

NESA submission to the Senate Education and
Employment Legislation Committee Inquiry into:
*The Social Security Legislation Amendment
(Youth Jobs Path: Prepare, Trial, Hire) Bill 2016*



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Summary of key points

The National Employment Services Association (NESA) welcomes the many positive opportunities in the Youth Jobs Prepare, Trial and Hire (PaTH) policy. While we understand that the Social Security Legislation Amendment (Youth Jobs PaTH) Bill (the Bill) is only relevant to some parts of the policy we believe it is important to consider its passing in the context of this whole policy.

NESA's comments in this submission are designed to help the Senate Committee understand how the entire Youth Jobs PaTH policy should be implemented. In particular, NESA would like to see the identified resources directed to supports and incentives that will most effectively increase employer engagement with Australia's employment services system and achieve better outcomes for young job seekers. The opportunity is great but there are also risks that must be understood and addressed in the policy design.

NESA has highlighted the following three anticipated benefits and also the related risks with the implementation of the overall 'Prepare, Trial and Hire' policy:

1. If working well this policy will **complement and enhance existing services and employer engagement**. It has the potential to provide additional tools and resources for providers to draw on to tailor pathways into work for young job seekers. It is service providers working one-to-one with job seekers, in local and specific labour markets, that are in the best position to know when, how and what training, internships or jobs are suitable. This local tailoring and allocation of resources is a key strength of the Australian employment services system. The new Youth Jobs PaTH resources should build on existing investment, expertise and systems rather than duplicate, complicate or confuse existing systems.

A risk to effectively implementing this policy is that overly rigid or complicated rules prevent appropriate targeting of additional resources – for example if eligibility rules prevent access to young job seekers who could benefit. This risk can be mitigated with sufficient attention and time given to business process mapping, and to understanding the knowledge, experience and views of employment service providers as well as other stakeholders. After all, many elements of this policy have previously been implemented.

2. The **complementary incentives for employers and job seekers** to take part in an internship and to give job seekers a chance with wage subsidies, are very important. They enable a positive engagement and reduce real risks for both parties. This is especially important to get over the 'no experience hurdle' and for less confident job seekers who may not present well in interviews and need a chance to show and/or learn that they can perform well in a job. It is also helpful for breaking down misconceptions that prevent some disadvantaged cohorts from being offered or even seeking work.

The Bill provides incentives for job seekers which NESA supports. If the Bill is not passed the internships and wage subsidies can still be implemented but they risk being less effective. The current National Work Experience Scheme has no payment for job seekers but also has low participation. Furthermore, currently it can be risky for some job seekers to take a job with a wage subsidy, as if they lose the job they may not get their social security payments restored efficiently. This can act as a disincentive.

3. It should **build awareness and engagement in employers** of all sizes, toward the positive potential of Australia's employment services system to better support employment participation and to supply the skills required to meet the country's productivity needs. However, if it does not work well it could have a negative effect on employers' and the

wider population's perception. At present, it seems that the role of employment service providers is not fully understood. Indeed some aspects of this policy are in place already in a slightly different form, and this has not been fully appreciated by all non-government advocates for the policy.

To work well this policy requires employment service providers to perform many key tasks which should not be overlooked or underestimated in terms of both the expertise and resources required. Key roles that service providers will perform – which are critical to ensuring that the internship and wage subsidy aspects of the policy have a positive influence on awareness, and that resources are used well – include the following:

- **Service providers will be critical in finding and assessing the appropriateness of internship placements.** They will need to consider whether an employer is genuine about providing a real job if the job seeker works out. At the same time the service provider must ensure the placement is not displacing a real job and that the employer will be offering adequate supervision.
- **Service providers will need to engage and build confidence in both employers and job seekers around specific job opportunities** and the specific benefits of employing a particular young person. They will need to follow up to ensure it goes smoothly and that the necessary support or training is in place. Sometimes it will be useful to make use of the employment fund for tailored post-placement support or mentoring. In the experience of many providers, mentoring can be just as important for the employer as it is for the job seeker, depending on circumstances.
- **Service providers will need to ensure the various payments and administrative systems work well** and that the employer and job seeker get the funds they are entitled to. Often they will also need to ensure job seekers' mutual obligations are appropriately met and that all parties understand the rules.

NESA is pleased with the intention to compensate service providers for their part in delivering the internship policy. However, the details of this are being developed without a broad consultation process and we urge caution. NESA recommends that there be a built-in opportunity to review the effectiveness of processes and amend as required.

