



Brotherhood  
of St Laurence

Working for an Australia free of poverty

# Pathways to social and economic inclusion

Submission to the Australian Government on  
employment services from 2015

Brotherhood of St Laurence

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# Summary of Brotherhood of St Laurence recommendations

## Meeting the needs of jobseekers

### Improving the assessment process

1. A review of the assessment process including improved training for staff to ensure comprehensive assessment of individuals' barriers to paid work and to strengthen engagement with disadvantaged jobseekers.
2. Careful examination of the government's Connecting the Dots research to identify more effective strategies to establish the homelessness of jobseekers, including the involvement of specialist homeless services and the client data sets to which they contribute. The JSCI should also be revised to give greater weighting to homelessness.
3. Further development of shared case planning with Human Services/Centrelink for highly disadvantaged jobseekers, building on the evidence from recent innovation projects.

### Better recognition of the needs of culturally and linguistically diverse (CALD) populations

4. Inclusion of CALD background as a sub-factor in assessments and recalibration of the JSCI to recognise the difficulties faced by those with no English language skills, no experience in the Australian labour market, and/or no Australian education or qualifications.
5. Humanitarian refugee visas to be weighted in the JSCI as equivalent to being on income support for 12–23 months.

### Improving JSA efficiency

6. Full implementation of the recommendations in the Final Report of the Advisory Panel on Employment Services Administration and Accountability and consideration by government of additional measures to substantially reduce the cost burden on employment service providers (ESPs), Human Services and the Department of Education, Employment and Workplace Relations (DEEWR) to enable refocusing of resources on direct assistance to jobseekers.

### Strengthening assistance and outcomes for highly disadvantaged jobseekers

7. Reconfiguration of outcome payments to support additional milestone payment for 'sustained employment' up to 12 months for Stream 3 and 4 jobseekers. This will encourage JSA providers to engage more deeply with employers and provide post-placement support to those most disadvantaged in the labour market to increase their job retention and advancement once placed into paid work. The definition of sustained employment should include multiple jobs, recognising that people may move between employers as part of their pathway.

### Strengthening participation of disengaged working-age groups

8. A stronger preventative approach by government through policy measures designed specifically to encourage and support disengaged groups including voluntary categories of jobseekers and the underemployed to participate in employment assistance.
9. The continuation of the New Enterprise Incentive Scheme (NEIS) from 2015 with funding and eligibility criteria to expand this path to additional jobseeker groups, including those currently ineligible (for example, those not on income support payments, not using JSA, or with asylum seeker status).
10. Funding to stage programs like BSL's *Stepping Stones* in areas of high unemployment and high CALD populations.
11. A more flexible NEIS model to enable part-time participation (2–3 days per week) of jobseekers with caring responsibilities or education (English language class) commitments.

### More responsive vocational training

12. Further reform to vocational training to ensure flexible and personalised course delivery matched to the learning capacities of disadvantaged jobseekers and with more direct links to employment outcomes.

### Working in partnership with employers

13. Investment by government in a substantially different employment services approach to engaging larger national employers through a new Industry Employment Initiative, operating across multiple sites and multiple states.
14. Implementation of reforms to the JSA that support strong local collaboration within Employment Service Areas, bringing together employers, local government, employment assistance providers, training organisations and providers of other services to proactively identify a pipeline of job opportunities supported by integrated assistance that can be matched to the pool of disadvantaged jobseekers.
15. Introduction of regional brokers in areas with large CALD populations to encourage employers to maximise use of the Workplace English Language and Literacy (WELL) Program.

### Stronger partnerships with other services

16. Development of robust contracting requirements that encourage collaboration and resource sharing between employment assistance providers and other services, in particular by recognising collaborative delivery in performance measurement (Star Ratings) and by providing brokerage monies to promote collaboration with third parties to provide specialised wraparound support for jobseekers with higher needs in areas of high unemployment/disadvantage.

## New ideas for a better system

### A new work offer for young people

17. A new youth offer that addresses the current weaknesses in employment assistance to provide a comprehensive support model for more effective youth pathways. This reform should include the following core elements:
  - a. Youth Connections as the lead agency for young people. Expand and uncap Youth Connections to provide a specialist transitional ‘learning and earning’ support service for young people aged up to 25 years. This should incorporate strengthened career development support.
  - b. A coordinated case referral and support model, whereby Centrelink arranges the development of an individual plan with referral to Youth Connections as the lead agency providing youth transition support. Youth Connections partnerships should also take over the delivery of employment assistance (and associated EPF and JSA resources) for young people.

