others) of tailored pathways into work.

Multiple stakeholders work together to enable better employment outcomes for jobseekers using employment services: Employment service providers cannot do it alone. They need to be fostering and connecting jobseekers with existing supports and opportunities—which requires collaborative relationships with employers; governments; community services; education and training providers; apprenticeship services and communities.

Local effort is harnessed to address unemployment, drive local economic development and inclusive growth: Harnessing community effort represents a way of working in partnership with government, business, community organisations, and philanthropy and education providers to

³⁰ Olney & Gallet, *Issues in market-based reform*.

tackle unemployment. It is about valuing the expertise, knowledge and existing networks of the community, and building on, rather than duplicating, community assets.³¹

Employment service providers collaborate: Constant service improvement depends on sharing experience, learning from good practice and innovating.

A strong return for taxpayers is achieved through better outcomes for jobseekers; employers and communities: Government needs to move from contract management to market stewardship and creation of public value.

Principles would give coherence to system, service and practice design

We suggest the following set of principles be adopted for Australia's future employment services. The Appendix: Principles for a new generation of employment services illustrates their application to systems design, service design and practice approach/implementation

- **Mutual accountability:** Mutual accountability would reframe dynamics between governments, employment service providers and jobseekers,. Government needs to deliver a fit-for-purpose commissioning environment; and the policy and program frame that sets providers and jobseekers to succeed. In turn, providers need to deliver quality services that are tailored to service user and community need, and jobseekers to take up opportunities.
- **Collaboration:** Governments; employers, training and apprenticeship providers; community services and communities – together with employment service providers and jobseekers - all have a part to play. The sharing of complementary expertise and experience, between and across sectors, must be enabled to open up opportunities for jobseekers in employment services and foster economic development.
- **Local/Place based adaptability:** Fidelity to an evidence-based core service offer is needed, but with the flexibility to adapt to local context and jobseeker circumstances. Employment services need to be able to leverage and influence the local community response.
- **Tailoring and timeliness:** Employment services need to be flexible enough to meet jobseekers where they are at, and be tailored to the circumstances of different groups of jobseekers, employers, local conditions such as labour market changes, and the broader social and economic environment. They also need to be timely, delivering the right kind and intensity of support, including early support to prevent prolonged unemployment and underemployment.
- **Capabilities and opportunities building:** Use of the capabilities approach (developed by Sen and Nussbaum³²) would bring an intentional focus to building capabilities and opportunities for all key players. This might mean identifying jobseekers' aspirations and skills, enhancing their skills with training and through local support networks, and matching them with employment opportunities.

³¹ Transition to Work Community of Practice, Practice guide

³² A Sen, *Development as freedom*, Oxford University Press, 1999, p. 87, as cited in S Deneulin & L Shahani (eds), *An introduction to the human development and capability approach*, Earthscan, International Development Research Centre, Ottawa, 2009; M Nussbaum, *Creating capabilities: the human development approach*, Belknap Press, Cambridge MA, 2011.

- **Agency/voice:** Drawing on the capabilities approach we define ‘agency’ as the freedom and capacity of empowered individuals ‘to be and to do’ in ways they have reason to value. To achieve agency in relation to employment services, choice needs to be coupled with voice, to ensure users—in this case jobseekers, employers and communities—have a more effective say in the direction, development and delivery of services³³

³³R Simmons, J Birchall & A Prout, ‘User involvement in public services: ‘choice about voice’, *Public Policy and Administration*, vol. 27, no. 1, 2012.

Recommendations

1. Employment services as bridge to sustainable employment

Re-purpose employment services as a bridge to sustainable employment for unemployed and underemployed workers

2. Employment services as part of a National Employment Strategy

Develop an overarching National Employment Strategy—driven by a Ministerial Taskforce—that provides a framework for responding to current and future employment needs. The Strategy would situate employment services within a range of mutually reinforcing initiatives.

3. Goals for employment services

Reorient the goals of future employment services to include:

- The incidence of long-term unemployment and underemployment among jobseekers using employment services is reduced.
- Jobseekers are effectively assisted to secure and sustain stable employment.
- Employers' confidence in and use of employment services increases.
- Labour market needs—including skills shortages and growth industries—are met with jobseekers using employment services.
- Multiple stakeholders work together to enable better outcomes for jobseekers using employment services.
- Local effort is harnessed to address unemployment and underemployment, and drive local economic development and inclusive growth.
- Employment service providers collaborate.
- A stronger return for taxpayers is achieved through better outcomes for jobseekers, employers and communities.

Establish accountability measures for government and providers for performance against these goals.

4. Principles to underpin employment services

Adopt principles to underpin coherent systems design, service design and practice approach. These could include mutual accountability; collaboration; local/place-based adaptability; tailoring and timeliness; capabilities and opportunities building; agency and voice.

Helping disadvantaged Australians into work (Chapter 3)

Strong face-to-face services to equip unemployed and underemployed workers for sustained employment

System design

A unified service capable of delivering tailored approaches is preferable

Following the establishment of jobactive, the government has recognised the need for tailored responses for distinct groups of jobseekers, incrementally investing in additional and complementary supports. These initiatives include programs for younger and mature aged jobseekers, boutique supports for skilled refugees and for parents of young children, employer-facing initiatives and place-based trials.

There is a strong case to incorporate these tailored approaches into future employment services. The Brotherhood's view (subject to the exceptions outlined below) is that a unified service is preferable, as long as providers are able to tailor their practice approaches and partnerships for different cohorts of jobseekers and different local labour markets and communities. Fragmenting employment services through a myriad specialist services risks impoverishing the core service, further stigmatising or marginalising groups such as mature-age jobseekers, and confusing employers.

For unified provision to be effective, providers will need to be capable of adapting their service offer (while maintaining model fidelity discussed further below) for different groups, particularly Aboriginal and Torres Strait Islander people; CALD communities, including humanitarian entrants; mature aged jobseekers; and people with disability. This means understanding the barriers facing cohorts of jobseekers, engaging specialist staff, investing in workforce development, and collaborating effectively with other services and community agencies.

While we support a strong unified service, the Brotherhood also believes there is reason to make exceptions for:

- a specialist youth employment service for 15–25 year olds
- support for families with young children at risk of disadvantage
- a limited number of specialist offers where warranted by context.

There are good reasons to continue and expand a specialist service for young people

The design and commissioning of the current Transition to Work program (TtW) incorporates the key features identified by evidence for effective employment services for young jobseekers. The next iteration of employment services presents the opportunity to build upon the success of TtW, and embed best practice for a specialist service for all young people to ensure they are successful in the labour market of the future.

Sound reasons for a specialist youth employment service are detailed in the joint submission by members of the TtW Community of Practice. In summary:

- Young people—particularly those experiencing disadvantage—are disproportionately **affected by the structural changes impacting Australia’s labour market**. The quality of employment services they receive early is pivotal to their longer term outcomes.
- Assisting young people to successfully transition from education to work requires a **specific service offer and practice approach tailored to the developmental issues** of this key life transition, which is often characterised by numerous changes in education, health, employment, family and housing arrangements. It also requires a workforce skilled in engaging young people.
- A specialist service provides **easier interface between employment services and complementary youth-specific services** (e.g. Headspace, local government youth services and state-based supports).
- The current youth specific employment service (**TtW**) is **outperforming jobactive services** in delivering sustainable placements. This delivers lifetime benefits to young people as well as reducing welfare dependency and costs to government.

We recommend extending eligibility for a specialist youth service to all young people aged 15 to 25 years. This is consistent with international definitions of ‘youth’ based on developmental and sociological considerations,³⁴ and aligns with Australian experiences of the stretched transition from school to work. Older youth (21–24 years) are highly represented in long-term unemployment statistics, and a TtW approach would improve their future prospects.

Our recommendations regarding commissioning to mobilise local efforts and foster collaboration are covered later in this submission. Importantly, the experience with TtW has shown that appointing providers with expertise and capacity to engage in their community delivers results. Access to quality training and education, real work experience, and specialised support to properly prepare young people for the future of work, necessitates contributions from education providers, employers and health providers.

Other specialist provision should be reserved for exceptional circumstances

While the Brotherhood broadly supports the idea of a unified employment service, there may be exceptional circumstances where specialist provision is warranted. One example would be services for humanitarian entrants, particularly in locations of high concentrations e.g. North Western and North Eastern Melbourne or Western Sydney. We know these groups are faring poorly through the current jobactive system³⁵. Specialist approaches backed by partnerships with local government, settlement providers, ethno-specific community support agencies and language and training services are needed. Some boutique programs, such as the Brotherhood’s Given the Chance for Asylum Seekers and Refugees, have proved highly successful. The option should be

³⁴ An OECD report notes that amid destandardised life trajectories, ‘Particularly tangible is the observation that youth tend to start earlier and end later. The UN ... defines “youth” as those persons between the ages of 15 and 24 years.’ OECD, *Youth stocktaking report*, May 2018, p.4.

³⁵ Centre for Policy Development and Boston Consulting, *Settling Better report: reforming refugee and employment settlement services*, 2017.

available, in limited circumstances, for prospective providers to tender for a proportion of market share focused on the specialist cohort, and based on evidence of likely demand and impact.

Support to prevent intergenerational disadvantage should be continued and improved

Among OECD countries Australia has one of the lowest employment rates in sole-parent families.³⁶ Coupled with low income support payments, this contributes to sole-parent households (overwhelmingly female led) being the most impoverished family type in Australia.³⁷ This has intergenerational impacts: children in low SES households are at significantly higher risk of early childhood vulnerabilities, poorer educational attainment, and poorer employment and life outcomes.

While the national roll-out of Parents Next is very new, we believe there is significant opportunity to improve upon it. It could be reshaped to address the key factors that help move a family out of poverty and disadvantage by broadening its scope to connect parents with:

- affordable early learning and child care
- support for parents as first teachers, so they are well equipped to nurture their child's development
- community networks to improve confidence and engagement
- opportunities to build skills and work readiness through offers including pre-accredited and accredited training, work tasters, work experience and volunteering;
- access to decent jobs that help them meet their family commitments and build their economic security. This requires engagement with employers to vary their recruitment, induction and retention strategies, and redesign jobs to enable family-friendly work practices.