There was broader consultation on the 'prepare' (employability skills training) component. Some issues were addressed, however, a fundamental issue for service providers remains. As it stands, if a jobactive provider successfully tenders to be an approved provider of employability skills training, they will not be able to train job seekers from their own caseload. This is inefficient and reflects misunderstanding of a core strength that many employment service providers have demonstrated in past programmes. It is particularly challenging in smaller regions where there are fewer options. It will also be inconvenient for job seekers. For example, an individual may be required to undertake job search activities and appointments with one jobactive provider and then cross town to another provider to learn the same employability skills that they are putting into practice with the first provider.

It would be preferable that the Youth Jobs PaTH resources be better consolidated and enable a jobactive provider to develop a stronger relationship with the job seeker around positive job search activities, enhancing their collaboration and capacity to tailor an effective pathway to work. This approach has proven very effective in the past.

Introduction

About NESA

NESA is dedicated to creating opportunity for all through employment. Our mission is to lead a sustainable, effective and diverse employment and related services industry.

NESA is the peak body for all of Australia's world-renowned contracted employment services which provide labour market assistance to improve opportunities and outcomes for disadvantaged job seekers and employers. Our members include not-for-profit and private organisations that have extensive coverage of jobactive, Disability Employment Services (DES), the Community Development Programme (CDP), and other complementary programmes such as Transition to Work (TTW).

Consultation with employment service providers is important

To ensure that the components of the Youth Jobs PaTH are most successful, the perspectives of all stakeholders must be well understood and accommodated in the detailed design. Labour markets are complex organic systems and where assistance and intervention is required it is important that the role of each component be properly considered. However, the speed at which PaTH has been developed has made comprehensive consultation difficult - opportunities may be missed.

NESA members will play a central role in the implementation of the Youth Jobs PaTH policy. They also have experience delivering similar initiatives including employability skills training, work experience placements and promoting or activating wage subsidies across different service designs over three decades. This experience, and the views of employment services providers should be properly canvassed and understood in the strategic and technical design of this policy. This submission provides relevant insights from our members.

Sufficient flexibility in the application of Job PaTH is important to ensure that existing resources and expertise is harnessed

The sector knows how to bridge the interface between young disadvantaged job seekers and employers drawing on both youth support expertise and labour market expertise. The design of the Youth Jobs PaTH should be flexible enough to allow employment services to implement their tailored and proven strategies. Our recommendations in this submission aim to facilitate this, and give the Job PaTH the best chance of success.

The opportunity with the Youth Jobs PaTH is to complement and enhance existing services and employer engagement

The achievements of Australia's employment services system could not have been delivered without the effective engagement of employers. However, consultation with employers and industry stakeholders continues to indicate limited awareness of employment services programmes, and that most become aware only through direct approaches by providers.

NESA's previous comments in response to the consultation paper on employability skills training were aimed at assisting the Government to achieve the goals of Job PaTH by building on existing programmes and building stronger employer engagement across the board. NESAs strongly believes this approach will work whereas artificially isolating the initiative and attempting to 're-invent the wheel' may be counter-productive. We have repeated some of the content of our submission to the Department below for the benefit of the Senate Committee.

Overall Youth Jobs PaTH design

The legislation is important to ensure positive incentives for job seekers

NESA supports the Bill. It fulfils an important role in allowing job seekers to have confidence in their ongoing security. It also provides a positive incentive that employment service providers can work with when seeking to build the confidence and motivation of young job seekers. Some disengaged young people do not believe they can work and have little experience of real and positive engagement in the world of work. Providers repeatedly note that simply gaining real experience is what is needed to overcome these misconceptions and break the cycle. However, it is not always easy to convince someone to take that step, especially if they come from a family that has experienced intergenerational disadvantage in labour markets. The extra money can provide the incentive for a young job seeker to cross that psychological hurdle with a willing employer, the positive outcomes of which touch not only the young job seeker themselves, but have positive flow-on effects within the whole cohort of youth job seekers.

But this will not happen in isolation: the whole system needs to be working well.

NESA wants to see the 'Youth Jobs PaTH' succeed through complementing existing services and augmenting the labour market

With the right design the Youth Jobs PaTH has potential to enhance the effectiveness of existing programmes and initiatives. If implemented well, it will create opportunities for young people, employers and the economy through effective labour market matching and assistance.

This means that all the elements of the Jobs PaTH need to cohere with the rest of the employment services system. Otherwise, confusion, duplication and lack of clarity will create administrative burdens and inequity and waste precious resources and opportunities. The initiative needs to be understood by the key stakeholders who will implement it. For example there needs to be a clear articulation of the logic for eligibility and procurement policy for the various forms of employability skills training, the internships and the wage subsidies across youth cohorts.

NESA recommends that all youth cohorts are eligible for PaTH components (including early access to employability skills training) if deemed useful by the employment services provider. Outcome-focussed incentives for providers will help ensure that the various supports are only used where appropriate as a component of an effective tailored support package for young job seekers.

