



Submission to the Review of Employment Services

Toni Wren, Employment and Social Policy Consultant, 22 March 2013

Toni is an independent Employment and Social Policy consultant with expertise in research, policy development and advocacy, as well as non-profit management and strategic thinking. Over the past seven years Toni has advised the Federal Government, the Business Council of Australia, ACTU; ACOSS and other leading non-profit organisations across a range of issues, including demand-led approaches to employment. She is the author of *More Forces at Work, how 10 non-profits tackled unemployment and more in their communities*, published by Jobs Australia in 2010.

Toni worked in the UK, USA and Japan for more than a decade from 1995, including as Research Director for the UK's National Employment Panel, an employer-led organisation advising UK Ministers on labour market policies and performance. During her earlier career in Australia, she advised Ministers and Shadow Ministers from across the political spectrum, and worked at ACOSS and the NSW Welfare Rights Centre.

Toni has a Masters in Non-profit Management from the New School for Social Research in New York, undergraduate degrees in economics and business communication from Australian universities and is currently a member of the National Facilitating Group for Anti-Poverty Week.

This submission draws on her extensive policy and analytical skills, overseas experience and recent practice on the ground in Australia working across a range of projects addressing Indigenous unemployment, families where no-one has had paid employment for more than a year; people with disabilities; measures to improve youth attainment and transition; place-based initiatives; ageing; social enterprise and best practice non-profit employment services.

For more on Toni and her recent and past experience and references cited in this submission, see www.toniwren.com

1. CONTEXT

Long term unemployment is growing and unemployment for our most disadvantaged Australians remains stubbornly high.

Overall the number of Newstart and Youth Allowees (Other) is close to 790,000, a 60 per cent increase since the Global Financial Crisis began in September 2008.¹ Most unemployed Australians on Newstart or Youth Allowances secure employment within three months of claiming benefits. This group needs limited help with job search. However entrenched unemployment is growing and of great concern: at January 2013 more than 500,000 people or 64 per cent of all Newstart and Youth Allowance recipients had been unemployed for more than a year.² This has increased from 57 per cent since the GFC. At August 2012, the average duration for people receiving Newstart was two years, or 104 weeks.³ At the same time, 34 per cent of all those receiving support from JSA providers had been unemployed for more than two years.⁴

Indigenous outcomes remain very disappointing – the 2011 Census shows employment rates have declined since 2006 and Indigenous people are more than three times as likely as non-Indigenous people to be unemployed – 16 per cent compared with 5.1 per cent in 2011.⁵

Young people – In 2011, 27.5 per cent of 18–24 year olds in Australia were not fully engaged in employment, education or training and this has increased from 23.7 per cent in 2008. The main factor is the significant fall in full-time employment from nearly 46 per cent in 2008 to just fewer than 40 per cent in 2011.⁶

Older job seekers have been severely affected, with the average duration of unemployment for persons aged 45 years and over at 59 weeks, compared with 38 weeks for those aged 25-44.⁷

The OECD currently ranks Australia 21 out of 29 countries for employment participation for **people with a disability**. While labour force participation rates for non-disabled people increased significantly from 1993 to 2009, they remained the same at 54-55 per cent for people with disabilities. At 2009, the unemployment rate for people with disabilities was 7.8 per cent compared with 5.1 per cent for non-disabled people.⁸

Families with dependent children where no one has obtained paid employment for more than a year (**jobless families**) represent one in eight Australian families and these are more at risk of poverty and are most likely to be headed by a sole parent. About one third of these have been persistently jobless for three years or more – placing their children at risk of poorer educational outcomes; health and behavioural problems.

There are concentrations of unemployment and **disadvantage by location** including near areas where jobs are available. For example Broadmeadows in Hume, Victoria has youth unemployment of over 50 per cent and educational attainment far below the national average and in 2009, over 40 per cent of children in their first year of schooling were vulnerable on one or more domains of the Australian Early Development Index. In 2011, just over one half of working age Australians (55.1 per cent) living in the most disadvantaged areas had, or were studying for, a non-school qualification. In comparison, over three quarters of the population (76.5 per cent) living in the least disadvantaged areas were studying or qualified.⁹

2. DOES JSA MEET THE NEEDS OF DISADVANTAGED JOB SEEKERS AND EMPLOYERS?

The current Job Services Australia contract delivers poor outcomes especially for the most disadvantaged.

At June 2012, less than 50 per cent of all JSA Stream 1-4 obtained employment, and of these, 60 per cent were employed part-time (less than 34 hours per week). Of those who found employment, more than half was casual, temporary or seasonal and a significant proportion (45 per cent) who would like more work, and were seeking it.¹⁰ Outcomes for Stream 3 and 4 were worse, with only 31 per cent of JSA Stream 4 clients and only 38 per cent for Stream 3 obtaining employment. Only one-third of those obtaining employment had permanent jobs. Outcomes for DES clients are also disappointing with only one third obtaining employment after getting support.¹¹

There is not enough support for the most disadvantaged and long term unemployed people.

ACOSS says the current Job Services Australia system doesn't encourage investment in people unemployed long term, who have only a 50 per cent chance of finding work without further assistance. For instance, job providers only receive between \$500 and \$1,100 to invest in training and work experience for this group. The JSA fee structure offers no guarantee of higher service fees for long term unemployed jobseekers. On the contrary, both service fees and notional Employment Pathway Fund credits fall substantially once the most disadvantaged jobseekers (those in Stream 3 and 4) enter the Work Experience Phase. For example, service fees for a Stream 3 job seeker decline from \$1,200 per annum to \$722 in the first year of Work Experience and \$400 in each subsequent year. The minimum frequency of interviews also drops from monthly to every two months. Employment Pathway Fund credits fall from \$1,100 in the first year of unemployment to \$500 for the remaining period that a job seeker continues in Work Experience. For Stream 4 jobseekers, the decline in funding is even more pronounced.¹²

Case management is spread too thinly.