Consideration should be given to exempting Parents Next from the compliance and demerit points framework (in the same way as Transition to Work participants are currently exempt). Early indications are that the compliance focus is presenting barriers, particularly for parents with low English skills and/or poor digital literacy. Initial appointments are taking up to two hours, and are preoccupied with assisting participants to understand self-reporting and the demerit points system. Information for parents on self-reporting is not available in community languages. And rigid rules are leading to inadvertent breaches. For example, attendance must be self-reported by 9 pm on the same day. For parents juggling attendance at a compulsory activity and caring for young children, it is easy to overlook this and accrue a demerit, with the alarming consequence of payments suspension. Shifting the focus to compliance, rather than the goals and aspirations of parents, jeopardises the program outcomes.

³⁶ OECD, *Doing better for families: Australia*, OECD, 2011, viewed 1 August 2018, <<http://www.oecd.org/els/family/47700941.pdf>>.

³⁷ ACOSS, *Poverty in Australia 2016*, ACOSS & Social Policy Research Centre, 2016, p. 22.

Service design

A new approach is needed for unemployed and underemployed workers experiencing disadvantage

We welcome recognition in the Discussion Paper of the need for people experiencing disadvantage in the labour market to receive intensive and coordinated assistance, including connections with local services and supports.

The category of 'disadvantaged' describes people in areas with few jobs as well as those who face challenges including lack of qualifications, experience or skills in demand; poor English language proficiency; discrimination because of age or disability, social exclusion or stigmatisation. Many groups face barriers to employment, and a substantial minority face multiple barriers³⁸ (OECD 2017, p.105). People experiencing labour market disadvantage are currently represented in every jobactive support stream.

Early and timely intervention would help prevent prolonged disengagement

Early interventions are crucial to promoting welfare-to-work transitions, preventing extended disengagement and reducing associated health and wellbeing issues.³⁹ Strong focus is needed on rapid re-engagement and job-to-job supports for displaced workers, so that they are not waiting long periods for career guidance and employment supports. For those identified at risk of becoming long-term unemployed, investment should be front-loaded so they are not 'parked'.

Achieving sustained employment outcomes needs to be a priority

The overwhelming majority of jobs sourced via jobactive are short-term, seasonal and casual.⁴⁰ Jobseekers are often forced to accept any job. Providers are able to claim payments for placements as short as four weeks. People regularly cycle back into unemployment. Our recent study of the experience of mature age jobseekers heard repeatedly from people 'trapped in temporary work'. One woman had been cycling on and off Newstart for 20 years. A man we interviewed had three casual jobs, but remained on Newstart because he couldn't secure adequate, stable work.⁴¹

It is common for people with barriers to employment to move between periods of employment, unemployment and precarious employment.⁴² Over time, this instability exacerbates the very problems that initially contribute to disadvantage.

³⁸ Langenbucher et al., *Connecting people with jobs*, p. 105.

³⁹ Langenbucher et al., *Connecting people with jobs*.

⁴⁰ According to the Department of Jobs and Small Business, 54.3% casual work; 26% part time; 48.3% want more hours, *Employment services outcomes report July 2016-June 2017*, DJSB, Canberra, 2017.

⁴¹ S Wickramasinghe & D Bowman, *Help, but not real help: mature age jobseeker perspectives on employment services in Australia*, Brotherhood of St Laurence, Fitzroy, Vic.

⁴² Langenbucher et al., *Connecting people with jobs*.

Prioritising sustainable employment outcomes—which enable people to hold work for longer and make easier transitions between jobs—should be an explicit mandate for our future employment services system.

And will require intensive support for some jobseekers

Achieving sustainable employment outcomes may require intensive and extended support for disadvantaged jobseekers. Measures to address personal barriers and assistance to build substantive capabilities are needed. This UK’s Employment Retention and Advancement (ERA) trial provided a practical demonstration of this.

Employment Retention and Advancement trial

The Employment Retention and Advancement (ERA) trial was a randomized control trial of over 16,000 people which ran in the United Kingdom from 2003 to 2007. ERA combined job coaching with financial incentives to assist long-term unemployed men and low-income lone parents attain and retain full-time employment. Participants were also eligible for a range of additional supports over a 33-month period.

The features of the program included developing an ‘advancement action plan’ with trained employment advisers; milestone bonus payments paid to recruits who retained work; contributions to training costs and bonuses for participating in work-related training courses. A small Emergency Discretion Fund was available to help participants with minor financial emergencies.

The ERA was found to be cost-effective for long-term unemployed adult men, but less so for lone parents, largely due to their preference for part-time work.⁴³ ERA was found to increase both general and occupation-specific training through advisory support and incentives, and led to increased employment and improved non-economic outcomes for participants (such as self-confidence, capabilities and assertiveness).⁴⁴

A similar system, built around job coaching, sustainable work, training opportunities, in-work support and positive incentives represents a viable option for future employment services approaches in Australia.

There should be fidelity to a core service offer, but with flexibility to tailor for place and cohort

Fidelity to an evidence-based, core service offer is needed. This means naming what’s in the ‘black box’ of service delivery and holding providers accountable for delivery of key elements This minimises the risk of practices such as ‘parking’ or ‘creaming’.⁴⁵

⁴³ Langenbucher et al., *Connecting people with jobs*, p. 71.

⁴⁴ R Hendra, K Ray, S Vegeris, D Hevenstone & M Hudson, *Employment Retention and Advancement (ERA) demonstration: delivery, take-up and outcomes of in-work training support for lone parents*, UK Department of Work and Pensions, no. 727, 2011.

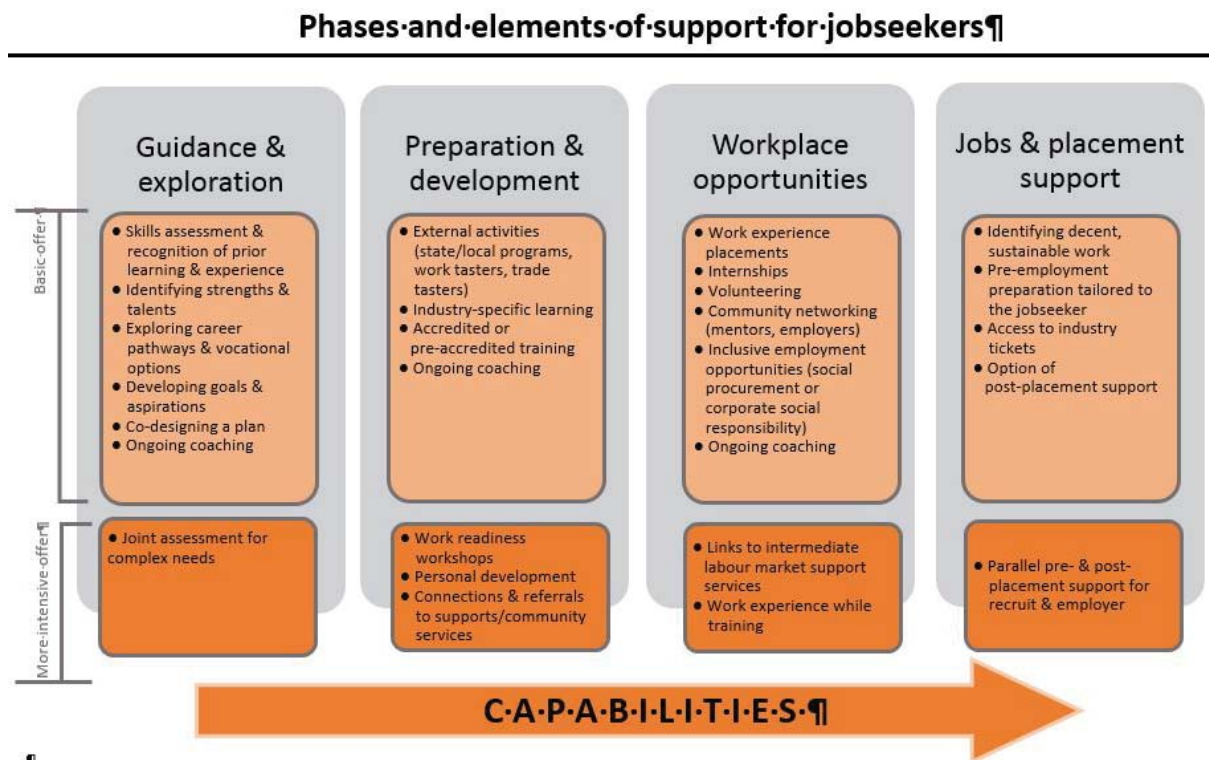
⁴⁵ M Considine, S O’Sullivan & P Nguyen, ‘The policymaker’s dilemma: the risks and benefits of a ‘Black Box’ approach to commissioning Active Labour Market Programmes’, *Social Policy and Administration*, vol. 52, no. 1, 2018, pp. 229–51.

While the core service offerings need to be preserved, the methods of delivery will necessarily vary.

- Flexibility is needed to contextualise the delivery to local context. Providers need to be able to tap into what already exists as part of the broader community response.
- Equally, the practice approach and external partnerships will necessarily change when working with different groups of jobseekers – be they mature aged; people with disability; or newly arrived communities.

Key to striking the tight balance between fidelity and flexibility is ensuring that adaptations are always focused on jobseeker need and/or labour market characteristics.

The following diagram, adapted from our Transition to Work practice guide, synthesises the key phases and elements of support that research^{46 47} and our practice experience shows are key to assisting jobseekers experiencing disadvantage to secure and sustain work.



Highlighted below are some of the important services/opportunities that are absent or weak in the current model and ought be embedded in the redesigned service offer.

- **Skills assessment and recognition:** Early, face-to-face assessment of a person's existing skills is particularly important for jobseekers with overseas experience, those who lack formal qualifications and mature aged jobseekers.⁴⁸

⁴⁶ J Borland, M Considine, G Kalb & D Ribar, *What are best-practice programs for jobseekers facing high barriers to employment?*, Working paper, No. 4/16, Melbourne Institute, 2016.