There needs to be a focus on developing quality, skills and best practice at the front line of employment services providers in order to achieve appropriate referrals and positive outcomes. This is where the success of PaTH proposals will live or die.

Expert front line workers build the confidence of both job seekers and employers to try things that are outside their comfort zone. These workers need to identify exactly what additional supports should be useful, and make use of the employment fund. For example they need to assess whether transport, or clothing, or family care responsibilities, or illness are providing barriers to employment and put the right steps in place to address these issues. They need to identify actual training needs and suitable options. They also need to identify good labour market matching between job seeker aspirations and skills, and real opportunities.

What is required is a flexible guidance framework rather than a rigid over-prescribed process. The focus of investment should be on practice. NESA recommends that funding is provided to develop relevant practice guidance for employment consultants and related practice evidence. This

includes effective techniques for encouraging and building the confidence of highly disadvantaged job seekers so that they volunteer for internships or early training and for enforcing mutual obligations and keeping all parties safe. In particular, additional resources are required to administer and provide non-voluntary training.

In relation to the employability skills training component, a sufficiently diverse market of training providers will allow job seekers some choice over what training providers they go to. This market pressure, if there are sufficient options, will have a quality impact as the price is set. A broad market can be achieved with the following measures:

- jobactive providers should be permitted to refer job seekers to in-house training options if they have successfully tendered to be on the training panels
- sufficient payment
- an analysis of gaps to inform targeted facilitation and promotion of the development of training options in key areas and industries and for particular job seeker cohorts
- investment in the development of capacity-building tools for training providers which they can draw on to ensure cultural competence.

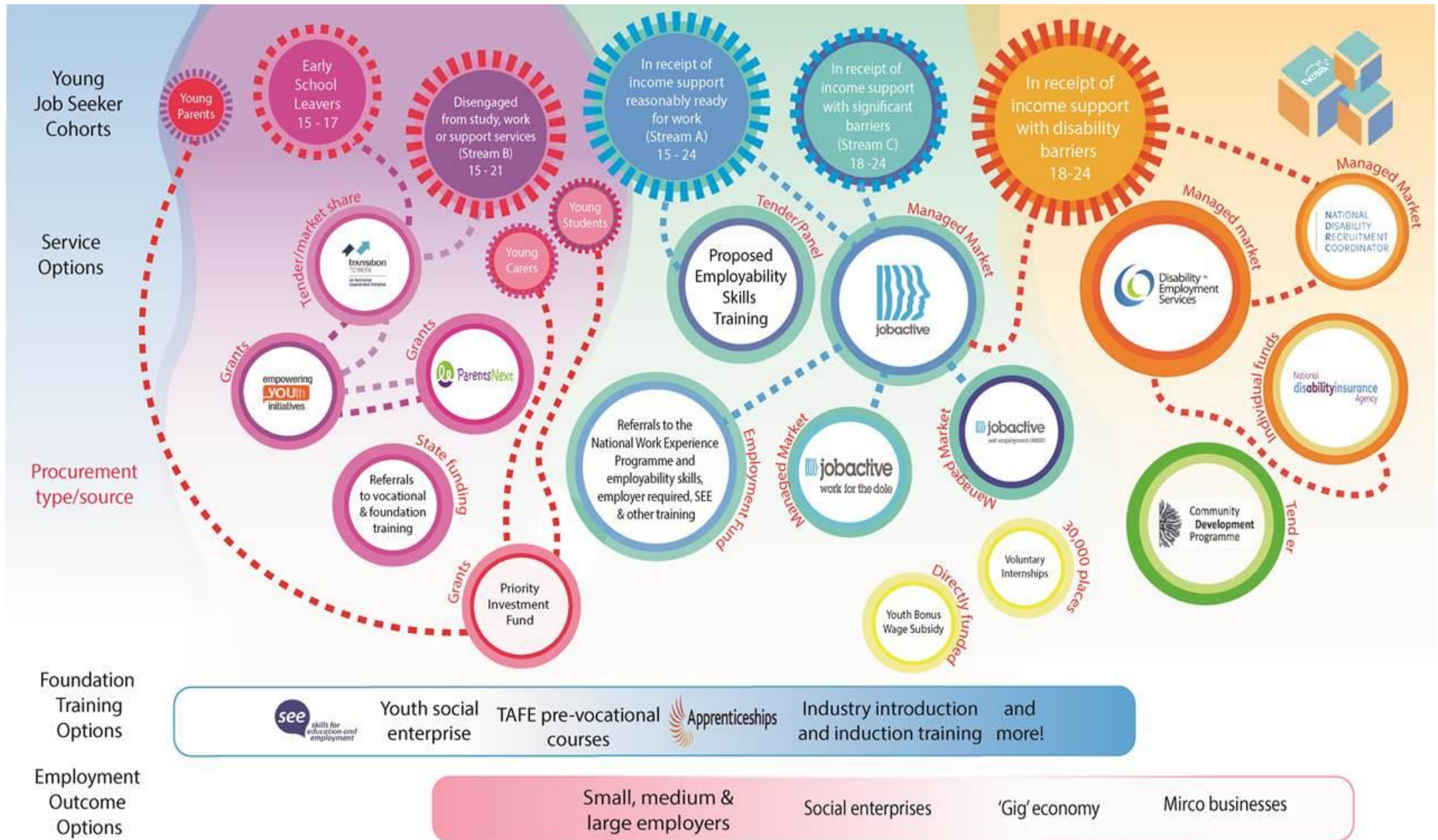
The comprehensive context must inform system design