A review of JSA providers conducted by this author for The Benevolent Society paper found case loads of approximately 50 Stream 4 clients per employment consultant. Experience from the Family Centred Employment Project (FCEP) shows there is value in being able to provide an individualised, intensive service with 15-20 families per caseworker. The ability to assist all members of the family (especially children) is also valuable.¹³

Not enough employers use JSA.

According to a DEEWR unpublished survey, only seven per cent of employers who knew about government funded employment services said they used JSA in the past year and employers express concern about the skill mismatch of long term unemployed and people with disabilities.¹⁴

The August 2011 Australian Human Resources Institute (AHRI) survey found that more than 460 of the 680 respondents to the survey had hired a person with disability but of these only one third used a DES provider. Of those that did the findings were "*many employers felt that DES providers were more focussed on supporting and placing the job seeker than understanding and addressing the needs of business.*"¹⁵

The Review of Review of Employment Services undertaken by the Federal Government in 2008 found that there was insufficient employer focus and “*current settings do not encourage or reward providers to focus on labour market shortages or the suitability of the job seeker to a particular role...even though evaluations supported the value of greater employment engagement.*”¹⁶ There is little evidence to date that the new JSA contract is addressing these concerns.

Employers report skill shortages, especially for higher skilled workers.

Evidence from the DEEWR employer survey in all capital cities in March 2012 showed generally recruitment difficulty was most prevalent in the higher skilled occupations. In particular, recruitment difficulty was frequently reported for many Technicians and Trades Workers occupations in all capital cities. Employers reported little difficulty filling vacancies for many lower skilled occupations in Sydney, Melbourne, Adelaide and Hobart. The resources sector frequently cites a lack of qualified labour as an inhibitor to growth.

Detailed surveys in areas of disadvantage such as Hume Victoria show **good labour supply overall but few suitable applicants**, for example in the Hume LGA there was a high level of competition for Clerical and Administration Workers, with an average of 16.4 applicants per vacancy but only 3.7 (or less than 1 in 4) were on average considered suitable.¹⁷

There is a mismatch between the skills required by employers and those of job seekers.

Eighty three per cent of Australians with a post Year 12 school qualification (a Certificate 3 or equivalent) were employed in 2011, compared with 57 per cent who did not have this qualification. And all labour market forecasting points to a growing need for a post school qualification to obtain the jobs of the future.¹⁸ Yet many long term unemployed people and disadvantaged job seekers do not have a high school qualification – the equivalent of a Certificate 2.

Unemployment is highly associated with not completing high school – ACOSS estimates 40 per cent of people receiving unemployment payments have not completed Year 12.¹⁹ More than 50 per cent of persistently jobless families; 54 per cent of clients in the disability employment service; 59 per cent of Stream 3 JSA clients; 66 per cent of JSA Stream 4 clients; 75 per cent of Indigenous people and 90 per cent of young sole parents have not completed Year 12.²⁰

Local Jobs and Skills Expos do not address skill mismatch issues.

An estimated 65-75 per cent of the jobs posted on the jobs board at the June 2012 Ipswich Jobs and Skills Expo were for experienced, highly skilled staff, a significant proportion who were required to have their own private vehicle as a condition of employment. The entry level roles which were posted were typically available from specific JSA providers. It is difficult to see how job seekers not already registered to these providers could benefit. Very few actual employers attended either this Expo or the Hume one held in May 2012, most stall holders were employment service providers or Registered Training Organisations (RTOs). The Hume Jobs and Skills Expo attracted 900 jobs to the jobs board but less than half were matched with job seekers on the day – probably again indicating a mismatch between available roles and skill levels of job seekers.²¹

While many disadvantaged job seekers have not completed high school, the employment and training system is poor at upskilling them.

Only one in five people who undertake Certificate 2 training actually complete it and even if they do, many employers do not value a Certificate 2 as equal to a high school certificate.

²²The overall completion rate for qualifications in publicly funded VET is less than one third, including for Certificate 3, the most common for entry level positions in occupations such as Aged Care or Child Care.²³

Experience from working in Broadmeadows Hume confirms this: a number of stakeholders repeatedly stated that there was considerable pressure on job seeker clients to undertake training but not enough quality control to ensure the training was in an area of local skill demand with a connection to an employer-provided vocational placement or employment prospect; the client is actually interested in this job role, or that they have the capacity to undertake the level of training required. Some vulnerable clients were being directed or encouraged to sign up for short courses at the expense of longer provision which were accepted by employers. There is little ability to 'out' poor quality providers and apparently not enough monitoring staff at State or Federal agencies responsible for Registered Training Organisation (RTO) registration. Job seekers can also miss the chance of a quality upskilling if they have used up their entitlement with a poor quality or inappropriate qualification.

Skills training does not meet needs of disadvantaged job seekers who have previously not succeeded in school or classroom training.

ACOSS has stated that mainstream education and training programs often fail to improve the qualifications of disadvantaged job seekers, especially early school leavers, not only because they do not complete. *"Those with the lowest qualifications typically require intensive support beyond teaching (including financial support with training costs) and training that is work-centred (or combined with paid employment), rather than traditional classroom based training."*²⁴

"More experiential and applied learning courses are needed for this cohort of job seeker....their memories of school aren't fond ones, and they immediately assume most courses will be run similarly." JSA provider.²⁵

The Federal Government has implemented the *Earn or Learn* policy targeted at young people not in full-time education; training or work but Jobs Australia members reported *"a great reluctance among many early school leavers to undertake training, often because of strongly negative attitudes towards school and formal learning."*²⁶

In 2009, less than 14 per cent of VET delivered by the Australian public system took place solely in the workplace (and 70 per cent was campus based). Skills Australia has acknowledged there is significant scope to *"substantially increase the proportion of training delivered in the workplace."*²⁷

The employment and skills training system does not overcome the skill mismatch between what employers want and what disadvantaged job seekers have.

*"Employers need a sound reason to employ anyone—even the most capable and able-bodied person will not be employed without good reason... the decision to employ is essentially a business decision. In the end, the employer must be confident that the individual will generate more for the business than it costs to employ him or her."*²⁸

The employment and training system does not build self-esteem, confidence and adopt a strength-based approach when supporting disadvantaged people back to work. Yet these

are the precise attributes highly valued by employers and required for success in the hiring process.