⁴⁷ Langenbucher et al., *Connecting people with jobs*.

- **Careers advice and vocational guidance:** This needs to be integrated into employment services and be delivered by qualified staff and connected to local labour markets. Ideally future employment services could tap into a National Career Advice Service (proposed earlier). Providers in some areas could connect with local or state-funded services such as Victoria’s Skills and Jobs Centres.
- **Investment in substantive capabilities:** The opportunity to build unemployed and underemployed workers’ skills and capabilities must be seized. **Supporting people to retrain or to update their** qualifications, would improve employment prospects. Last year, almost 78% of VET graduates were employed full- or part-time six months after completing their training in 2017.⁴⁹
For some jobseekers, access to training to achieve functional literacy, numeracy, digital literacy and English proficiency is an essential first step towards further study and work. Some need practical training so they can demonstrate their suitability for available roles, or work-specific training such as obtaining a driver’s licence, forklift licence or industry tickets.
- **Intentional connections between employment and other support services to address barriers to work:** Findings of a recent study of homelessness in Victoria are telling: nearly half of people sleeping rough were receiving Newstart or Youth Allowance. They were actively in the labour market, deemed by Centrelink to be ready for work, yet lacked adequate shelter. Another 14% had no income: some were registered with Centrelink but were fulfilling a waiting period, others had had their payments temporarily suspension of for failing to meet a Centrelink obligation.⁵⁰ A collaborative approach to connecting jobseekers with support services is needed.
The short-lived Local Connections to Work (LCTW) pilot which ran from 2010 in four LGAs with high levels of socioeconomic disadvantage ought not to be forgotten. It was based on the successful, integrated New Zealand model, Community Link,⁵¹ (see box)

Local Connections to Work Pilot

LCTW brought together training, community, housing and welfare organisations with Commonwealth, state and local government services, JSA and DES providers in a coordinated response to jobseeker disadvantage—with many of the organisations co-located in Centrelink offices. Shared case planning helped strengthen engagement and motivation and improve assessment of a jobseeker’s circumstances. LCTW targeted extremely long-term unemployed jobseekers and disadvantaged young people, but was also available to others with significant need. The LCTW pilot and its evaluation ended prematurely

⁴⁸ A Randrianarisoa & D Bowman, *On the front line: employment services staff perspectives on working with mature age jobseekers*, Brotherhood of St Laurence, Fitzroy, Vic.

⁴⁹ Department of Jobs and Small Business, *Australian Jobs 2018*, DJSB, Canberra, 2018, pp. 31–2.

⁵⁰ Nicholson, *Rough sleeping in Victoria*, p. 47.

⁵¹ Horn, M. 2010, *Community Link in New Zealand: a report based on site visits and key stakeholder consultations in Wellington and Christchurch, 5–7 May 2010*, Brotherhood of St Laurence, Fitzroy, Vic.

following a change of government. An Australian National Audit Office assessment found that it was generally effective and improved collaboration between local services.⁵²

Practice approaches

In our experience, there is an underemphasis in employment services design on practice (the way staff work with jobseekers). Practice can make the difference between the success or failure of a service model.

The Department of Jobs and Small Business has recognised this through the recent establishment of a National Youth Employment Body, hosted by the Brotherhood and focused on identifying and disseminating good practice.

Advantaged Thinking and a coaching approach would help reframe relations

In our youth programs, Advantaged Thinking is at the heart of our practice. While disadvantaged thinking defines people by their problems and consequently builds services to manage them, Advantaged Thinking focuses on investing in a person's innate skills and talents. It values the potential contribution each person can make and seeks to match their aspirations with opportunities.⁵³ Adapted from the UK for Education First Youth Foyers (developed by the Brotherhood and Hanover) and adopted as the approach of the TtW Community of Practice, Advantaged Thinking could be applied across the employment services system.

A key mechanism for operationalising Advantaged Thinking is coaching.⁵⁴ Relational, solution focused and goal oriented in design, coaching supports participants to become independent, self-determine, build motivation and develop a strong sense of future purpose. Coaching is different from case management, which can disempower and problematise people.

Smaller caseloads would enable stronger relationships

A major impediment to good practice is time constraints. High caseloads leave little time for rapport and relationship building, which we know are critical success factors for jobseekers with complex needs. jobactive staff routinely report dissatisfaction with their KPIs, time constraints, and large caseloads. Staff report seeing at least 18 jobseekers a day, with heavy compliance requirements leaving less time for engaging with jobseekers and employers.⁵⁵

Smaller caseloads will foster a different service culture, and more personalised support.

⁵² Australian National Audit Office (ANAO) *Trials of intensive service delivery*, audit report no. 40 2013–14, ANAO, Canberra, 2014.

⁵³ S Mallett, S James, N McTiernan & J Buick, *Education First Youth Foyer practice framework*, Hanover Welfare Services and Brotherhood of St Laurence, Melbourne, 2014.

⁵⁴ TtW CoP Coaching Guide available by request.

⁵⁵ Survey of frontline employment services staff (SFESS) (Lewis et al. 2016)

The capabilities of employment services staff also need investment

jobactive staff participating in recent Brotherhood research identified four things that would assist them to support mature age jobseekers:

- intergenerational awareness
- understanding local employment growth sectors and identifying jobs
- access to professional development especially in relation to the identification of transferable skills and career counselling
- strategies and tools to promote mature age candidates to employers.⁵⁶

There is a strong need for a sector-wide approach—such as a national quality framework—to support staff development. We are not advocating more qualifications, but rather, more investment in workforce capabilities—including enabling staff to undertake professional development modules. This would need to be backed by commissioning arrangements that require providers to invest in professional development.

⁵⁶ Randrianarisoa & Bowman, *On the front line*.

Recommendations

System design

5. A unified service with tailored approaches

Require tenderers to demonstrate they can appropriately address the needs of distinct groups of local jobseekers. Assess tenderers' understanding of the enablers and barriers faced by particular groups; and their ability to recruit specialist staff, establish partnerships and tailor employment services for different jobseekers.

6. A specialist youth service

Continue Transition to Work as a specialist youth service, but expand it to cover young people aged up to 25 years (The current service is only available for some 15-21 year olds.)

7. Other specialist services only in exceptional situations

Enable specialist providers to tender to deliver services to discrete groups (e.g. humanitarian entrants) where they can demonstrate need and impact. Specialism should be the exception rather than the rule.

8. A dedicated program to address intergenerational disadvantage

Enhance Parents Next as a discrete program to prevent and address intergenerational disadvantage. In addition to providing pre-employment assistance, it would equip parents as their child's first teachers; link children to early learning and care; strengthen connections to community; and engage employers in flexible work arrangements that support parenting responsibilities. It should be removed from the targeted compliance framework and associated demerit points system.

Service design

9. Fidelity with flexibility

Clearly define evidence-informed features and good practice in tender documents and deeds, and reward innovation to suit local circumstances and different groups of jobseekers.

10. Early Intervention

Front-load investment in jobseekers at risk of long-term unemployment.

11. Sustained, stable employment outcomes

Prioritise, reward and foster sustainable job placements that enable people to hold work longer.

12. Strengthen the service offering for jobseekers experiencing disadvantage

Ensure the following services are available for jobseekers experiencing disadvantage:

- skills assessment, recognition and documentation
- careers counselling and vocational guidance attuned to regional labour markets
- investment in building skills, capabilities and qualifications
- support with aspects of their lives that compromise their ability to gain work (e.g.

homelessness, caring responsibilities)

Practice approach

13. Reframe relations between employment consultants and jobseekers

Equip providers to introduce a coaching approach, informed by Advantaged Thinking, to build on the strengths, talents and aspirations of jobseekers.

Provide for smaller caseloads to enable more personalised support.

14. Strengthening capabilities of employment services staff

Invest in the capabilities of employment services staff.

Develop a quality framework for employment services, together with a suite of training packages to strengthen workforce capabilities.

Empowering jobseekers and employers through improved online services

(Chapter 4)

Mitigating the risks of online service provision

Online servicing is happening

Information and communication technologies (ICT) are radically transforming the ways jobseekers are able (or not able) to engage with government.

The Digital Transformation Agency is overseeing technological changes to the ways the Australian government digitally engages with people, with a raft of major initiatives underway. Changes to Welfare Payment Infrastructure include redevelopment of Centrelink's infrastructure to streamline claim processes, increase efficiency and extend data matching to prevent the accrual of debts.⁵⁷ A digital interface has been introduced for student payments, and will soon be extended to others, beginning with Newstart Allowance claimants.

It has great potential for some users

The rationale behind these changes is that better integration of digital technologies could make the lives of service-users easier, streamline service delivery and/or promote systems that are efficient and effective. For instance, a digitised employment services system could make it easier for some jobseekers to manage claims and support, and reduce complex administrative and reporting arrangements. A well-designed system, operating as a carrot rather than a stick, would add real value. It could offer tools to enhance job searching and employment preparation;⁵⁸ enable one-touch referral to support services; use virtual reality to provide vocational tasters and help jobseekers track progress towards their goals.

But comes with real risks

Technology also carries real risks. Emerging technologies pose unprecedented challenges to traditional concepts of privacy, agency, ethics and human rights.⁵⁹ Issues like data mining and matching, a lack of transparency, confusing or inadequate information, barriers to digital uptake, and unethical practice present major threats to the integrity of future welfare services.

Already, Australia is seeing these risks play out. MyGov is unpopular, complicated to use and avoided by service-users. There are major concerns about privacy and data associated with the MyHealth record. Government already uses data mining and matching to identify, examine,

⁵⁷ See DHS program web page <<https://www.humanservices.gov.au/organisations/about-us/welfare-payment-infrastructure-transformation-wpit-programme>>.

