



everyone's family

Inquiry into the appropriateness and effectiveness of the objectives, design, implementation and evaluation of Jobactive

Senate Standing Committee on Education and Employment

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Submission to the Senate Standing Committee on Education and Employment



Overview of The Smith Family

The Smith Family is a national charity founded in 1922 to improve the lives of disadvantaged children and young people in Australia. Almost a century on from its founding, it is now the nation's largest children's education charity.

Our vision is a better future for young Australians in need. Our mission is to create opportunities for young Australians in need by providing long-term support for their participation in education. This mission is founded on the belief that every child deserves a chance.

Our mission guides every element of our work, including program development and delivery, research, advocacy and fundraising. The Smith Family delivers programs in each state and territory in Australia, in over 90 communities, including many regional and rural communities.

In 2016-17, The Smith Family supported more than 150,000 children, young people, parents, carers and community professionals through its programs. Over 120,000 children and young people participated in programs run by The Smith Family. We are supporting 42,000 children and young people on our largest program, the *Learning for Life* educational scholarships.

In 2016-17, The Smith Family's total income was approximately \$100 million. Around 70 per cent of this funding comes from private donations from individual supporters, corporate partners, universities, trusts and foundations, and bequests. There are over 230 partnerships helping to sustain our programs. Only a quarter of The Smith Family's income is sourced from different levels of government.

As part of our leadership and collaborative work in the sector, The Smith Family is a member of a number of organisations and represented on a number of advisory groups and boards. This includes being a member of the Community Council for Australia (CCA), with our Chief Executive Officer, Dr Lisa O'Brien, sitting on their board.

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1. Introduction

The Smith Family welcomes this Inquiry and thanks the Senate Standing Committee on Education and Employment (the Committee) for the opportunity to provide a submission. Given the challenges faced by jobseekers in the current labour market, it is pleasing to see the Committee is looking at the overall effectiveness of *Jobactive*, including alternative approaches to improve its operation. We also note that the Department of Jobs and Small Business (the Department) is conducting an independent review into the design of employment system post-2020. Our hope is that both the Inquiry and the independent review will complement one another, strengthening each other's work and finding common areas for improving service delivery.

This submission offers comment regarding young people entering the workforce from secondary and tertiary education. The Smith Family understands that for a person to have a dignified quality of life, they need decent, secure employment. However, it is difficult for young jobseekers, entering the labour market for the first time, to find quality, sustainable work. They face challenging economic conditions. Whilst unemployment is 5.4%, youth unemployment is more than twice as high, at 11.6%.¹ Even these national youth unemployment figures mask stark locational differences. As at March 2018, some regional hotspots had youth unemployment rates well above 20%.² Southern Highlands and Shoalhaven (NSW), Wide Bay (Qld), Tasmania South East and Murray (NSW) experienced rates between 20 and 30%. National underemployment is approximately 8.5%,³ yet in February 2017, youth underemployment was 18%, the highest such rate in forty years.⁴ In combination, the youth unemployment and under-employment rates highlight the labour market challenges facing young Australians.

Every day The Smith Family works with highly disadvantaged young people who directly experience these difficult conditions, and are navigating the transition between school to work, training or further study. During this period they make important decisions about life and career. These young people are also at the greatest risk of being trapped in cycles of poverty and disadvantage where they will struggle to find, secure and sustain decent work. Unless they can break such cycles, their ability to earn a living wage, and accumulate some personal wealth for the future, is severely hampered.

The young people we support on our largest program, *Learning for Life*, face a range of challenges. All are from low income families and four in five of them live in a family where one or more members are experiencing a major health or disability issue. As a consequence, 70% of our students have parents or carers who are not in the labour force. These young people are at significant risk of not being in employment post-school. Yet they have so much to offer potential employers. They are remarkably resilient, have a strong work ethic as well as high aspirations to

¹ Heath, Mark, '[Australian jobs show weakness even as unemployment rates falls](#)', *Bloomberg News*, June 14 2018; Department of Jobs and Small Business, [Labour Market Information Portal](#), National figures as at July 2018.

² Brotherhood of St Laurence, [An Unfair Australia: mapping youth unemployment hotspots](#), March 2018, p 2.

³ Heath, Mark, '[Australian jobs show weakness even as unemployment rates falls](#)', *Bloomberg News*, June 14 2018.