Employability or soft skills such as motivation, communication skills, organisational skills, English proficiency and teamwork skills are very important and without them, employers say they are reluctant to hire. Yet employers report employability skills training (Language Numeracy and Literacy, Foundation Skills) is poor. This was confirmed by work in Broadmeadows and Hume with the FCEP and Better Futures, Local Solutions programs - there was considerable reporting of the failure of local English language (AMEP) or language, Literacy and Numeracy (LLNP) programs to assist job seekers attain a basic level of English. The size of classes, poor quality of teaching or lack of relevance for the language of work or study were often mentioned as reasons clients either dropped out of classes or completed them but still had very poor language skills.

Skills training is often not linked to a job or employer demand.

“There is far too much training for the sake of training and is not identified to work focus or to overcoming individual barriers or skill level which can be addressed and then provide an avenue to a possible employment options. JSA providers are viewed as a recruitment ground for RTO even if the training is not applicable or in fact appropriate.”²⁹

Registered Training Providers report that training dollars for disadvantaged job seekers allocated by State Governments is rarely allocated on the basis of confirmed demand from employers in a specific location and there is little lead time to engage employers for on the job training components or employment offers. They described funding allocations as “arbitrary” and that “funding bodies determined training, not where and when employers wanted it.”³⁰

There is a mismatch between the employment services and the VET systems and going forward it is unclear to what extent skills training will be available for JSA recipients and other disadvantaged job seekers.

The VET system still typically pays for commencements not completions and there is no reward for providing links to employment.

It is unclear as to the extent that The National Workforce Development Fund will provide skills training for many job seekers as it requires employers to commit to hiring them as new workers, in order for funding to be released.

Major reforms announced by COAG in April 2012 as part of the revised National Agreement for Skills and Workforce Development aim to improve participation and qualification completions and assure the quality of training delivery and outcomes. These are welcome but rely on Federal-State negotiations and agreements and will take considerable time to take effect on the ground.

The same Agreement makes a commitment to introduce a training entitlement for all Australians without a Certificate 3 qualification. This is a substantial investment but it is only likely to improve employment outcomes for job seekers if quality of training, good completion rates and links to employment are assured *before* it is introduced in 2013-14. Experience with the Victorian training entitlement points to some of the risks: a 114 per cent increase in the number of private RTOs delivering government funded training from 2008 – 2011, unsustainable growth in government subsidies, and large spending cuts in 2012.³¹

Knowledge about training outcomes for JSA recipients is poor or unpublished.

A significant investment in skills training for job seekers was made in 2008. The Productivity Places Program (PPP) was to support over 350,000 job seekers with skills training in areas of demand at an investment of nearly \$1B over four years. Analysis by this author of outcomes for the program for job seekers in 2008 shows that only around 10 per cent of starters obtained work in their area of skills training and about 25 per cent obtained employment at all.³² There is no reliable data on PPP outcomes for 2009-12 as it was devolved to the States from July 2009 and there were no effective measures to track completion rates or outcomes. In some States it is possible to know how many job seeker commencements occurred as they were collated with PPP training for people already employed. We do know that the funding formula provided by the Federal government to the States assumed a 65 per cent attrition rate for PPP program (i.e. only 35 per cent would complete).³³

According to the OECD: *“In June 2011, nearly 110 000 NSA recipients – 20% of the total – were in education or training, most of them without job-search obligations...Although some NSA recipients are in national training programmes, many are probably in state and territory training (in some cases, PPP). DEEWR does not publish any overview of training supported by unemployment benefit (or other benefit) payments in terms of whether the participant is or was registered with JSA or was referred by a JSA provider, and the training content, hours of attendance, duration and rates of completion and qualification and employment outcomes, etc. Vocational training statistics also do not identify participants by receipt of income support and type of income support or referral method. Without such information, it is hard to assess the role played by PPP or most other training provision within active labour market policy in Australia.”*³⁴

The JSA contract is supply driven, not demand-led.

There is little incentive in the current JSA contract for providers to invest in deep engagement with local employers and strive for high paid jobs with career progression. Long-standing, deep employer relationships are not recognised or rewarded by the JSA tender process.

“Employer engagement is transactional, we need a more strategic approach,” Sally Sinclair, NESAs 2010.

There are poor incentives to reward performance.

Between 2010-12, outcome payments comprised only 30 per cent of aggregate Government expenditure on JSA, compared to 43 per cent for service fees and 28 per cent for the Employment Pathway Fund (EPF).³⁵

There are few if any incentives to reward local collaboration.

Competition and contract discourages collaboration between JSA's on the ground to work together to collectively meet the needs of a local employer. In some areas of disadvantage there are more than seven JSA providers competing for the same vacancies and contacting the same pool of local employers. This is in addition to a number of DES providers, Partnership Brokers and Youth Connections providers. Employers may respond by refusing to deal with any.

There is no coherent system of incentives or resources to support collaboration between providers and other key services including training organisations and health and social support agencies. The Australian Social Inclusion Board expressed concerns that the current highly prescribed and competitive system inhibits collaboration at a local level.

Pilot programs such as the Family Centred Employment Program show that the integrated model is initially treated with suspicion by some local providers (JSAs and social services), with many JSA providers reluctant to refer clients for additional services, even if they retain outcome payments. It takes time and specific community development skills to build trust across providers and between providers and clients.

Early outcomes from the Local Connections to Work program (which brings Centrelink and other providers together to conduct joint interviews with some clients) appeared promising. High quality evaluation and outcome tracking needs to be undertaken and published to better understand if these approaches improve outcomes and how they can be replicated.