⁵⁸ Such as the tools of the Working for Everyone website <<https://www.workingforeveryone.com.au/>> aimed at mature aged jobseekers

⁵⁹ C Soh, D Connolly, & S Nam, *Time for a fourth generation of human rights?*, United Nations Research Institute for Social Development, 2018, viewed 9 August 2018, <<http://www.unrisd.org/TechAndHumanRights-Soh-et-al>>

profile, punish, contain and exclude.⁶⁰ Automatically generated 'robo-debt' penalties raised by the Australian Tax Office have been fraught⁶¹, and their legality is being challenged.⁶²

The feasibility of reliable digital access to government services across Australia is questionable. Even with the NBN roll-out, Australia's digital inclusion ranking is poor, at 25th out of 86 countries. It is lagging far behind the USA (3rd) and UK (7th).⁶³

Replacing some face-to-face contact with online services risks amplifying the digital divide and further alienating some of the most vulnerable jobseekers. These issues are more pronounced for remote and regional communities, adults from culturally and linguistically diverse (CALD) backgrounds, users with poor English language literacy and particularly digital literacy, and those with limited resources for technological uptake. Households earning less than \$35,000 per year report a digital inclusion score 27 points lower than those in high-income households.⁶⁴ Low-income households may have no internet connection at all, or may rely solely on their mobile phones, with both cost and functional barriers to using online services. If online services are not backed up by phone support, some disadvantaged groups will be further disadvantaged.

Online servicing also risks disengaging users, particularly if it is used to police compliance.

For many jobseekers, the personal relationship with a staff member is important for their motivation and access to other support. Without face to face engagement, social and economic disadvantage which affects the ability to get and keep jobs is likely to go undetected and ignored.

If opportunities for early intervention are lost in the online environment, the risk of prolonged unemployment will increase.

There is also a risk that unscrupulous employers could target vulnerable jobseekers through an online platform, as we understand has been occurring with internship programs.

Introduction of online employment services should proceed with great caution

Over recent years various employment service providers have introduced online engagement strategies. We understand these have largely failed, with providers either abandoning the idea or

⁶⁰ V Eubanks, *Automating inequality: how high-tech tools profile, police, and punish the poor*, St Martin's Press, New York, 2018.

⁶¹ T McIlroy, '20,000 people sent Centrelink 'robo-debt' notices found to owe less or nothing', *Sydney Morning Herald*, 13 September 2017; D Dingwall, 'Robo-debt' an unlawful exercise, former appeals tribunal member says', *Sydney Morning Herald*, 5 April 2018; C Knaus, 'Centrelink forced to wipe or change one in six robo-debts', *Guardian Australia*, 14 February 2018; P Karp & C Knaus, 'Centrelink robo-debt program accused of enforcing 'illegal' debts', *Guardian Australia*, 4 April 2018.

⁶² Karp & Knaus, 'Centrelink robo-debt'.

⁶³ The Economist, *The inclusive internet index: measuring success 2018*, The Economist, Intelligence Unit, 2018.

⁶⁴ J Thomas, J Barraket, C Wilson, S Ewing, T MacDonald, J Tucker & E Rennie, *Measuring Australia's digital divide: Australian digital inclusion index 2017*, report prepared for Telstra, RMIT University, Melbourne, 2017, p. 6.

having to seriously restructure their approach. While mindful of the pilot underway, we stress that further moves towards online servicing should proceed with great caution.

Incremental introduction ought to be considered. A digital-first, as distinct from a digital-only, service could be trialled.

When implemented at scale, ICT systems often totally change ways of thinking and doing, in unexpected ways. As institutions grow '[systems] become increasingly difficult to challenge, redirect, or uproot'.⁶⁵ Accordingly, designers of online employment services should seriously weigh up the unintended outcomes of dramatic change and should place the rights of service-users first.

And needs robust checks and balances

Safeguards against the above-mentioned risks must be paramount. Given the substantial, new and complex ethical dilemmas raised by ICT, the OECD recommends:

1. a balance between privacy and openness
2. public engagement and interaction with service-users
3. monitoring and regulating the pace of digitisation, and
4. empowering citizens and public servants to make their own decisions around digital systems and ICT.⁶⁶

Principles to guide the design of online services are outlined in the following table. Applying them would need independent ethics oversight.

Principles for design of online services

Equity: Service users should not be disadvantaged if they choose not to or are unable to engage via digital means (e.g. because of lack of funds or access to infrastructure). They should have to choose to opt in.

Transparency: All users should have information about what data is collected, how and when it is collected, who has access to the data, and how it will be used and for how long. The assumptions on which algorithms are based need to be clearly articulated and approved by an independent ethics committee.

Accountability: Governments and service providers should be accountable to the individual and to the Australian community about how data is collected and used.

Accessibility: Minimum standards should be mandated to ensure access to people with disability and impairments, CALD and those who do not read and write English. Place-based solutions should be developed for regional and remote Australia to ensure that infrastructure is adequate. Technology and data costs should not be a barrier to access.

Non-commercial use: Employment service users data should not be commercialised

Benefits should outweigh harms: Technological improvements should have a demonstrable, marked effect

⁶⁵ Eubanks, *Automating inequality*, p. 187.

⁶⁶ OECD, *Digital government strategies for transforming public services in the welfare areas*, OECD, 2016, viewed 9 August 2018, <www.oecd.org/gov/digital-government/Digital-Government-Strategies-Welfare-Service.pdf>

on waiting times for calls/contact, payment processing, and reviews

Practical application of these principles would be supported by rules:

- limiting the use of online servicing to locations with reliable internet services
- preferencing face-to-face servicing for people identified as at risk of social isolation or long-term unemployment, or assessed as having poor digital literacy
- requiring the initial assessment of a jobseeker to be conducted face to face before any streaming into an online service
- allowing jobseekers to opt in voluntarily, and to elect to switch to face to face services at any stage
- providing opportunity for jobseekers to connect with a person (rather than a bot) to complement online engagement and to enable discussion about potential breaches
- enabling users to view and print/download all information held about them at any time, and to rectify inaccurate information
- reviewing suitability for online servicing if a jobseeker remains unemployed or underemployed for more than six months
- developing a mechanism to collect, report and act upon user feedback
- prescribing the terms of data collection, matching storage, use and access to protect the privacy of jobseekers (learning from recent additional protections announced for My Health)
- providing for independent oversight of and reporting on data use and access.

Recommendations

15. Principles for online services

Develop principles, with independent ethics oversight, to guide the operation of online services. Key considerations should include equity; transparency; accountability; accessibility; non-commercialisation; and benefits outweigh harm.

16. Rules for online servicing

Develop rules for online servicing that apply the above principles:

17. Safeguarding data use

Prescribe the terms of data collection, matching, storage, use and access to protect the privacy of jobseekers and provide for independent oversight.

Better meeting the needs of employers (Chapter 5)

Partnering with employers to build opportunities

Employers are pivotal to enabling disadvantaged jobseekers to secure work but their connections to jobactive are tenuous. There is huge potential to drive better outcomes by elevating the relationship with employers and their associated bodies (e.g. chambers of commerce) from passive recipients to major stakeholders and customers.

Shifting to a demand-side approach involves influencing the attitudes of employers towards the unemployed, their recruitment, retention and management strategies, and being responsive to their changing workforce and skills requirements⁶⁷

Our research and experience of delivering employment programs has found that there are employers eager to play an increased role in providing employment for disadvantaged jobseekers, if given the right support. Employers want candidates who are work-ready; who understand the job role and workplace requirements; and who are willing to learn. They also want to work with a single contact who understands their business; co-designs a recruitment pathway that meets their needs; sources appropriate candidates that match those requirements; and assists them to support and retain staff.⁶⁸ There is significant potential for the employment-services system to deliver this support and to foster inclusive and sustainable employment practices.

Strategic and coordinated employer engagement is needed

Employers are reluctant to engage with jobactive providers about their vacancies. Some are put off by having to deal with multiple providers about a single vacancy. Others feel burnt by being inundated with irrelevant applications and poor quality applicants by jobactive agencies competing for short-term outcomes.⁶⁹ Navigating the different rules applying to different programs is also burdensome for employers.

The new system needs to provide a platform for strategic and coordinated employer engagement —both for large employers operating in many locations, and for local employers. Industry and employer bodies also need to be part of the dialogue with employment services about preparing jobseekers to meet workforce need.

Our experience working with national employers has shown that they prefer as few contact points as possible, or a ‘one-stop-shop’ approach. The Employer Liaison Officers introduced in 2017 aim to work more effectively with employers in relation to youth unemployment. These roles could be

⁶⁷ P Spoonley, ‘Utilising a demand-led approach in a local labour market’, *Local Economy*, vol. 23, no. 1, 2008, pp. 19–30.

⁶⁸ VECCI & Brotherhood of St Laurence, *Barriers to hiring disadvantaged or vulnerable entry-level job seekers: Victorian employers’ attitude survey*, December 2009.

⁶⁹ D Bowman & A Randrianarisoa 2018, *Missing the mark: employer perspectives on employment services and mature age jobseekers in Australia*, Brotherhood of St Laurence, Fitzroy, Vic., 2018; J van Kooy, D Bowman & E Bodsworth, *Understanding employer engagement programs for disadvantaged jobseekers: An exploratory study*, Brotherhood of St Laurence, Fitzroy, Vic., 2014.

enhanced to facilitate collaboration between local providers, to avoid overloading employers with unsuitable applications.

Housing a regional brokerage/intermediary service with local collaborative bodies (such as the Community Investment Committees profiled later) would drive a more strategic approach to employer engagement. They could liaise between employers, TAFE/RTOs, jobactive providers, local community agencies, local government and regional development bodies.

A commissioning frame that appoints fewer providers across a local area (recommended elsewhere) would also assist in streamlining engagement.

Demand-led approaches open up new opportunities for disadvantaged jobseekers

Jobactive focuses predominantly on the supply side of the employment equation. With the exception of innovations such as Launch into Work, there is little investment in cultivating jobseekers to meet areas of labour shortage (where these match their aspirations), or building employers' use of jobactive services to meet their workforce needs. Furthermore, there is little industry-level engagement about how employment services could help meet existing and emerging need, despite the recognised labour shortage in areas such as aged and disability care, construction and trades.

Demand-led approaches are designed to meet the current and future workforce needs of employers and industries. They can open up opportunities for jobseekers who might otherwise be screened out by recruitment processes, and can reduce transaction costs and labour market risks for employers and jobseekers, particularly where mediated by labour market intermediaries.