### Area-based consortium delivery (ABCD)

18. Development of an area-based consortia delivery (ABCD) model of employment service delivery in disadvantaged labour markets taking a demand-led, collaborative approach that brings together local government, local employers, training providers, community agencies and employment services to create job pathways for disadvantaged jobseekers. Features of the model include:
  - a. Tendering for employment services delivery in designated ABCD areas by multi-partner consortia.
  - b. Ring-fenced JSA resources in ABCD local government areas with scope for funds to be used flexibly to meet local needs and circumstances (similar to Innovation Fund programs) and with a DEEWR commitment to reduced administrative burden and red tape.
  - c. Additional resources – such as those made available through the Innovation Fund, Local Jobs for Local People and similar – prioritised for ABCD areas.
  - d. Consortia to provide packages of customised pre-employment training and on-the-job support that engage employers in program design, customised pre-employment training and on-the-job training, with ongoing case management support for jobseekers including post-placement support.
  - e. Streaming of JSA participants to the consortium by Centrelink with funding to follow individual jobseekers based on assessment. DES participants to retain choice of a local DES provider or the consortium.
  - f. Small area targeting. Most Employment Service Areas are too large to provide an intensive community response of the sort proposed by this model. This model is better suited in the first instance to one or two local government areas, where local consortia can deliver meaningful local services for jobseekers to connect them to their local labour market.

## Broader social policy reforms to support work pathways and retention

19. Development of a proactive policy initiative to strengthen employee diversity in all workplaces and encourage employer take-up of diversity groups, building on existing government initiatives through ‘Support for Employers to Build a Diverse Workforce’.
20. A review of relevant policies across jurisdictions and portfolios to identify and remove disincentives to employment and develop a coherent policy setting that makes work pay for the unemployed.
21. Development of a comprehensive social procurement strategy that encourages government contractors to create procurement opportunities that employ disadvantaged jobseekers.

# 1 Introduction

The Brotherhood of St Laurence (BSL) is an independent, non-government organisation with strong community links that has been working to build social and economic participation in Australia since the 1930s. Based in Melbourne, but with a national profile, the BSL continues to work for an Australia free of poverty and social exclusion. Through a combination of innovative direct service delivery and research, we aim to bring a fresh perspective to issues of poverty and disadvantage.

This submission draws on our research, policy analysis and ‘on the ground’ experience of working with people who experience disadvantage in the labour market. Recent innovations include:

- the Centre for Work and Learning Yarra – funded by the DEEWR Innovation Fund to test an integrated intermediary approach targeting public housing tenants in inner city Melbourne (BSL 2012)
- the Working Futures Initiative – funded by the DEEWR Innovation Fund in collaboration with Mission Australia to build the evidence base in support of work-focused social enterprises (Bodsworth 2013)
- delivery of Youth Connections in the Frankston and Mornington Peninsula region (Barrett 2012a; 2012b; Bond 2011).
- the Youth Employment Project – Caroline Springs Pilot (Bodsworth 2012)
- development of the Youth Foyer model in collaboration with the Victorian Government and Hanover Welfare Services that will deliver a ‘wraparound’ service aimed at young people experiencing or at risk of homelessness. This model integrates personal support, stable housing and skills development with vocational training matched to a job pathway.

The lessons and evidence from these innovations demonstrate the importance of:

- place in the delivery of employment services – including the recognition of the needs of local populations, the strengths of local networks and the features of local labour markets
- collaboration between service providers such as employment services, vocational education and training providers, government services, employers and community services, particularly when assisting highly disadvantaged jobseekers and groups at risk of labour market disengagement
- employer engagement and demand-led approaches to service delivery – through developing relationships with employers and tailoring training and support to meet the needs of both employers and jobseekers.

Further, these evaluations have identified key issues in relation to the JSA system including:

- its incapacity to enable or facilitate collaboration (instead providers compete with one another)
- the lack of employer engagement with the JSA system
- the problems faced by disadvantaged jobseekers in attempting to have their needs and aspirations met – particularly young disengaged jobseekers, CALD and refugee jobseekers, and the long-term unemployed.

Our work with young people highlights the gap between the JSA system and the Youth Connections system and concerns regarding the growing numbers of young people who are disengaged or disengaging from work, education or training.