Current place-based solutions are piecemeal and ill co-ordinated

The 2011-12 Budget and earlier Budgets funded a plethora of local initiatives including the Family Centred Employment Program in 3 suburbs (QLD, VIC, SA); the Better Futures, Local Solutions (associated Local Advisory Group and \$25M fund) in 10 Local Government Areas (also subject to special young parent and jobless family measures); 20 Priority Areas employing Local Employment Co-ordinators (with a \$2M Flexible Funding Pool); 34 Education, Skills and Jobs Co-ordinators; and 55 Regional Development Areas. While some individual programs may be working effectively, it hard to see how the multitude of programs with different priorities and geographic boundaries can enhance joined-up government and local workforce development solutions and in particular, meet the needs of employers.

There is not enough flexibility, innovation is stifled and JSA is too prescriptive.

ACOSS has expressed concern that “*despite the improved flexibility for providers, the system for the most part still directs jobseekers to follow detailed rules and requirements rather than encouraging choice and initiative and that the system remains complex and over-engineered.*” Jobs Australia has noted there are more than 3,500 pages of rules associated with the current JSA contract. The Australian Social Inclusion Board expressed concerns that there were serious consequences if the assessment determining which stream a person was allocated to got it wrong.

There is a failure to evaluate programs and promote evidence based solutions.

Aggregate numbers of job seekers placed into work since JSA commenced are not helpful in determining the effectiveness of the program. DEEWR has recently confirmed it will undertake a net impact evaluation of the JSA 2009-12 program comparing it to Job Network as far as possible. This is welcomed as it is impossible to determine the effectiveness of JSA without it, nor to substantiate extravagant claims about the success of it over Job Network. Current reporting does not clarify training to employment outcomes. There are a number of evaluations which have been undertaken by DEEWR and we would expect they will have valuable lessons for this review of the JSA contract but unfortunately they have not yet been published.

The Productivity Commission Inquiry into the contribution of the Not-For-Profit Sector recommended the establishment of a Centre for Community Service Effectiveness as a portal for gathering and disseminating evaluations, providing guidance for impact evaluation and support meta-analysis of the effectiveness of government funded services but the Government is yet to act on this recommendation.

3. DIRECTIONS FOR REFORM

Australia needs to move towards an employment and training system to which better meets the needs of both employers and job seekers and overcomes the skill mismatch – one that is dual customer focused and is both **demand-led and supply-sensitive**. More effective support needs to be provided for long term unemployed people, but not at the expense of measures aimed at preventing people from becoming unemployed for more than a year. Directions for reform include:

- **Ensure policy and program levers and incentives reward demand-led and supply-sensitive practice** - such as JSA providers establishing deep relationships with local employers and training allocated to providers with proven employer relationships and job outcomes.
- **Develop local workforce structures and plans which bring employers and providers together** and ensure there is a 'dividend for the disadvantaged' in any public expenditure on infrastructure.
- **Encourage research and collaboration to spread best practice and evidence-based solutions** - both to and between employers, employment and training providers, non-profit community-based social service providers and governments.

The following provides a brief overview around these approaches; see www.toniwren.com for more, especially contained in the following:

Local workforce development systems to engage employers and meet the needs of disadvantaged job seekers. Presentation to Employment Services for the Future Conference, Centre for Public Policy, The University of Melbourne, February 2013.

Our clients are your clients – bringing services together to tackle family joblessness, The Benevolent Society, October 2011.

Lifting participation and employment for disadvantaged job seekers: Demand-led and Supply-Sensitive Reforms. A paper for the ACOSS 2011 National Conference, 29 March 2011.

A. Overview of Demand-led employment and training programs

A demand-led program starts with an employer and works backwards to develop a pipeline of employer-led skills training. This means designing and delivering services for job seekers based on the hiring requirements of employers. It is founded on the premise that the better that training meets the employer's needs, the more likely it is that the individual will get and keep the job.

Demand-led does not diminish the importance of effective strategies for disadvantaged job seekers (the supply side). A dual customer approach is crucial and job preparation and training must be delivered in a way that disadvantaged job seekers can engage and succeed in. We need smarter ways to engage, educate and employ people who have not succeeded in traditional school or training environments. In addition to work experience and on the job training, this may mean 'hands on' experiential learning; individual paced learning; integrating English language or literacy and numeracy upskilling with vocational training and work experience ;and individual case management and support to overcome other barriers to work. Involving employers in each stage of the job preparation and training phase

underlines the fact that there is a real job at the end. The promise of a real job presented by a local employer is a powerful motivator for many job seekers.

The success of a demand-led program depends on having a detailed understanding of the employer, developing a business case and engaging employers in the design of pre-employment and skills provision. Once engaged, employment and training providers and employers can work together to develop a deal or agreement where job ready candidates are offered in return for vacancies and changes to HR practices and workplace culture if required.

Employer research and engagement

- A detailed **understanding of the employer** and their future workforce needs.
- Identifying **precise occupations/jobs** which are attainable by the identified job seekers (key competencies and selection criteria, knock out factors, behaviours and aptitudes for particular jobs).
- Developing a **business case** to meet employer needs – reduced recruitment or turnover costs; potential to deliver hard-to-fill vacancies and meet skill shortages without poaching from competitors and driving up wages; increased employee diversity to more closely reflect customers; local jobs for local people increasing prosperity and purchasing power.
- Employers agreeing to **review their recruitment**, retention and promotion practices to ensure they are fair and appropriate for a diverse workforce (i.e. move to competency rather than qualification-based hiring).
- **Recruitment opportunities which minimise the risk to the employer** – give employers a chance to “try before they buy” via involvement in the design of pre-employment training, the selection of job seekers to enter pre-employment training and by participating in student vocational placements. Stepping stones to a permanent employment contract may include paid internships or contract employment via an intermediary such as a labour hire social enterprise.
- **Committing for the long term**, starting small and then building to scale.

Job preparation and retention

- **Employer involvement throughout** as a powerful tool for motivating job seekers – to spark their interest in the job, obtain and retain a high commitment to pre-employment training and work experience opportunities, and to maximise performance at job interviews.
- **Employers visible at job seeker information days** or via DVDSs to directly pitch their “deal” - explaining their jobs and willingness to hire.
- **Pre-employment training designed and delivered with employers.** Key elements include on-the-job experience (such as work tasters and ideally, placements during training); employability skills (such as team work, punctuality and dependability, dealing with supervisors, dressing appropriately, taking initiative); language, literacy and numeracy skills; and quality technical skills which meet industry standards and are linked to workplace training once hired. Ideally these are taught on the job or in classrooms that simulate the workplace and mirror workplace cultural standards.