The Brotherhood's use of demand-led approaches is demonstrating results for disadvantaged jobseekers.

- The employer-led Community Investment Committees (profiled later) attached to our Transitions to Work programs focus strongly on skills shortages. For example, in the Frankston Mornington Peninsula area an employment exposure program has been developed with Victoria's peak body for horticulture in response to the industry's difficulty in attracting young people. It includes a structured pre-employment program of tasters, hands-on learning and micro work experience. Employers are earmarking vacancies (ranging from casual to full-time, and including internships and apprenticeships) for program participants. Training pathways are being developed with local providers.
- The Victorian Government funded Work and Learning Centres demonstrate that intentionally aligning efforts enhances local opportunities and leverages community resources and commitment. For example the Geelong Work and Learning Centre (operated by Northern Futures) has co-designed training and employment pathways with local major employers (e.g. Barwon Health and Cotton On); and in Moe (operated by GEST), partnerships with the food industry are supporting employers facing high staff turnover to fill ongoing roles with disadvantaged jobseekers, prepared and trained by the Work and Learning Centre.

The design of future employment services should incentivise demand-led approaches, especially in skills shortage areas.

Parallel support for jobseeker and employer increases placement success rates

The Brotherhood is achieving strong outcomes in our employment programs by providing parallel support to both jobseekers and employers.

We prepare jobseekers for the role and culture of work by delivering customised pre-employment training, and supported work placements. We then support them to retain their employment through ongoing field support. We also train, prepare and support businesses to take on disadvantaged workers and respond effectively to issues that may arise. This enables businesses to have a positive experience of diversifying their workforce. Continuity of support before and during placement is a key success factor. This approach is delivering successful and sustained connection between jobseekers and employers. The Brotherhood delivers a range of these programs with outcomes at 26 weeks more than double that of jobactive.

Refugees being Given the Chance: A Brotherhood/ANZ partnership

Our Given the Chance at ANZ program (principally focused on refugees) includes customised pre-employment training and supported work placements. Recruits are prepared for the role they will take on and are trained in Australian workplace culture and expectations. Workplace mentors and supervisors are trained to understand the needs and experiences of their recruits and provide appropriate support and guidance. Retention figures have been impressive: out of almost 200 participants, more than 90% have completed the six-month supported placement program and 86% gained ongoing work with ANZ. Of those, 94% are still working for ANZ six months later. Given the Chance has enabled ANZ to recruit skilled, loyal employees, increase workforce diversity and strengthen community connections in its branch network and call centres. The program's methodology has been well tested and documented.

Supported labour hire reduces employer risk

The Brotherhood GTO provides a supported labour hire model that incorporates parallel support, with options for fixed-term paid work placements or traineeships/ apprenticeships. This encourages businesses to open up opportunities while reducing the risk and compliance burdens of direct employment.

There is a business case for inclusive employment

Inclusive employment practices can be highly beneficial to employers. Well-designed programs enable recruitment and retention of skilled, loyal employees, reduce staff turnover, increase workforce satisfaction and wellbeing, improve workforce diversity, can increase performance and productivity, improve brand reputation and improve community connections.⁷⁰ Inclusive employment practices targeted at jobseekers experiencing labour market disadvantage enable employers to tap into talent that would likely be overlooked through traditional recruitment approaches.

⁷⁰ J O'Leary, G Russell, & J Tilly, *Building inclusion: an evidence based model of inclusive leadership*, Diversity Council of Australia, Sydney, 2015.

Employment services can help enable inclusive employment practices

Social procurement policies harness government purchasing power to deliver social and employment outcomes. Contractual and supply chain requirements⁷¹ together with employment targets⁷² and employers' corporate social responsibility objectives⁷³ are driving the adoption of inclusive employment practices and fostering local economic development. In Victoria for example, inclusive recruitment and training systems are a pre-requisite for securing major infrastructure contracts. In Western Sydney, local government social procurement objectives have contributed to local economic diversification, employment creation for people experiencing barriers to work, and environmental benefits.⁷⁴

Our experience suggests that support from a skilled intermediary is critical to successful and sustainable employment outcomes when social procurement requirements involve disadvantaged jobseekers. Employment services geared up to provide parallel support (as outlined above) would help support realisation of social procurement and corporate social responsibility outcomes.

⁷¹ Such as the Australian Government's Indigenous Opportunities Framework; the Victorian Government Social Procurement and Social Enterprise Strategy and its Major Projects Guarantee.

⁷² Such as targets for employment of people with disability at the National Disability Insurance Agency and its contractors, and across the Victorian public sector.

⁷³ For example, John Holland's business sustainability and inclusion and diversity objectives.

⁷⁴ A Dean, *Tackling long-term unemployment amongst vulnerable groups*, OECD Local Economic and Employment Development (LEED) Working Papers 2013/11, OECD, 2013, viewed 1 August 2018, <https://www.oecd.org/cfe/leed/Tackling%20Long_Term%20unemployment_%20WP_covers.pdf>.

Recommendations

18. Strategic and streamlined employer engagement

Streamline engagement with employers and industry bodies through an independent network of regional brokerage/intermediary services. These could be attached to local/regional employer-led Community Investment Committees.

19. Demand-led approaches

Incentivise demand-led approaches that equip and train jobseekers for labour market opportunities, particularly in skills shortage areas

20. Parallel support for employers and jobseekers

Provide parallel support that combines preparing jobseekers for available roles with equipping employers to take on disadvantaged jobseekers

21. Supported labour hire

Promote *supported* labour hire arrangements to create work opportunities for disadvantaged jobseekers while also minimising employer risk

22. Promoting inclusive employment

Promote the business case for inclusive employment and support successful realisation of social procurement and corporate social responsibility measures.

Assessing jobseekers to tailor supports to their needs

(Chapter 6)

Support to match jobseeker needs

In light of the proposed shift of some jobseekers into online servicing, the initial assessment process is more important than ever. It is critical that a jobseeker is matched with the mode and intensity of employment support that closely correlates with their work readiness, and their capacity and willingness to be digitally engaged. Savings associated with quick phone and online assessments represent false economy if they deliver perverse outcomes.

Current assessment approaches need to be overhauled

Shortcomings in the design and delivery of the Job Seeker Classification Instrument (JSCI) are rightly acknowledged in the Discussion Paper.

It is predominantly a rationing tool: Fixed proportions of jobseekers are allocated to particular streams, regardless of need.

Phone assessment is fraught: Primarily conducted by Centrelink staff over the phone (although sometimes conducted in person or online as part of a current trial), the JSCI is notorious for classifying people as more job ready than they are. Responding to a survey, an overwhelming 95% of (then specialist) providers indicated they had 'significant or some difficulties with the way Centrelink assigns jobseekers to streams', primarily because 'barriers were not recognised or disclosed in Centrelink assessments'.⁷⁵

Our own experience confirms other research that people are reluctant to disclose sensitive information via phone to a government representative they have not established any trust or rapport with. Some fear a sanction if they reveal issues such as drug use.

The large-scale move towards online assessments is likely to exacerbate shortcomings in the streaming process, with unintended consequences. Further, it is hard to understand how factors such as motivation could be assessed without face-to-face interaction.

It is telling that the NDIA has moved away from phone assessments, in favour of face to face interviews. Data collection by phone resulted in a spike in unscheduled reviews and a significant decrease in participant satisfaction and trust in the scheme.

It is our view that a similar decision should be made in relation to employment services face similar risks. Accordingly, following determination of eligibility for Newstart Allowance, the assessment of jobseeker circumstances should be conducted face to face, unless the jobseeker preferred a phone assessment.

⁷⁵ See: E Flentje, E Cull & G Giuliani, G 2010, *Achieving sustainable outcomes for disadvantaged jobseekers: challenges for specialist providers under the current Job Services Australia contract*, Hanover, Melbourne City Mission & Jobs Australia, Melbourne.

Jobseeker circumstances are not sufficiently assessed: There are widespread concerns that the JSCI fails to attribute sufficient weight to certain forms of labour market disadvantage, particularly age, refugee and migrant backgrounds⁷⁶, homelessness (which includes unstable housing), caring responsibilities and family violence. Further, the JSCI concentrates on supply-side, individualised barriers to work and does not acknowledge broader structural causes of workforce exclusion⁷⁷ such as thin labour markets or poor local work opportunities, geographic isolation, lack of available and affordable public transport or child care.

Furthermore, the current assessment is deficit-focused: it does not capture the strengths, skills and aspirations of jobseekers. The TtW Community of Practice has developed a strengths-based assessment tool to supplement current assessment processes.

Jobseekers can be parked in the wrong stream for a prolonged period: Providers consistently report they have a significant proportion of high-needs jobseekers in Stream A. Trigger points are required to enable reassessment so that jobseekers receive the appropriate mode and level of support. This will be even more important for jobseekers in a future online service.

Joint assessment of highly disadvantaged jobseekers would enable holistic responses

For jobseekers with complex needs who are already attached to support services (e.g. homelessness, alcohol and other drug use, mental health) and those identified as needing more comprehensive assessment (and currently referred for an Employment Services Assessment) a joint or independent assessment could be considered.

The Local Connections to Work pilot (referred to earlier) enabled joint assessment by multiple services for highly disadvantaged jobseekers. A limitation was that there was no dedicated resourcing to support agencies to collaborate.

The former Job Capacity Assessment initiative, conducted by Centrelink Health Services or non-government contractors, undertook face-to-face assessments to determine exemptions, activity requirements related to work capacity, employment support requirements, etc. Assessors were required to have high-quality interpersonal skills and extensive knowledge of local community services and programs in order to refer service-users. Interventions recognised complex vocational and non-vocational barriers to work, but remained focused on activating individual jobseekers and building their capacity to work.⁷⁸

⁷⁶ See L Olliff, *What works: employment strategies for refugee and humanitarian entrants*, Refugee Council of Australia, Sydney, 2010; Refugee Council of Australia 2012, *Job Services Australia: refugee community and service provider views*, discussion paper, Refugee Council of Australia, Sydney, 2012; Australian Law Reform Commission, *Family violence and Commonwealth laws—improving legal frameworks*, Report 117, Melbourne, 2012.