Our research and evaluation has guided the development of our current service delivery models in the following projects:

- **Work and Learning Centres.** Based on the foundational Centre for Work and Learning developed by the BSL in the City of Yarra, the Victorian Government committed funding to establish five Work and Learning Centres on public housing estates in Ballarat, Moe, Shepparton, Geelong and Carlton. The model takes a small area, place-based approach to connect and re-engage public housing tenants with learning and work. It is delivered in collaboration with local providers.
- ***Given the Chance* Workforce Solutions.** This demand-led employer engagement model delivers work placements, supported labour hire and hosted employment opportunities that connect unemployed people to real jobs. The program offers customised pre-employment training geared to the needs of local employers to better match candidates to available jobs. The BSL provides ongoing workplace support to the individuals placed into work and also to their employers. This approach has grown out of the *Given the Chance* program that the BSL and ANZ developed initially to involve refugees, and the evidence from the Centre for Work and Learning at Yarra.
- **Youth Transitions Project.** Developed as an enhancement of our pilot program at Caroline Springs and other sites, this seeks to provide supported pathways for young early school leavers and unemployed young people in recognition of current service ‘gaps’.

Underpinning our work is an evidence base gathered from existing literature, evaluations cited above and our research with academic institutions. Recent research projects include:

- ***Job Pathways of Disadvantaged Jobseekers:*** A joint project with researchers at the Melbourne Institute, this study aims to identify the factors that assist job retention and advancement of the unemployed and other people that have experienced long spells out of the workforce
- ***Understanding and Preventing Workforce Vulnerabilities in Midlife and Beyond:*** A joint study with NATSEM, University of Canberra and University of Melbourne, this study aims to understand involuntary under-participation or non-participation in the workforce by older Australians
- ***Understanding Employer Barriers to Taking on Disadvantaged Jobseekers:*** Undertaken with the University of Melbourne, this project aims to document the reasons why employers do not take on low-skilled jobseekers and to evaluate the impact of employer engagement strategies being trialled at BSL.

Drawing on our research and practice we call for new approaches in two key areas:

- An alternative pathway for young jobseekers – via Youth Connections providers who can provide more holistic assessment and appropriate support to reconnect young people with work and learning
- A collaborative approach to tackling place-based disadvantage that connects people to locally based support, learning opportunities and employment.

Our submission focuses on the further reforms required to strengthen sustainable employment pathways aimed at those for whom the current system remains inadequate. Below we identify key aspects for innovation and investment.

## 2 Meeting the needs of jobseekers

The current JSA model is working reasonably well for the majority of unemployed people, especially those with work experience, social capital, skills and capacities to take up work – the ‘job ready’ with a 72.4% ‘positive outcome’ for Stream 1 in June 2012 (DEEWR 2012, Table 2.2). But it has some way to go to maximise the social and economic participation of marginalised Australians of working age.

The available data<sup>1</sup> suggest that:

- just under half (48.7%) of assisted jobseekers (all Streams, June 2012) are employed at 13-week follow-up (DEEWR 2012 Table 1.6)
- less than a third (30.7%) of jobseekers in Stream 4 achieve a 13-week employment outcome and only just over a third (34.9%) of these become permanent employees (DEEWR 2012, Table 1.6).
- over half (56.8%) of all people recorded as achieving an employment outcome are placed into casual, temporary or seasonal work. This is consistent across all Streams of jobseekers in JSA (DEEWR 2012 Table 1.6).

Six key areas of reform to JSA are proposed to better meet the needs of jobseekers:

1. An improved assessment process
2. Better recognition of the needs of culturally and linguistically diverse (CALD) populations
3. Improved JSA efficiency
4. Strengthening assistance and outcomes for highly disadvantaged groups
5. Strengthening participation of disengaged working age groups
6. More responsive vocational training.

### An improved assessment process

A more comprehensive screening and assessment process is required to ensure that jobseekers receive the appropriate form and level of assistance, particularly those facing barriers to employment that require a thorough face-to-face assessment. At the moment, many interviews are conducted by telephone. While this offers convenience for jobseekers and cost efficiencies for Centrelink, it can lead to incorrect streaming of jobseekers, with many reluctant to disclose issues like mental illness, homelessness, family violence, or lack of English language/comprehension to a person they are speaking to on the telephone for the first time. While previous studies have

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<sup>1</sup> There is inadequate program data in the public arena on effectiveness and outcomes (for example, job churn, training outcomes, outcomes for particular groups such as refugees, integrated case management models and assessment procedures) to make a fully informed assessment of the current JSA model. A more transparent and collaborative approach to labour market and employment assistance data would strengthen informed discussion of net impact and improvement strategies with the full participation of stakeholders.

revealed a 10% inaccuracy rate in registering new jobseekers, this does not take into account non-disclosure of factors which might result in an inappropriate Stream allocation (OECD 2012). A 2010 study found that specialist providers sought reclassification for 25–50% of their clients (Flentje et al. 2010) and an OECD report found that about 20% of existing Stream 4 clients had initial scores below 20, corresponding to Stream 1 (OECD 2012).