- **Intensive case management** provided to overcome non-vocational barriers to work. Mentors from the job seeker’s cultural background or local community can be effective sources of motivation and support.
- **Job retention success factors built into job preparation** - the most important factor in ensuring job seekers stay in the job is getting the right job match between them and the employer at the start.
- **Review of employer’s HR practices** and workplace culture to ensure there is no discrimination or ‘unconscious bias’ in the way they hire and treat diverse workers once employed.

B. Local structures to engage employers and support job preparation

Most hiring decisions are made locally and require effective local intermediaries connecting to local employers. OECD Ministers have endorsed this approach³⁶.

Local structures: Governments can play a leadership role to bring employers and education, employment and training providers together. These *Jobs and Skills Councils* or *Local Workforce Development structures* can work together for mutual benefit – increasing the employment, retention and progression of formerly disadvantaged job seekers and filling skill and labour shortages. These need to cut across program silos and include programs working with young people, people with disabilities, Indigenous people who all need jobs.

Local education, skills and jobs plans: Local Government Areas are good natural labour markets – Regional Development Agencies (RDAs) and even Priority Areas may encompass four to seven LGAs – too large to be effective and not all RDAs have a focus on workforce development. Local workforce plans can tap into national, regional and local research. Local plans can anticipate the new skills required and provide lead time for effective education, employment and training providers to work with employers to up skill local job seekers and fill these needs.

Local agreements: Getting providers involved with local employers developing plans can lead to practical Agreements which can evolve over time. Agreements where employers (individually or in clusters or by industry sectors) offer jobs, work tasters, work experience, vocational placements during skills training and even to amend their hiring practices. In return providers prepare and offer job seekers who can meet the employer’s needs. A win-win.

It is sensible to focus resources on new residential or commercial developments, large infrastructure projects or new stores or employers and include jobs which will remain after the construction phase. Councils are important leverage points and effective approaches can start with them as they already have connections to new employers. Ensure clauses are inserted into principal contractor tenders and through the supply chain to ensure a “dividend for the disadvantaged” or “local community benefit”. These must be matched by effective intermediaries to source and prepare local job seekers.

In Craigieburn, Hume, the Hume Council has acted as a local intermediary to support employment at a new hotel and entertainment complex via the JobLink project. Key components of the unfolding Craigieburn JobLink project were:

- ✓ Employers and developers are equal partners with government and local community-based organisations.

- ✓ Employers are willing to make commitments to employ local residents and to interview job seekers who have completed pre-vocational training.
- ✓ Employers involved in design of pre-vocational training, selecting modules from Certificate III which meet their needs.
- ✓ An intermediary acts to pre-screen candidates according to criteria set by employers and disseminate this criteria to local employment and training providers.
- ✓ The intermediary (Hume City Council) is neutral and has credibility with both the developer and employer partners and JSA providers, ensuring maximum engagement.
- ✓ The selected training provider (local TAFE) has the confidence of the employer.
- ✓ Success with one employer can be documented and communicated to other employers as the development unfolds, hopefully ensuring further similar processes can be delivered which meet the ends of both employers and local job seekers.

See Appendix A for models of how demand-led pathways and models of engagement and Appendix B for examples of successful demand-led projects in Australia and overseas.

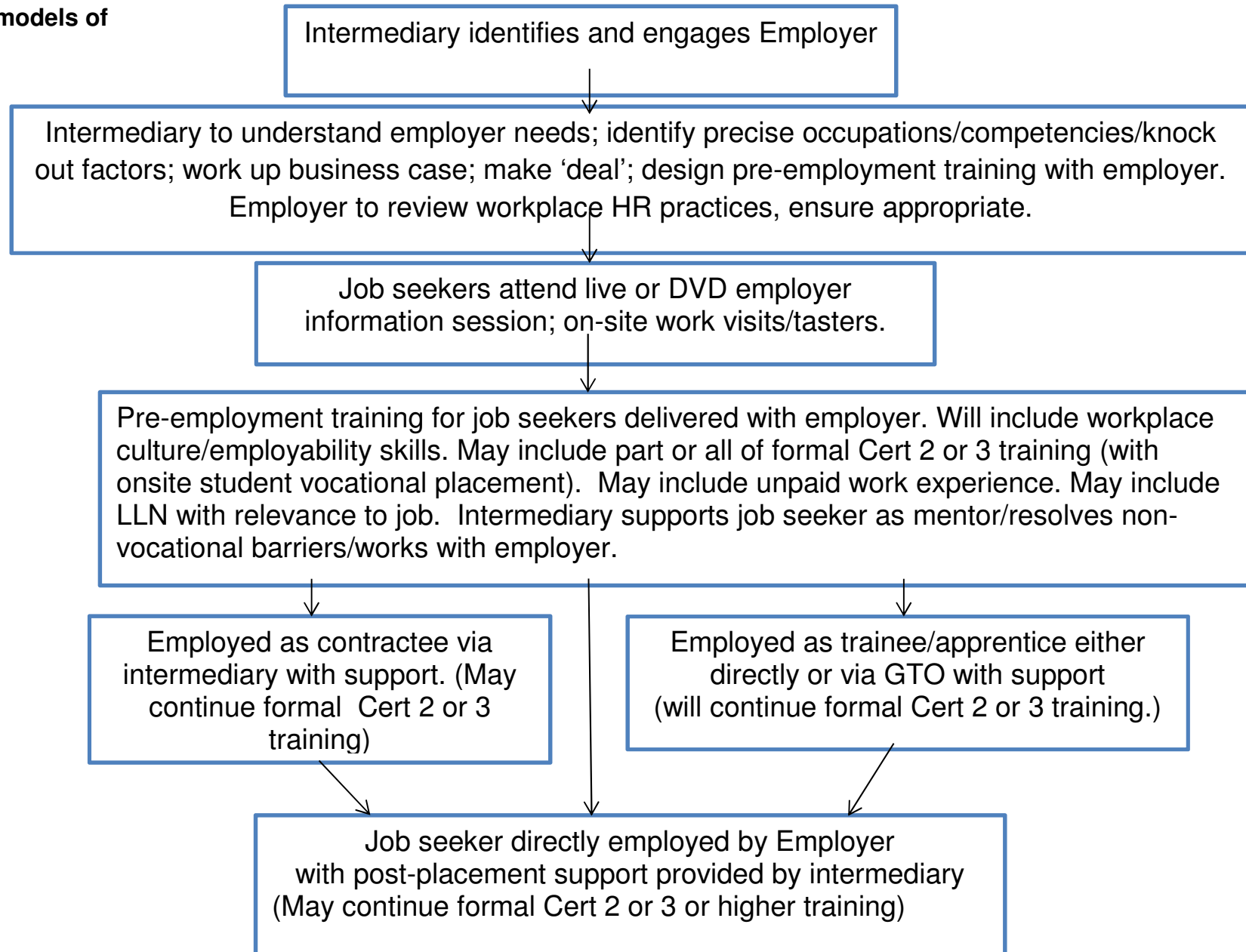
C. Spread best practice and evidence-based solutions