⁷⁷ I Goodwin-Smith & C Hutchinson, *Beyond supply and demand: addressing the complexities of workforce exclusion in Australia*, Australian Centre for Community Services Research, Flinders University, Adelaide, 2014.

⁷⁸ Commonwealth of Australia, *Job capacity assessment: service provider guidelines*, Commonwealth government, Department of Human Services, Canberra, 2006.

Recommendations:

23. Face to face assessments

Move to face to face assessments, as first preference, to better gauge and understand jobseeker circumstances .

24. More comprehensive assessment tool

Develop a new assessment tool that identifies a jobseekers aspirations and capability, any barriers to work (personal and structural), and their capacity for digital engagement.

25. Regular reassessment

Re-assess the circumstances of jobseekers and the mode and intensity of assistance they are receiving, if they have not secured work after six months of employment support.

26. Joint or independent assessments for highly disadvantaged jobseekers

Introduce joint or independent assessments for jobseekers with complex needs.

Incentives for jobseekers to find work (Chapter 7)

Agency and mutual accountability

Compliance drive approaches undermine engagement

The current compliance-heavy approach is causing providers to divert resources away from front-line assistance. This erodes satisfaction of provider staff and jobseekers alike. Many jobseekers express a lack of trust in the system, and perceive it as being about compliance rather than meaningful interaction. A common theme from research we undertook into the experiences of mature-aged jobseekers with employment services was that they were not receiving 'real help'. Rather, the administrative requirements imposed on employment services staff ultimately compromised jobseeker outcomes.⁷⁹ Jobactive staff felt 'stuck in the middle' between government (for which they act as agents), jobseekers and employers.⁸⁰ For example, employment services staff are responsible for enforcing increasingly punitive social security laws on behalf of DHS, while also trying to assist jobseekers to move from welfare into employment.

Coercive activation measures have generally failed to improve outcomes for disadvantaged jobseekers.⁸¹ Future employment services must move towards 'positive' activation that focuses on motivations, incentives and rewards.

Agency drives motivation

The Discussion Paper's emphasis on greater agency for jobseekers is a welcome acknowledgment of the disempowering nature of employment serviced over the past decade, and recognition that most jobseekers want to work.

Giving people agency and choice is intrinsically motivating. It builds the personal investment and commitment required to maintain engagement in education and work. People are more engaged, and more persistent in their pursuit of a goal, if they have chosen the goal and it is linked to their interests and aspirations. This in turn leads to more productivity as well as increased wellbeing, self-confidence and connectedness. This is backed up by evidence on motivation theories, and by an extensive body of literature on shortcomings of the contrasting work first approach.

Practical ways to foster jobseeker agency include:

- through co-design of employment plans to advance jobseeker aspirations and enable them to take up meaningful opportunities (including training, work experience, and part-time employment) that move them closer to work.
- recognising achievement of significant milestones, which is particularly important for building confidence and hope.

⁷⁹ Randrianarisoa & Bowman, *On the front line*.

⁸⁰ Randrianarisoa & Bowman, *On the front line*, p. 21.

⁸¹ Borland et al., *What are best-practice programs*

Mutual accountability rather than mutual obligation

Activation measures attached to employment services in Australia have been preoccupied with jobseekers and their behaviour⁸² - with unemployed people viewed as responsible for their unemployment.⁸³ This approach ignores the macro-economic trends, ignores the competitive environment of scarce and precarious job opportunities, and ignores the responsibilities of employers, businesses or governments.

This narrow focus ought be replaced with a much broader agenda around mutual accountability to foster a sense of reciprocity.

Mutual accountability: 'The Deal'

When young people sign up to the TtW service, they enter the Deal. It reframes mutual obligation as *mutual accountability*, fostering a culture of reciprocity and expressing shared ownership of the TtW service. It is underpinned by the recognition that young people want to work, and that in order to do so they need to the right kind of investment.

The Deal is non-punitive, and expresses value by holding high expectations for young people to instil in them a sense that they are valued members of society with something to contribute.

This reinforces the concepts of rights, responsibilities and each person's commitments to themselves and the wider community. The approach builds a sense of belonging, personal agency and capacity to make decisions. It also supports the local community to be more inclusive.

Mutual accountability —which runs both upwards and downwards⁸⁴—would reframe dynamics between governments, employment service providers and jobseekers. Government needs to deliver a fit-for-purpose commissioning environment that sets providers and jobseekers up to succeed; and the policy and program frame to further the future goals of employment services. In turn, providers need to deliver quality services. This would fit with the Productivity Commission's definition of 'accountability' in human services as 'the need to account for activities to those who fund those services (including taxpayers and service users) in a transparent manner'.⁸⁵

Government stewardship is needed

While the design of the current employment services system is effective at maintaining upwards accountability through contractual arrangements, there are few mechanisms/structures that enable downward accountability to taxpayers, jobseekers, employers, providers and communities. Consequently, there is poor responsiveness to users' complex and changing needs

⁸² M O'Neil & P Neal, *A review of the literature on active labour market policies*, Economic Issues no. 23, South Australia Centre for Economic Studies, Adelaide, 2008, viewed 1 August 2018, <www.adelaide.edu.au/saces/docs/issues-papers/saces-economic-issues-23.pdf>.

⁸³ S Betzelt & S Bothfeld, 'How do activation policies affect social citizenship? The issue of autonomy', in S Betzelt & S Bothfeld (eds), *Activation and labour market reforms in Europe: challenges to social citizenship*, Palgrave Macmillan, New York, 2011, p. 15.

⁸⁴ Brotherhood of St Laurence, *Human services: identifying sectors for reform – a response to the Productivity Commission Issues Paper*, BSL, Fitzroy, Vic., 2016, p. 34.

⁸⁵ Productivity Commission, *Reforms to human services*, Commonwealth of Australia, Canberra, 2016, p. 3.

and preferences. The disconnection of the public sector from the reality of service delivery has been compounded by prescriptive processes for competitive tendering of government contracts, which limit opportunities to identify system improvements. The system is driven by compliance rather than creating public value.⁸⁶ It is characterised by a 'gotcha' culture rather than a supportive one. This discourages providers from transparently reporting challenges and local enablers of success, and limits the capacity to leverage the social, intellectual and cultural capital of providers and communities.⁸⁷ The Centre for Policy Development observed that:

[while] any major system of service delivery faces challenges in evolving its practice and workforce to keep up with social, economic and technological change ... the pendulum has swung too far away from a valuable, active and connected public sector in employment services.⁸⁸

And a broadening of government's role from a collection of funding mechanisms and regulation to becoming a creator of public value and a market steward is required.

Joint oversight of systems performance would be beneficial

A redesigned system needs to embed two-way accountability so that government is accountable to jobseekers, employers and the broader community for what is delivered with the public money invested in employment services. This necessitates a move away from a master-servant relationship to one of co-design and mutual accountability.

The Advisory Panel is a welcome initiative of the current review process. Establishing an ongoing panel of key stakeholders, including jobseekers representatives, to provide systems oversight and inform ongoing improvement would be an important step towards mutual accountability. The panel would be charged with reporting annually on the experience of stakeholders, monitoring progress against systems goals and identifying opportunities for improvement. The panel could formally connect with the Local Investment Committees (proposed above) so that local/regional learnings inform national perspective. It would also provide advice to the Ministerial Taskforce overseeing the national employment strategy recommended earlier.

⁸⁶ K Farrow, S Hurley & R Sturrock, *Grand alibis: how declining public sector capability affects services for the disadvantaged*, Centre for Policy Development, Sydney, 2015.

⁸⁷ M Moore, 'Public value as the focus of strategy', *Australian Journal of Public Administration*, vol. 53, no. 3, 1994, pp. 296-303.

⁸⁸ Moore, 'Public value', p. 41.

Recommendations

27. Reduced focus on compliance

Move away from compliance-heavy approaches in front-line services, to build trust and motivation

28. Jobseeker agency

Reframe activation around agency by empowering unemployed and underemployed workers to have greater voice in and control over their experience of employment services.

29. Mutual accountability

Reframe the current one-way notion of mutual obligation as mutual accountability, to foster reciprocity.

30. Government as market steward

Refocus the role of government in employment services from commissioning and contract managing to being an active market steward with a mandate to work with all stakeholders to deliver improved outcomes and public value.

31. Effective governance

Establish governance structures—such as an Independent Panel—to enable employers, jobseekers and local communities to report on their experiences, monitor system performance against goals and identify opportunities for improvements of employment services.

Targeted regional and local approaches (Chapter 8)

Harnessing local effort

Place is pivotal to the delivery of employment services, because unemployment has a strong geographical dimension. While there needs to be fidelity to a core service model (as discussed earlier), the service approach needs to be adapted for local circumstances. The opportunities and networks offered to jobseekers must be grounded in their local community context.

The upcoming place-based trials are a welcome development. While currently limited to communities experiencing locational disadvantage, there would be value in implementing localised approaches right across Australia.

Delivery over smaller areas will support more localised approaches

Vast employment regions—currently 51, down from 110 under JSA—are working against localised approaches. Multiple providers are often thin on the ground, particularly in regional towns where each might be present just one or two days a week.

Future employment services should enable providers to deliver over smaller areas—either by allowing tenderers to bid for particular areas within an employment region they have connections to, as in TtW and Parents Next, or by adopting the smaller Employment Service Areas used in DES.

Community embedded providers have strong local connections

There are currently 44 providers, many of them operating across multiple regions. Numbers have almost halved from the end of the JSA contract when there were 79 providers, and dramatically fallen from around 300 under earlier arrangements. Requiring service provision across vast areas, coupled with system barriers (e.g. complex IT and contract compliance requirements) have effectively shut out smaller community providers. This has diminished opportunities for responsiveness to local circumstances and community collaborations, undermining some of the key benefits typically associated with outsourcing.⁸⁹

Providers that are embedded in their local community are well placed to leverage the trust and local resources.⁹⁰ They can connect jobseekers with available services and supports; apply their understanding of local constraints and opportunities; and engage with local labour markets, training providers and employers. Local providers can rally a network of community support behind disadvantaged jobseekers to help them find and sustain work. This community capital creates public value

In areas of labour market transition such as Geelong and the Latrobe Valley, there are multiple state and federal government initiatives and a plethora of service providers. Coordination of employment, training and regional economic development initiatives is critical to avoid confusion and duplication. Appointing providers that are able to demonstrate they can leverage wider

⁸⁹ Jobs Australia, *State of play: Jobactive employment services 2015-2020 tender results*

⁹⁰ See, for example, E Bodsworth, *Investing in local people and harnessing local communities: a progress report on Victoria's Work and Learning Centres*, Brotherhood of St Laurence, Melbourne, 2014.

community partnerships, collaborate with other local services and meet the needs of local jobseekers is critical to an effective employment services system.