⁴ Brotherhood of St Laurence, [Generation stalled: Young, unemployed and living precariously in Australia](#), March 2017, p 2.

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create a better life for themselves. The key is providing young jobseekers with the right support at the right time, so they can both complete school and move into work and/or study post-school.

Our submission responds to items (a), (d), (g), (i) and (j) of the Terms of Reference. It outlines ways that *Jobactive* can better cater to young people, offering the right kind of support to help them navigate the precarious nature of the present labour market. Specifically we make the following points:

- the Committee should consider how to best cater for the needs of young people across the 15-24 years old age bracket. These jobseekers face significant challenges in the labour market and it is important that they receive tailored assistance that takes into account individual need.
- an increased focus on disadvantaged jobseekers should mean providing ongoing case management to help each individual become job ready and then find, obtain and keep a job based on their plans for their future.
- the Inquiry should identify ways that the Department, as the 'market steward' can better collaborate with other relevant Federal departments, as well as relevant state and local government bodies. This will help build more targeted services that respond to local economic conditions, and wherever possible link jobseekers up with other important services that are important for them finding and maintaining employment.
- the outcomes that should be measured in *Jobactive* services should not simply be services delivered and job placements provided. Outcomes should include whether individual jobseekers have successfully overcome personal barriers and become job ready, and whether they have developed lasting, transferable skills for ongoing participation in the labour market.
- when examining activity requirements and penalties for non-compliance, the Inquiry should recognise the structural difficulties jobseekers face with present levels of unemployment and underemployment, as well as the precarious nature of entry level positions.

These points are outlined further below.

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2. Providing young people with a better employment service experience

It is important that young people aged 15 to 24 years old have access to targeted, high quality employment services via *Jobactive* or the other standalone supporting programs. This is because young people transitioning from school, or higher education, to work face a unique set of challenges and are at risk of longer-term detachment from employment unless the right supports are offered during this transition period. Presently, specialist support for young people is largely available from additional programs like Transition to Work (TTW), rather than *Jobactive*. The Smith Family recommends that the Committee develop a clear plan for where to situate services focusing on young people to ensure no one falls through the cracks, or receives inadequate assistance.

After school or university, young people are faced with an array of complex challenges about how to best secure their immediate future, such as:⁵

- adjusting to new institutional and social surroundings as they leave school or university,
- assuming the civic, financial and community responsibilities associated with becoming an adult,
- personal, emotional and psychological journey of moving from late adolescence to early adulthood, and
- adapting and diversifying their strategies for job searching and labour market entry, in line with changing labour market conditions.

Because of the above challenges, young people generally are identified as a group at risk of long-term marginalisation and detachment from the labour market. Within this cohort, there are certain sub-groups who are at heightened risk, including those:⁶

- from Aboriginal and Torres Strait Islander backgrounds,
- from lower socio-economic backgrounds,
- with disabilities,
- who are newly arrived migrants, and
- with underlying mental health issues.

Difficulty accessing the labour market is compounded when people have multiple, complex needs, for instance being from a low socio-economic background whilst also having a disability. There are many disadvantaged young jobseekers grappling with challenging life circumstances whilst they are also entering the workforce for the first time. New research also suggests that young people growing up in poverty, especially those in disadvantaged and low-income areas, have restricted access to activities outside school that help post-school transitions and are disconnected from neighbouring employment and economic hubs.⁷ This means it is much more difficult for these

⁵ The Smith Family, *Young people's successful transition to work: What are the pre-conditions?*, September 2014, p 1.

⁶ The Smith Family, *Young people's successful transition to work: What are the pre-conditions?*, September 2014, p 2.

⁷ Skattebol, J. & Redmond, G., 'Troubled kids? Locational disadvantage, opportunity structures and social exclusion', *Children's Geographies*, 25 June 2018, p 6-7.

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young people to build knowledge and skills of post-school options and develop suitable career aspirations.

Additionally, there has been a narrowing of entry-level opportunities in the labour market, including the range and availability of full-time positions. Young people are disproportionately affected by this. There are four main ways that changes in the patterns of employment in the economy have impacted young people moving from school or higher education to work:⁸

1. employment growth has occurred in sectors that do not have well-developed career structures spanning entry level through to higher roles,
2. employment growth has occurred in sectors characterised by insecure forms of employment,
3. traditional labour market entry point positions in primary and manufacturing industries for young people have been in decline,
4. large organisations have changed their recruitment, appointment and staff management practices.