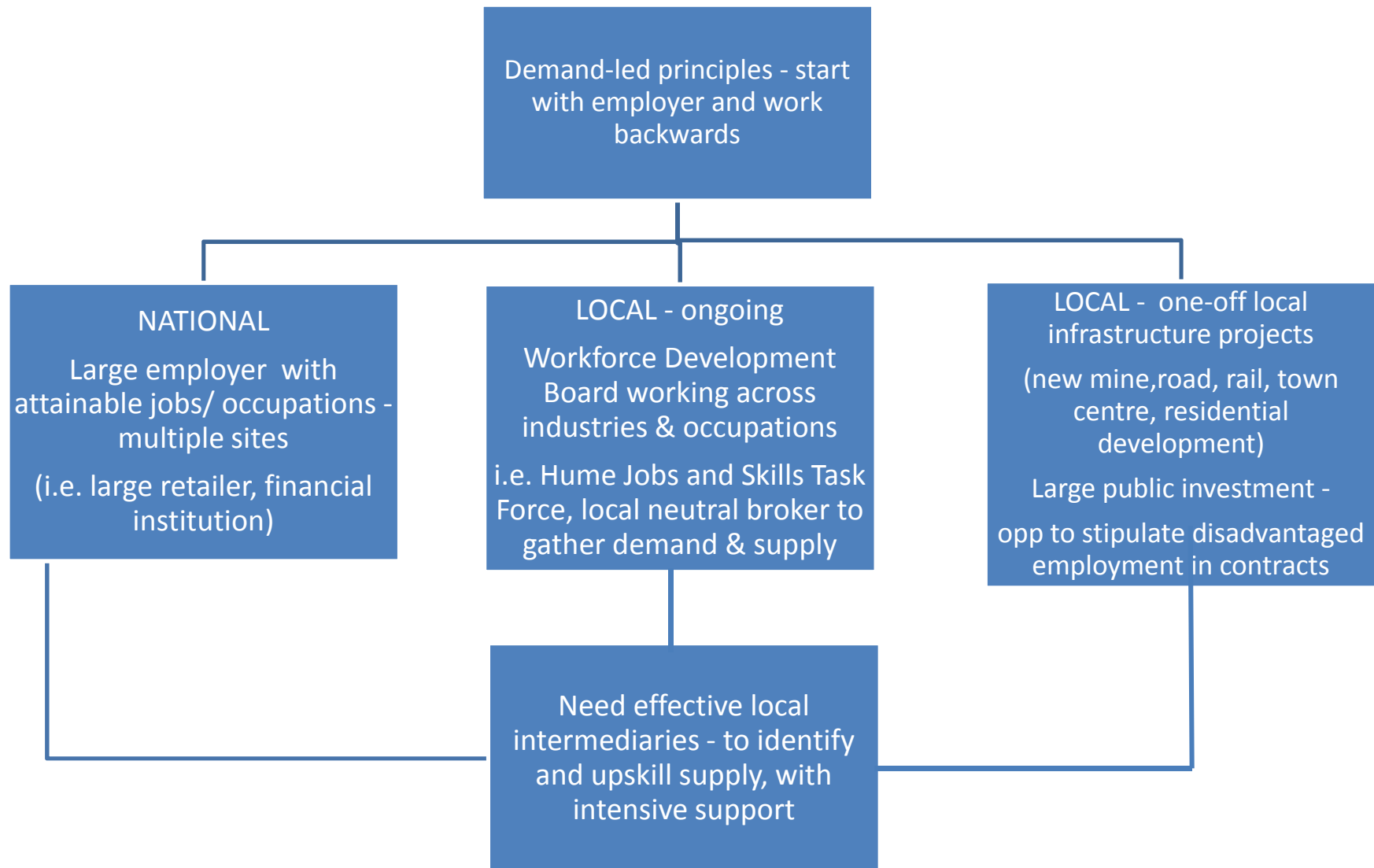
The employment services system needs to embrace evaluations and data sharing in order to ensure best practices are documented and replicated. As mentioned previously, job seeker education and training outcomes need to be published and tracked with subsequent employment. There is also much to be learned from programs who also engage employers or job seekers such as Youth Partnerships, Immigration programs aimed at supporting refugees and new migrants and DES ESS. The recent commitment to a net impact evaluation of JSA is welcomed but DEEWR should immediately publish the following:

- \$650M Indigenous Employment Program (IEP): DEEWR officials and Ministers have referred to an evaluation of IEP conducted during 2012 (Senate Estimates 19/10/12 and Minister Collins Media Release 20/6/12) but it has been a closed process and the evaluation has not been released.
- \$41M Innovation Fund – 83 projects were funded between 1/7/09 and 30/6/12 and most have wound up with resources and staff dispersed. Although we continue to wait to see the results of the DEEWR commissioned evaluation it is hard to see how any success can be continued with re-investing in start-up infrastructure.
- (\$411M from 1/7/09-31/8/12) Employment Pathway Fund (EPF) training component (the largest component of the EPF): this evaluation has not been published but the evaluation of EPF wage subsidy and other expenditure has been published.
- Family Centred Employment Project evaluations.
- Local Connections to Work evaluations.
- \$2M Local Employment Co-ordinator's Flexible Funding Pool – no announcements of projects funded or outcomes to date.