Tender specifications for both Transitions to Work and Parents Next, which required tenderers to demonstrate local connections, including through local referees, are instructive. Weighting should be given to tenderers willing to co-locate or entre consortia with key local services.

Local collaboration in Broadmeadows

In Broadmeadows, the Brotherhood has partnered formally with Bendigo–Kangan Institute of TAFE. This partnership sees the Brotherhood's Youth Transition Division located on the TAFE campus, working closely with TAFE staff and learners in their Next Step and Reconnect Program and with course coordinators to assist students who are completing traineeships and apprenticeships to gain employment. This collaboration enables young people to have intensive support throughout the education and career journey and allows both organisations to leverage one-another's expertise.

Employment services can be delivered *with rather than to* the community

There is a growing consensus that Australia will not make significant progress in addressing or preventing locational disadvantage unless the affected local communities are deeply invested in place-based solutions.⁹¹

Employment services need to be actively *working with* local communities *rather than delivering to* them. Local employers, chambers of commerce, training providers and local governments need to be involved. Intentional approaches to identify and mobilise community expertise and resources are needed to build integrated and inclusive support for disadvantaged jobseekers to achieve sustainable employment and to foster local economic development.

Providers collaborating through the TtW Community of Practice have established Community Investment Committees. The aim is to:

- foster a sense of community ownership of the issue of local youth employment, and develop community agency in how the issue is addressed
- promote a shift in the way the community views participants, from passive service recipients to valuable, contributing members of the community
- build sustainable employment pathways for young people by mobilising community resources, networks and support.
- involve business in the broader collaborative effort with government to co-create solutions to structural barriers to youth employment, and link the local effort with regional and national action for change.

The Committees bring together business, education providers, local council, the TtW provider and other community organisations to develop and implement a local economic development strategy for young people. The Committees look different in each place because they build on existing

⁹¹ Brotherhood of St Laurence, *What next for place-based initiatives to tackle disadvantage? A practical look at recent lessons for Australian public policy*, Fitzroy, Vic, August 2015.

efforts: in Hume, the CIC is a subcommittee of local government's Economic Development and Jobs Committee; and the Gold Coast CIC is connected to the local Jobs Council.

Transition to Work Community Investment Committees

Community Investment Committees must include the following core features:

- Employer leadership – The CIC is not an education or youth network. In order to drive economic development for young people in the local community, it must be led by key local employers and industry, including having an employer as the Chair.
- Community representation – This includes local council and major public and/or private education and training providers, as well community organisations (e.g. Headspace), service and sporting clubs.
- Action focus – The CIC must set strategic tasks and achieve key outcomes.

With the right commissioning environment, this approach could be replicated across employment services.

Local, regional and national efforts need to speak to each other

Locational disadvantage cannot be reversed by blunt national or state-wide policy instruments and centrally designed services that are blind to the impact of place. Equally, local efforts cannot flourish without complementary economic and social policy instruments (education and training, employment, economic development, tax and transfers, industry, social services, transport and planning).⁹²

The Community Investment Committees in TtW are designed to provide a vehicle to drive systemic change – to create the economic and social conditions for employment opportunities for young people - at the local and ultimately, national, level. The new National Youth Employment Body will assist in translating local learnings to inform policy development.

⁹²P Smyth, *Place based policy at the crossroads: a summary report of the social inclusion and place based disadvantage workshop*, presentation to the Brotherhood of St Laurence and the Department of Planning and Community Development Social Inclusion and Place Based Disadvantage Workshop Proceedings, Fitzroy, Vic., August 2008.

Recommendations

32. Smaller area delivery

Enable providers to deliver services across areas smaller than the current employment regions, to facilitate place-based approaches.

33. Community-embedded providers

Appoint organisations with the expertise and capacity to engage their community, by requiring them to demonstrate this in the tender process (as in the TtW tender process). Weighting should be given to co-locations and consortia with key community services.

34. Collaborative mechanisms to harness community effort

Invest in employer-led regional economic development approaches (like the Community Investment Committees in TtW) to mobilise local efforts, particularly in areas of concentrated disadvantage and thin labour markets.

A service culture built on competition and quality (Chapter 9)

Commissioning for collaboration and sustainability

Competition is counterproductive

The competitive market for delivery of employment services works against collaboration, innovation, sharing and learning that could deliver improved services for jobseekers. Time and energy are squandered competing for scarce resources. Market reallocation flowing from star ratings outcomes creates winners and losers. This looming threat creates a perverse incentive to withhold best practice from other providers, rather than sharing learning. This has contributed to the erosion of trust and partnerships within the sector.⁹³

The Productivity Commission has observed that competition can erode the bridging social capital —‘the glue that holds society together’—that is essential to an integrated service response.

Effective integration and coordination is undermined by competition between employment providers. Numerous providers compete for contact with local employers, at the cost of overall system effectiveness.⁹⁴ In her research on JSA, Olney found that:

In putting employment services out to the market, the Australian Government unleashed numerous providers chasing employment outcomes on the local labour market and fragmented the pool of labour available to employers between providers competing for business. The findings of this study suggest that employers’ response was to pull away ...
⁹⁵

Competition is also driving perverse behaviour. For example, the new DES contract has seen some providers offering new model smart phones to prospective clients: this is reminiscent of inducements such as iPads used by training providers to attract business.

Agency and voice, rather than choice of provider, are critical

We contest the prevailing view that choice of provider for the jobseeker, created through greater competition and marketisation, is critical to driving efficiency and effectiveness in service delivery.

While jobseekers theoretically have a choice between providers, the context —their circumstances, capacity and access to resources required to make informed decisions—often undermines their agency.

The Brotherhood supports reforms that give citizens greater choice and control over services, but we believe that the concept of ‘user choice’ is both limited and limiting. The Productivity Commission states that ‘choice raises living standards for the service user, both by giving them a greater sense of control over their own lives, and also by placing pressure on providers to

⁹³ Olney & Gallet, *Issues in market-based reform*

⁹⁴ M Considine, S O’Sullivan & P Nguyen, ‘Mission drift? The third sector and the pressure to be businesslike: evidence from Job Services Australia’, *Third Sector Review*, vol. 20, no. 1, pp.87–107.

⁹⁵ Olney & Gallet, p. 190.

understand and meet their needs'.⁹⁶ This assumes that a greater range of service options will self-evidently lead to improved quality of life and greater substantive freedom overall.

Emerging evidence on the impact of competition in human services indicates that competition typically works where services are transactional; where these services are clearly defined, easily substituted and discretionary; and where the services come with minimal costs and consequences for the citizen changing providers. For jobseekers with relatively few barriers to entering or re-entering the workforce, a competitive approach may deliver value for money for government. However, where services cater to disadvantaged people, competition between providers contributes to system fragmentation and creates perverse disincentives for agencies to work together to achieve better outcomes.⁹⁷

This holds true for the roll-out of marketised systems in other sectors. Whether it's VET, disability or aged care⁹⁸, there is a lack of sharing between providers about good practice, together with erosion of social and network capital. This has adverse consequences for service users.

Rather than choice between a multitude of providers, choice for jobseekers about what they want to be and do, and how they get there makes all the difference. Jobseeker agency, voice and control is a huge motivating factor.

Collaboration creates public value

The Productivity Commission has recognised the many benefits of social capital, including reduced transaction costs, facilitating the dissemination of knowledge and innovations, and promoting cooperative and pro-social behaviour in public institutions, in workplaces, and in human services⁹⁹.

The Brotherhood has long believed that collaboration between service providers, built on trust and reciprocity, has the potential to foster innovation in human service delivery. Collaboration creates opportunities for service providers to share ideas, and experiment with new approaches to service delivery while offsetting some of the unintended consequences of the increased marketisation of human services.¹⁰⁰

Over decades, service providers and staff have developed professional relationships with other organisations and their workers. These relationships provide direct benefits to service users, for example by enabling referrals. These networks and links are not purely economic, but are also geared towards achieving the best possible outcomes for service users. The benefits of links between service providers are passed onto service users, building their bridging and bonding

⁹⁶ Productivity Commission *Reforms to human services*, p. 6.

⁹⁷ Brotherhood of St Laurence, *Human services*.

⁹⁸ S Wickramasinghe & H Kimberley, *Networks of care: valuing social capital in community aged care services*, Brotherhood of St Laurence, Fitzroy, Vic., 2016

⁹⁹ Productivity Commission, *Reforms to human services*; Productivity Commission, *Social capital: reviewing the concept and its policy implications*, Productivity Commission, Canberra, 2003.

¹⁰⁰ M Considine, 'Governance and competition: the role of non-profit organisations in the delivery of public services', *Australian Journal of Political Sciences*, vol. 38, no. 1, 2003, pp. 63-77.

social capital. Equally, by working together in a collaborative environment, service providers can achieve effective solutions for their clients with complex needs¹⁰¹.

The right commissioning framework can foster collaboration

The commissioning process for the current Transition to Work service set up the conditions that have enabled success of the program to date. The original discussion paper explained that the intention was to create:

A collaboration-focused market in which there would be a single provider in each employment region (with the number of employment regions being increased). Providers would be encouraged to collaborate across regions. This would also provide employers with a single point of contact in each region.

This notion of provider collaboration has been taken a step further by the participation of some providers in a formal Community of Practice.