Given the precarious nature of the labour market for young people, detachment from work or further study risks starting a longer-term pattern of unemployment. This risk is greater for disadvantaged young people, including the particular sub-groups mentioned earlier. Difficulty accessing entry-level positions not only affects those who have left school and not pursued further training or study. Students finishing tertiary education are finding it increasingly difficult to enter their industry of study. For instance, in 2017, 71.8% of undergraduates were in full-time employment four months after completing their degree, a proportion very similar to the 2016 outcomes.⁹ This leaves almost three in ten graduates without full-time work.

It is crucial that the employment services system has specific support tackling the difficulty of the transition to work period for young people, as well as the precarious nature of entry-level work. This tends not to be the focus of *Jobactive*. Specialised support could be offered as part of *Jobactive*, or delivered via youth-focused programs akin to TTW. The important point is that either way, employment outcomes for this cohort will be better if the support is tailored. Equally important is ensuring that youth-focused programs are widely accessible, especially for disadvantaged young people, and others at risk of detaching from education or training.

⁸ The Smith Family, *Young people's successful transition to work: What are the pre-conditions?*, September 2014, p 2-3.

⁹ Social Research Centre, *2017 Graduate Outcomes Survey: National Report*, January 2018, p ii.

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3. Providing sustained support for jobseekers, especially disadvantaged persons

The Smith Family believes that *Jobactive* needs to improve the quality of assistance provided to disadvantaged jobseekers.¹⁰ The system needs to more strongly encourage long-term case management services for those who need sustained assistance. Many disadvantaged jobseekers have to overcome multiple personal barriers in order to be ready for work. Yet *Jobactive* sees high caseloads with limited direct support from caseworkers for the majority of jobseekers, including those in Stream C, a point which has already been acknowledged by the Department.¹¹

Increasing the focus on disadvantaged jobseekers requires ensuring that these people have easy access to intensive, ongoing case management to help them firstly become job ready and overcome personal barriers, and then find, obtain and keep a job. For instance, in relation to young jobseekers, research demonstrates that they are likely to have a stronger attachment to the labour market if they have stable economic supports, stronger levels of personal support, strong job search skills, knowledge of the labour market, ability to career plan, high generic skills and ability to recognise skills required.¹² Disadvantaged young jobseekers typically need to access these supports via employment and other social services. This situation is presented in the figure below.¹³

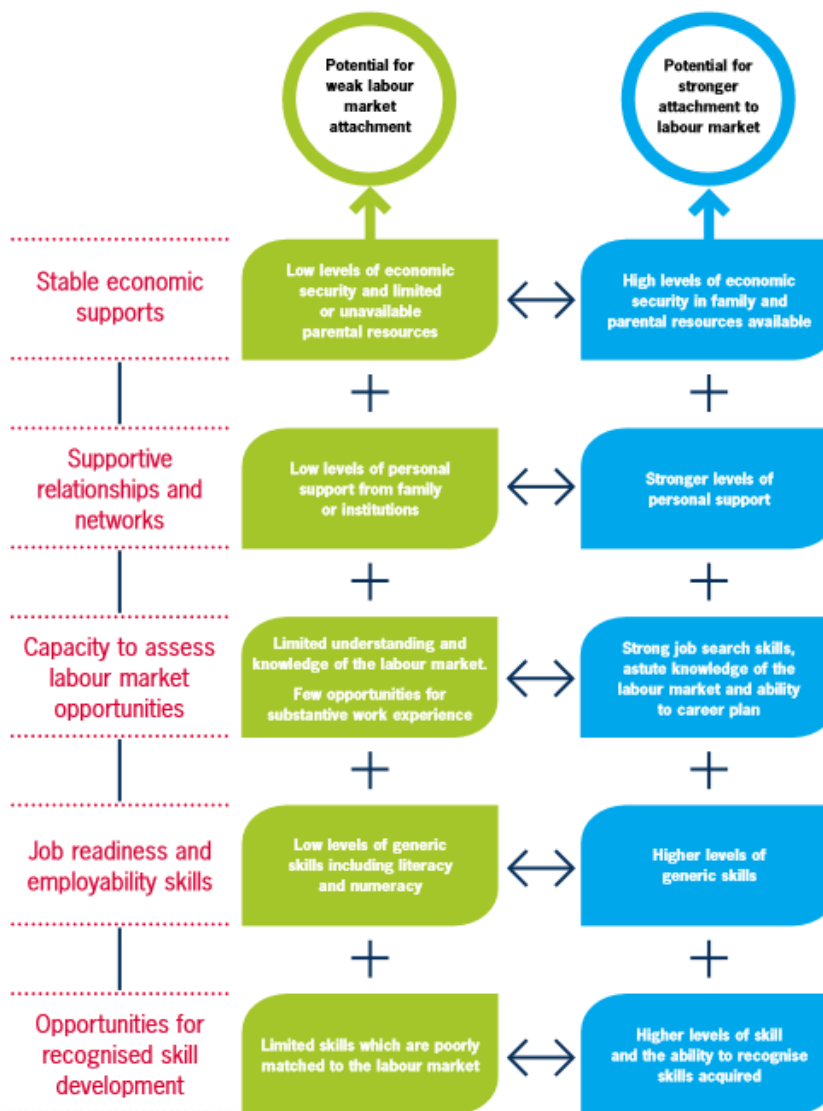
¹⁰ This position was also reflected by the Department of Jobs and Small Business in its Discussion Paper, *The next generation of employment services: Discussion Paper*, June 2018, Chapter 3.