DEEWR also conducts detailed JSA Post-Program Monitoring but does not publish these. In addition it conducts a number of job seeker and employer surveys which are not published. (For example, Minister Ellis's Issues Paper which says a DEEWR employer survey found that seven per cent of the two thirds of employers who knew about JSA, actually used it.) These should all be published to inform stakeholder input to JSA 2015 and beyond.

Appendix A: Demand-led pathways and models of engagement





Appendix B: Examples of Demand-led projects

OCTEC a non-profit based in Orange NSW, has worked closely with UnitingCare NSW for more than 20 years developing and delivering training in aged care and community services. OCTEC estimates it has trained more than 10,000 job seekers and existing workers over this time and the employer links now extend to more than 56 aged care facilities and eight employers across NSW.³⁷

Trainers are current or recent aged care industry employees and training is either in the aged care facility or closely simulates the workplace. OCTEC has also had success adapting training to meet the needs of Indigenous clients and women from multicultural backgrounds. OCTEC consistently reports course completion rates of 90-100 per cent and employment rates of 80-90 per cent.

Deanne Phillips OCTEC's Training Manager says,

"The partnership has been based on a high degree of trust. We involve staff from the nursing home facility on the selection panels. They need to be involved in the process if they are to allow us to bring students into their facilities and to work with their residents. Their close involvement also brings a high level of involvement and ownership."

Wildcat in New York City ran the a Private Industry Partnership with Solomon Smith Barney (SSB) from 1995 to 1998, which connected deeply disadvantaged sole parents on welfare with training, work experience and jobs in Wall Street. The program included a four month training program based on the skills identified by the employer and alternating between workplaces and classroom settings which simulated a workplace. This was followed by a four month internship with the employer, where Wildcat provided intensive support to trainees and regularly liaised with the employer. The employer also ran in house workshops which supported trainees during their internship. During the internship, Wildcat was the employer, contracting out the services of the trainees to SSB. An internal evaluation found that during the first 31 months, 86 per cent of trainees were placed into jobs, with 94 per cent job retained six months later, compared with 87 per cent for all SSB employees. The average salary was \$24,000pa at placement, equivalent to 200 per cent of the poverty line for a family of three. SSB reported a substantial reduction in turnover rate; a more efficient recruitment and hiring process because of the reduced number of candidates required per job; and a savings equivalent to \$500,000 in temporary office service costs, along with tax credits worth some \$100,000.³⁸

UK Local Employment Partnerships (LEPs) were announced by the Chancellor in 2007 to work with large employers. In 2007, the CEOs of five major retailers and the head of their industry association signed the first local partnership agreement with the Chancellor and Secretary of State for Work and Pensions. It committed them to encouraging their local store managers to enter into agreements with specific commitments and in return, Jobcentre Plus (the government employment provider) would provide a single point of contact at the district (regional) and local level, not the national level. The employer committed to offering work trials for potential employees; working with Jobcentre Plus and their partners to develop pre-employment training and offering opportunities for people who complete that training; reviewing their recruitment processes to ensure that they didn't unnecessarily exclude anyone; trying new ways to help people take up a job in their business, such as offering flexible working patterns; giving current employees the chance to represent the business and mentor people who return to work. The government offered a £1000 recruitment subsidy to employers for every person who had been claiming income support for six months or more, as long as they were employed for an average of 16 hours per week for a minimum 26 week period. By March 2009, LEPs had helped over 20,000 employers recruit more than 145,000 people in over 80,000 workplaces.³⁹

Employer Coalition project: London Employer Coalition and the Metropolitan Police In 2000, the Chair of the London Employer Coalition met with the Commissioner of Police to discuss how they could open up more job opportunities to disadvantaged residents and how the police force could increase the proportion of recruits from ethnic minority groups, which were severely under-represented among policing staff. Working with Met's HR Director and Jobcentre Plus staff, the Coalition developed a customised recruitment strategy which covered every element in the hiring process. Over four and a half years between 2001 and 2005, the partnership recruited 1,355 local residents, 46 per cent of whom were ethnic minorities and 44 per cent of whom were female. An independent evaluation⁴⁰ found that the strategy started small and then grew, with 47 per cent of the 1,355 recruits over the first three years and 53 per cent in the fourth year. The majority of jobs were for Transport Police Community Support Officers, Communication officers, Admin Assistants, Forensic and Fingerprint Technicians. The success factors identified by the independent evaluation were:

- ✓ All partners supported the project at the highest level.
- ✓ All partners were willing to change their practices.
- ✓ Sufficient volume and knowledge of ongoing recruitment needs.
- ✓ Good flow of information to Jobcentre Plus staff (the supplier of candidates) about the rationale, nature of jobs and eligibility criteria (from detailed research with the Met Police).
- ✓ Good tracking data back to both partners.
- ✓ Pre-employment training designed in partnership with the Met.
- ✓ A dedicated Project Manager seconded to the employer to look at demand and supply side factors.
- ✓ The support and involvement of the LEC (who were able to get the buy-in at the most senior level, provide funding for the dedicated Project Manager at the Met and ongoing support throughout the project).