TtW Community of Practice

The CoP emerged in response to a growing recognition among community organisations of the unintended consequences of a marketised employment services system. These issues included:

- The erosion of trust between providers caused by competition, which had resulted in diminished collaboration and information sharing
- The loss of institutional knowledge as a result of smaller community organisations being absorbed into larger ones. This included a reduction in capacity for service development and innovation, evaluation and data collection among community organisations.
- The impact on communities from multiple, competing providers operating in a heavily compliance-based system. These include the added costs for smaller employers to engage with several providers (rather than having a single point of contact) and eroded community trust in short-lived service providers (owing largely to the unpredictability of government funding).

If the future employment services system is to have more than one provider in a region, consideration needs to be given to how this could occur without undermining collaboration.

Performance needs to be supported by benchmarking

The star ratings system has perverse effects: it encourages a focus on short-term outcomes, rather than investment in the capacity of each jobseeker, and it also undermines collaboration between providers.

Instead of being judged by star ratings, providers should be required to achieve benchmarks, which measure actual, not relative performance. Outcomes targets could vary between regions and cohorts, where appropriate.

Benchmarks would better support collaboration between providers, and improve workplace culture and staff morale within provider organisations.

¹⁰¹ Wickramasinghe & Kimberley, *Networks of care*.

Smaller providers need to be enabled

Local providers, which in some cases may be smaller organisations, are pivotal to the collaborative models we have outlined, yet they have increasingly been squeezed out of the employment services market.

Innovative models enabling smaller providers to be in the employment services game could be commissioned. We are not advocating the type of ‘prime provider’ approach (recently abandoned in the United Kingdom) that involves big commercial operators managing sub-providers. Instead, we point to local examples of intermediary bodies that mediate government’s need for upwards accountability with the flexibility to tailor services to local community need.

The Brotherhood of St Laurence currently plays an intermediary role in several programs for which we are also registered providers. This approach—in which we deliver a program while concurrently collaborating with other providers to build their capacity—is sometimes described as ‘having skin in the game’. The idea is that direct experience of delivery helps us to appreciate the practical challenges staff face, and prevents a ‘disconnect’ opening up between the front line and the back office. For instance, in both **HIPPY** and **Victoria’s Work and Learning Centres**, BSL is not only funded to manage sub-providers, but also—and more importantly—to develop providers’ capacity to build strong networks in their own communities. In the **Education First Youth Foyers**, BSL, together with Launch Housing, mediates between government departments and Foyer staff, as well as building the capacity of both staff and students to develop relationships in the adjacent communities of Broadmeadows and Glen Waverley.

The Brotherhood’s role as an ‘enabling organisation’ is most clearly realised in our convening of the **Transition to Work Community of Practice**. We aim to ‘enable’ member organisations to contribute their complementary expertise, rather than directing them on how to deliver the model. The goal is that sharing practice lessons will develop CoP members’ capacity to work effectively with communities and local employers to create sustainable employment pathways for young people.

Our experience demonstrates that enabling organisations can offer practical assistance to providers to help resolve some of the challenges that arise during implementation. For instance, BSL was recently invited to assist a TtW provider in a regional site. Front-line staff were inexperienced in dealing with the particular difficulties faced by younger people. As a member of the CoP, the provider was able to draw on the expertise of the BSL and other providers and staff received specialist training and ongoing support to build organisational capacity.

Sustainable funding mechanisms will assist small providers to enter

Licensing and other marketised models are too risky for smaller organisations. Such models favour large organisations and commercial providers that can withstand the investment J curve.

To attract a diversity of providers, a degree of certainty about funding is needed. This means moving away from funding only outcomes, to providing some upfront service payments, along with payments for achieving benchmarks and exceeding targets.

Recommendations

35. Contestable commissioning for collaboration

Use a collaboration-focused model of contestability, where providers are not in direct competition, or are at least operating in an environment of tightly managed competition between a small number of providers.

36. Sharing good practice

Commission regional communities of practice, supported by continuous improvement mechanisms, where providers share learnings and use data to drive improvement.

37. Fairer performance measurement

Establish targets through a benchmarking approach, rather than a relative approach (Star Rating) to incentivise collaboration between providers. Outcomes targets may vary for place and jobseeker cohort where appropriate.

38. Enabling delivery by smaller organisations

Commission 'enabling organisations' to support smaller organisations to provide employment services, where appropriate.

39. Sustainable funding mechanisms

Employ an uncapped, demand-driven model for market share, with a minimum floor (i.e. a minimum level of places) with upfront funding (and funding per place) to enable smaller organisations to enter the market.

Appendix: Principles for a new generation of employment services

Principles	Systems design	Service design	Practice approach
<p>Mutual accountability</p> <ul style="list-style-type: none"> • Employment services act as a part of a coherent National Employment Strategy • Upwards and downwards accountability – including accountability measures for government and providers linked to goals for employment services • Independent Panel of key stakeholders provides systems oversight and provides public reports on progress • Systems goal is to return strong return for jobseekers, employers and communities 	<ul style="list-style-type: none"> • Tender documents enable providers to deliver in smaller areas and require demonstrated connections to local labour markets, employers and community services (including local government, health and welfare services, education and training, etc.) • Systems goal is to harness local effort to address unemployment and foster economic development 	<ul style="list-style-type: none"> • Clarity about the goal and purpose of employment services • Publicly funded programs and services have mutually reinforcing objectives that connect with and assist employment services outcomes • Providers resourced to invest in strengthening jobseeker skills • Participation requirements of jobseekers are tailored to their circumstances • Transparency of data use with strong privacy protections 	<ul style="list-style-type: none"> • “The Deal” – implementation of something for something concept between providers and jobseekers - backed by investment in capabilities, opportunities and support • Employment services staff clearly understand their role and responsibilities to unemployed and underemployed workers, employers and government and have access to the knowledge, skills and resources to fulfil these responsibilities
<p>Local/Place adaptability</p>	<ul style="list-style-type: none"> • Tender documents enable providers to deliver in smaller areas and require demonstrated connections to local labour markets, employers and community services (including local government, health and welfare services, education and training, etc.) • Systems goal is to harness local effort to address unemployment and foster economic development 	<ul style="list-style-type: none"> • Service tailored for circumstances and opportunities of place • Strong, facilitated connections between local governments, employers, training providers and regional development initiatives (e.g. through a Community Investment Committee) and employment services 	<ul style="list-style-type: none"> • Vocational guidance attuned to regional labour market • Demand-led approaches generate tailored pathways for local/regional employment opportunities • Local employment campaigns are being jointly developed by employment providers and other partners • Providers are co-locating and collaborating with regional education and training providers, regional employers, apprenticeship centres, community services
<p>Collaboration</p>	<ul style="list-style-type: none"> • Commission for collaboration rather than competition between providers (contestable commissioning, abandon star ratings) • System goal that multiple stakeholders work together • System designed to intersect with other federal employment initiatives, as well as state and local offerings. • Government acts as an active market steward with mandate to collaborate to create public value • Employment services have embedded connections with the broader human services system 	<ul style="list-style-type: none"> • Resource capacity to foster connections with commonwealth, state and local government employment initiatives ensure services are not duplicated and opportunities are leveraged, including for those not eligible for employment services • Collaborative-design with employers and training providers of skill development and vocational opportunities to meet labour market need and skills shortage areas • Streamlined employer engagement through national and regional/local brokers linked to Community Investment Committees 	<ul style="list-style-type: none"> • Employment service providers work together to share and deliver best practice approaches • Multi stakeholder Community Investment Committees mobilise local efforts and resources to support employment and economic development outcomes • Parallel support is being provided to jobseekers and employers for successful, sustained employment relationships
<p>Tailoring and timeliness</p>	<ul style="list-style-type: none"> • An evidence based core service offer, with incentives to adapt and innovate to suit local circumstances and different groups of jobseekers • A specialist employment service for young people (aged 15-25) • Allowance for further specialist provision in some contexts • Face-to-face support complemented by digital resources and an opt-in online interface 	<ul style="list-style-type: none"> • Comprehensive (ideally face to face) assessments of jobseekers circumstances and joint assessments for jobseekers with complex needs • Regular reassessment of circumstances of those who are long term unemployed or underemployed • Tailored service offerings responsive to the individual, the cohort of jobseekers to which they belong, and place • Early intervention and front-loaded investment • Shared best practice approaches to effectively supporting different jobseeker cohorts 	<ul style="list-style-type: none"> • Easy avenues to seek reclassification of jobseekers • Specialist consultants within generalist services • Provider partnerships and connections with network of supports relevant to jobseeker cohort • Tools to track progress of tailored approach to individual jobseekers
<p>Capabilities & opportunities building</p>	<ul style="list-style-type: none"> • System goals to reduce incidence of long term unemployment, assist jobseekers to secure sustained employment, and meet labour market needs • National Quality Framework for Employment Services Staff • Strategies to enhance inclusive employment, including through social procurement and corporate social responsibility • Sustainable and stable provider funding, subject to performance 	<ul style="list-style-type: none"> • Smaller caseloads • Strengthening jobseeker capabilities is prioritised • Resource investment in capabilities of employment services staff • Support for employers to successfully realise social procurement, corporate social responsibility and inclusive employment approaches • Delivery models enable smaller providers to re-enter the market 	<ul style="list-style-type: none"> • Jobseekers have opportunities to improve their skills, qualifications and work-readiness • Employment consultants use a capabilities approach which prioritises attention on talents, abilities and potential, rather than deficits. • Advantaged Thinking, backed by a coaching approach, enables aspirations to be met with opportunities • Front-line staff engaged in ongoing professional development • Local opportunities and networks available to jobseekers are increased through partnerships • Providers’ practice supported through Community of Practice
<p>Agency and voice</p>	<ul style="list-style-type: none"> • Independent Panel incorporating voices of jobseekers, employers and local collaborations 	<ul style="list-style-type: none"> • Jobseekers have real choice between different modes and types of supports available to them • Jobseekers have genuine avenues for service input and genuine avenues for redress • Employers and employer bodies have strategic input into service design, reflecting workforce needs 	<ul style="list-style-type: none"> • Jobseekers are empowered and equipped to co-design work and learning plan and negotiate their progress • Jobseekers co-design their employment support • Local collaborations develop localised approaches