¹¹ Department of Jobs and Small Business, *The next generation of employment services: Discussion Paper*, June 2018, p 20.

¹² The Smith Family, *Young people's successful transition to work: What are the pre-conditions?*, September 2014, p 4-5.

¹³ The Smith Family, *Young people's successful transition to work: What are the pre-conditions?*, September 2014, p 5.

The preconditions for labour market attachment



A starting point for improving *Jobactive* is to reduce the pressure of high caseloads. Research shows the average caseload is 148 job seekers per consultant.¹⁴ Reducing caseload pressure allows case managers to invest time in clients, build with them a life plan for becoming job ready, and stay with them as they transition into the first stages of employment and beyond. Case managers need also need more flexible access to funds for training and personal development. This is just as applicable to young jobseekers as other cohorts as well.

¹⁴ Lewis, J; Considine, M; O'Sullivan, S; Nguyen, P; Mcgann, M, *From Entitlement to Experiment: The new governance of welfare to work - Australian Report back to Industry Partners*, 2016, p 15, also cited in the Department of Jobs and Small Business Discussion Paper, p 28.

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4. Improving collaboration on delivering employment services

Jobactive will continue to have limited impact for disadvantaged jobseekers if the system continues to operate as a silo, largely isolated from the other human service portfolios. As part of considering alternative approaches, the Department needs to develop better ways of collaborating with other relevant portfolios to improve the impact employment services have on the lives of jobseekers.

For instance, in the case of young people, better collaboration requires working with the Federal Department of Education and Training, and ideally their state and territory counterparts, on designing and delivering career pathway and post-school transition programs as mentioned earlier. Similarly, the Department needs to collaborate with relevant state and territory agencies operating in the employment space. Better inter-governmental cooperation will also help deliver better, locally targeted services. For instance, the Department should be collaborating with agencies such as the Jobs Victoria Employment Network, that offers services to particular cohorts of disadvantaged jobseekers. Improved collaboration will ensure resources are deployed to maximum effect, offering a more tailored service offering that will have a bigger, more positive impact on the lives of jobseekers. It is only by leading cross-government collaboration that the Department will become an effective 'steward' the mainstream employment services system that *Jobactive* represents.

Jobactive should also facilitate the creation of stronger local partnerships in service delivery. Employment programs work better if they are responsive to local economic and labour conditions. The Department needs a national framework for helping unemployed people that links to organisations that understand economic and labour conditions in local areas. This includes local employers, chambers of commerce and other business associations, trade unions and other community sector providers. In the case of young people, these types of organisations have employer networks in various industries, knowledge of employment pathways and access to impactful, pre-existing programs.