ENDNOTES

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- ¹ DEEWR, *Labour Market and Related Payments*, January 2013 and September 2008.
- ² DEEWR, *Labour Market and Related Payments*, January 2013.
- ³ Answer to Senate Estimates Questions on Notice EWO645_13
- ⁴ Answer to Senate Estimates Questions on Notice EW0551_13.
- ⁵ ABS 6287.0, *Labour Force Characteristics of Aboriginal and Torres Strait Islander Australians, Estimates from the Labour Force Survey, 2011*, July 2012.
- ⁶ COAG Reform Council, Education Report 14 November 2012.
- ⁷ Sandra Parker, DEEWR presentation to Jobs Australia conference, 1/11/12.
- ⁸ ABS 4102.0, *Australian Social Trends, March Quarter 2012, Disability and Work*, April 2012.
- ⁹ COAG Reform Council, *Skills and Workforce Development 2011: Comparing performance across Australia*; 14 November 2012. 'Improved employment status' includes: gaining employment (previously unemployed); achieving a promotion; receiving another job-related benefit.
- ¹⁰ ACOSS Submission to Insecure Work Inquiry, January 2012.
- ¹¹ DEEWR, *Labour Market Assistance Outcomes, June 2012*. Data refers to job seekers who participated in JSA in the 12 months to March 2012, with outcomes measured around three months later.
- ¹² ACOSS Media Release 30/10/12.
- ¹³ See Toni Wren, *Our clients are your clients – bringing services together to tackle family joblessness*, The Benevolent Society, October 2011.
- ¹⁴ *Building on success: Issues Paper*, Minister Ellis, 11/12/12.
- ¹⁵ Australian Human Resources Institute (AHRI) *Recruiting People with a Disability: an employer perspective*, Research Report. August 2011.
- ¹⁶ *Review of Employment Services*, DEEWR, May 2008.
- ¹⁷ DEEWR, *Survey of Employers' Recruitment Experiences, March 2012, North Western Melbourne Priority Employment Area*; DEEWR, *Survey of Employers' Recruitment Experiences, combined results for all regions surveyed in the 12 months to March 2012*.
- ¹⁸ Commonwealth of Australia, *Skills for All Australians*, March 2012.
http://www.dpmc.gov.au/publications/skills_for_all_australians/index.cfm
- ¹⁹ ACOSS, BCA and ACTU Joint Statement, *Opportunity for All*, 4/12/12.
- ²⁰ JSA and DES data from DEEWR Labour Market Assistance Outcomes, December 2011 (for participants in 12 months to September 2011.) Indigenous data from 2011 Census. Jobless family data from Growing Up in Australia 2010 based on 2004, 2006 and 2008 interviews. Young parents data from DEEWR and Minister Evans Second Reading Speech, November 2011.
- ²¹ Author visit to 2012 Ipswich Job and Skills Expo and report on Hume.
- ²² "The likelihood of completing a VET qualification," NCVER, 26/5/11 and Patrick Lim & Tom Karmel *The vocational equivalent to Year 12*, NCVER. 4/10/11.
- ²³ "The likelihood of completing a VET qualification," NCVER, 26/5/11
- ²⁴ ACOSS 2007, *The role of education and training in welfare to work*; Barnett, K & Spoehr J (2008), *Complex not simple, the vocational education and training pathway from welfare to work*, National Centre for Vocational Education Research, Adelaide.
- ²⁵ JSA provider quoted in JA submission to Australian Workforce and Productivity Agency Discussion Paper, Australia's Skills and Workforce development needs, September 2012.
- ²⁶ *Submission to Minister for Employment Participation on the future of Job Services Australia*, Jobs Australia, January 2011.
- ²⁷ *Creating a future direction for Australian vocational education and training*, Skills Australia, October 2010.
- ²⁸ NCVER, *What would it take? Employer perspectives on employing people with a disability*, Peter Waterhouse, Helen Kimberley, Pam Jonas and John Glover, Group Training Association of Victoria, 2010.
- ²⁹ JSA provider quoted in Jobs Australia submission to the Australian Workforce and Productivity Agency Discussion Paper, Australia's Skills and Workforce development needs, September 2012.
- ³⁰ Research by Toni Wren for *More Forces at Work*, Jobs Australia, October 2010.
- ³¹ Victorian TAFE Directors briefing October 2012.
- ³² Analysis of 2008 PPP jobseeker participants contained in *Outcomes from the Productivity Places Program*, NCVER, 2009 shows less than 20 per cent of completers obtained work in their area of skills training, and less than 50 per cent obtained employment at all. If PPP performance is assessed

on the number of unemployed people starting training and attaining employment, it is likely to show that the total number of starters to jobs is closer to one in 10 attaining employment in their area of skills training and one in four attaining employment. Authors estimate based on NCVET 2009 research, stating that completion rates for apprentices and trainees who started training in 2003 was under 50% and “appear to be lower for other vocational courses”.

³³ The Allen Consulting Group, *Mid-Term Review of the National Partnership Agreement for the Productivity Places Program*, November 2010.

³⁴ OECD 2012 Report – *Activating Jobseekers: how Australia does it*, 11/12/12.

³⁵ Data from Senate Estimates Answers to Questions on Notice EW1027-12 and EW0551_13.

³⁶ “Good practice in designing local skills strategies shows that the most effective local skills strategies integrate human resource and training policies into wider economic development strategies, so that the focus is not only on how skills can be developed but also how they can be deployed. Designing such an approach means looking beyond immediate skills shortages and understanding how investment in human resources can help capitalise on local comparative advantage, and local employment sectors, and capture new opportunities from global and national trends. It also means looking at how the public sector can help support existing skills ‘ecosystems’, self-sustaining concentrations of workforce skills and knowledge in an industry or a region (Finegold, 1999), through public-funded training and knowledge transfer.” (Meeting of the OECD Council at Ministerial Level Paris, 25-26 May 2011, Towards an OECD skills strategy).

³⁷ OCTEC case study originally published in *More Forces at Work*. This data was correct at the time of publication (October 2010) and is currently being updated.

³⁸ *Private Industry Partnership: an Employer Based Initiative for Welfare Reform and Career Opportunities*, Wildcat Services Corporation, 1998.

³⁹ Jobcentre Plus Annual Report and Accounts 2008-09.

⁴⁰ *Assessing the impacts, value and potential of the partnership between Jobcentre Plus and the Metropolitan Police Service*, Bell Pottinger Communications, January 2005.