NESA would like to see a strategic picture of how the system is intended to work as a whole for young jobseekers that need labour market assistance. In addition to the Youth Jobs PaTH there is Transition to Work, ParentsNEXT and Empowering YOUth. There are also the major programmes which all deliver services to young jobseekers such as jobactive, Disability Employment Services and the Community Development Programme. More recently the Priority Investment Approach fund was announced which will target three youth cohorts in its first round to be announced in December. In addition there are a great number of State and Territory Government funded initiatives, either related to education or directly intended to address youth unemployment.

A comprehensive picture is required to ensure coherent decisions about the boundaries, pathways and procurement of all components. For example, there are assumptions and consequences related to job seeker eligibility that need to be understood in the broader context to avoid gaps, inequity, or unwarranted complexity (see Figure A over the page for an indication of the possible contextual relationships with related services in this landscape). Furthermore, different geographical, economic and community contexts provide different employment options and require different assistance. [Responsiveness is the key](#).

Service providers and employers also report confusion about how the proposed elements of Youth Jobs PaTH 'bolt-on' to an already complex service system. For some it is unclear how it will differ or interface with current skills training offerings including industry based programmes and jobactive. There is valid concern that an incoherent system design, with duplication, will create administrative burden. There is also frustration reported that some previously effective models do not appear to have been recognised or drawn from. For example, the Job Search Training and Job Club initiatives were effective at developing employability skills via employment service providers' in-house training. Resourcing for this kind of programme has been removed.

Figure A: Elements in the potential youth employment support landscape



Targeting resources well via effective referral pathways and early access

Policy consideration is required to determine where the best drivers for the referral pathways should sit. Where a fully voluntary approach is indicated, investment is required in 'recruitment' and outreach by providers, as is promoted with Transition to Work (TTW). Sometimes this TTW outreach will appropriately result in voluntary engagement with Centrelink and jobactive to receive income support and access to early intervention employability skills training. However, it may also be appropriate for the benefits of early intervention and employability skills training to be available to young job seekers without first being obliged to seek income support.

This option is currently not available in the proposals. It may be that early school leavers are deemed to benefit from more intensive intervention and/or reengagement in school. If so it is not clear why the current age range is proposed. [NESA would like to see a clear articulation of the logic for eligibility policy for the employability skills training across the youth cohorts.](#)

Most young people, from any background, who do not have employment experience will lack some employability skills or work experience and could benefit from training and internships. Early access is often preferable to becoming a frustrated job seeker during their initial experience of being in receipt of income support. However, individual circumstances, capability, ambitions, local employment opportunities and access to other support can make all the difference as to whether it is the best choice for a particular individual. As noted before NESA believes that the employment service provider in consultation with the job seeker are in the best position to make this call and we recommend all youth cohorts are eligible for early access to employability skills training and internships if deemed useful by the employment service provider

Referrals to employability skills training - further detail about a significant operational issue that needs to be understood and addressed

NESA is very concerned that jobactive providers will not be able to refer job seekers from their own caseload to their own training if the provider has successfully tendered to be on the panel of training providers. In some locations a jobactive RTO is the best and potentially only appropriate training option. This can be related to geography, resources and links with employers.

There is a need for safeguards around this approach as is the norm with contracting and related entities. However, the risks of inappropriate referrals can be managed. On balance, the advantages are outweighed by the risks of allowing job seekers the full range of options.

Furthermore, there are significant advantages to some of the training being delivered in-house by employment service providers. This is particularly the case for the proposed 'block two' of the employability skills training which is about job search skills, where providers have significant expertise. If an in-house approach is allowed it can be much more streamlined and integrated with real job search and work experience leading towards employment outcomes.

[NESA strongly recommends jobactive providers be permitted to refer job seekers to in-house training options if they have been appointed to a training panel. This will help to ensure the best range of options are available to job seekers. This less restrictive approach should be complemented with risk-based safeguards around related party contracting.](#)