It is also important, where appropriate, that *Jobactive* connects with successful post-school transition programs delivered at the school and tertiary level. At the school level, since 2013 The Smith Family has partnered with businesses and employers to deliver the *Work Inspiration* program. This program is delivered in schools to students from Years 9 to 12. It offers them a meaningful, practical opportunity to engage with the world of work, across different industries. Students spend time in various workplaces, interacting with employees, and learning more about the skillsets required for the particular industry. It helps create pathways for young Australians within and beyond school. It helps young people in the transition between school work and/or further study, and helps keep them attached to education and the labour force. Current employers involved in the program include Microsoft, SAP, McDonalds, Hilton Hotels, Arup Engineering, DLA Piper, Audi, Kain Foundation and Flight Centre. In 2016, approximately 884 students from Smith Family partner schools participated in *Work Inspiration*.

At the tertiary level, The Smith Family is piloting the *Cadetship to Career* program, a joint initiative with the Business Council of Australia (BCA). This program offers professional cadetship opportunities for around 85 disadvantaged students who are currently part of The Smith Family's Tertiary Scholarship Scheme. A cadetship runs for typically two to four years. During this time, cadets receive eight weeks of paid full-time employment per year with a BCA member company,

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workforce-focused training and skills development, as well as continuing financial support via the Tertiary Scholarship Scheme. By participating in the program, cadets improve their job readiness, hone their own career aspirations, develop new professional networks, and potentially access entry-level employment positions. It is a promising example of how charities and business can collaborate and achieve shared outcomes benefitting the community.

5. Developing more sophisticated outcomes to measure service effectiveness

In order to maximise job seeker outcomes achieved via *Jobactive*, the system needs to help these jobseekers well beyond finding short-term placements and to think about the longer-term employability and resilience of each candidate. The Smith Family strongly encourages the Inquiry to consider a holistic set of outcomes to measure the progress of each jobseeker, especially disadvantaged persons.

It is an insufficient test of the effectiveness of *Jobactive* if the items measured are solely job placements and type of services delivered. Part of the measurable outcomes should also be whether individual jobseekers have become job ready through participation in employment services. This would include whether jobseekers have overcome personal barriers preventing employment, whether they now have a meaningful and achievable career plan, and whether they have transferable vocational skills. Additionally, measuring job placements should include whether the candidate was able to sustain employment over the medium to longer-term. In focusing on outcomes, reasons for termination should also be measured, such as the individual's performance, the employer's approach, and the impact of broader economic conditions.

If services are redesigned to achieve these types of outcomes, over time it will help ensure that jobseekers are more resilient, skilled and adaptable to changing labour market conditions, particularly with stubborn rates of unemployment and underemployment, and better able to sustain employment over longer periods of time.

6. Accounting for structural factors and disadvantage in activity and compliance requirements

Whilst *Jobactive* focuses on mutual responsibility and prescriptive activity requirements, what must also be acknowledged is the fact that structural economic and labour market factors, outside the control of individual jobseekers, influence their ability to find work. This includes the level of unemployment and underemployment. As at February 2017, 659,000 young people were under-utilised in the labour market, being either unemployed or not employed with sufficient hours.¹⁵ As mentioned earlier, certain regions of Australia are grappling with youth unemployment hotspots where the rate of unemployment is over 20%. This is in addition to the precarious nature of entry-level positions for young people.

¹⁵ Brotherhood of St Laurence, *Generation stalled: Young, unemployed and living precariously in Australia*, March 2017, p 3.

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The Department has already acknowledged that 'it can be hard to find a job without help', and that on average an employer receives 17 applicants for every advertised vacancy.¹⁶ The Inquiry must acknowledge the present dynamics of the labour market as it examines activity and compliance requirements for individual jobseekers. Requirements that are constructed in isolation from general economic conditions that do not take into account the structural difficulty in finding work - factors that lie outside the control of individual jobseekers - will place an undue burden on them.

As mentioned earlier, disadvantaged jobseekers need sustained, ongoing support from service providers to become job ready. Their activity requirement should not simply be jobs applied for, and instead incorporate into the compliance process the longer-timeframe and pathway they require in order to find work, and the steps they need to take on that journey.

7. Conclusion

Helping young Australians become job ready, secure decent work and achieve a dignified quality of life remains a core economic and social priority for government. The Smith Family commends the Inquiry for actively thinking about how to systematically improve *Jobactive*. Given the challenging nature of the labour market it is imperative that we modernise employment service delivery to fit the times, and to get the right type of assistance to those who need it the most.

¹⁶ Department of Jobs and Small Business, *The next generation of employment services: Discussion Paper*, June 2018, p 14.