Assessment could still be undertaken by telephone where necessary but those administering the instrument should be properly trained in cultural awareness and how to elicit information rather than simply checking boxes. Where any non-vocational barriers are identified, a further face-to-face screening should be arranged.

Of particular concern is the apparent failure in most cases of the assessment process to identify the homeless circumstances of jobseekers. This effectively denies them the timely delivery of the level of assistance that they require. Here the government's Connecting the Dots research study will be critical to establishing strategies to ensure that the homelessness of jobseekers is identified at an early stage. From a service delivery perspective it is absurd that a homeless jobseeker can find themselves in Stream 1 or 2.

**Therefore the BSL recommends:**

- 1. A review of the assessment process including improved training for staff to ensure comprehensive assessment of individuals' barriers to paid work and to strengthen engagement with disadvantaged jobseekers.**
- 2. Careful examination of the government's Connecting the Dots research to identify more effective strategies to establish the homelessness of jobseekers, including the involvement of specialist homeless services and the client data sets to which they contribute. The JSCI should also be revised to give greater weighting to homelessness.**

In 2010, Centrelink implemented Local Connections to Work (LCTW) in five disadvantaged locations. This brought together local training, community, housing and welfare providers with JSA and DES providers, co-located with Centrelink to provide wraparound services and joint interviews. Assessment of this program by DEEWR and DHS found that it successfully engaged disadvantaged jobseekers (DEEWR & DHS 2011). The report cited early evidence that LCTW joint interviews increased attendance rates at appointments. In the first 7–8 months 200 job placements were achieved for disadvantaged people through LCTW, with a job placement rate 50 per cent higher than for similar jobseekers who had not participated in LCTW (DEEWR & DHS 2011).

Shared case planning with employment services providers (ESPs) and facilitated or 'soft' handover to providers of other services, with regular review of circumstances, should be central elements of service delivery for highly disadvantaged jobseekers so as to maximise engagement, motivation and the accurate assessment of their circumstances.

**Therefore the BSL recommends:**

- 3. Further development of shared case planning with Human Services/Centrelink for highly disadvantaged jobseekers, building on the evidence from recent innovation projects.**

## Better recognition of the needs of culturally and linguistically diverse (CALD) populations

For a number of adults from culturally and linguistically diverse (CALD) backgrounds, low level foundation skills (especially English language and literacy) are a significant barrier to accessing work and/or moving from low-skilled to more highly skilled work (Bowman & Mui 2012). Recently arrived refugees and migrants make up a relatively small subset of the adult CALD population but many of them have very low levels of English that present a major barrier to entering the labour market. Often they are placed in the 'too hard basket' or 'expensive to service and/or train' category within the mainstream JSA system (Refugee Council of Australia 2012).

The current classification tool, the Job Seeker Classification Instrument (JSCI), has within it flaws that exacerbate misclassifications for refugees and recent migrants. The BSL found that many refugees and recent migrants attending the Centre for Work and Learning at Yarra had been classified as Stream 1 jobseekers. This was despite the fact that most had very low or no English language skills, no experience in the Australian labour market, and no or low vocational skills or qualifications, or had qualifications not recognised in Australia (BSL 2012).

Assessment processes and the JSCI need to recognise the following factors that contribute to disadvantage in the labour market for CALD populations:

- the impact of the refugee experience, including time out of the labour market (currently the JSCI measures 'time on income support' rather than 'time since last worked')
- lack of Australian work experience making it more difficult to access jobs in Australia (the JSCI does not differentiate between Australian and non-Australian work experience)
- lack of recognition of overseas qualifications by Australian employers (the JSCI does not differentiate between qualifications obtained in Australia and overseas).
- *no* English language skills (currently the JSCI question about English proficiency only includes three possible responses 'good' 'mixed' or 'poor' English proficiency).

We support the Refugee Council of Australia's call for a review of the JSCI assessment process and tool to ensure that employment disadvantages for refugee and humanitarian entrants are properly identified and weighted in streaming clients for JSA services (Refugee Council of Australia 2012).

**Therefore the BSL recommends:**

- 4. Inclusion of CALD background as a sub-factor in assessments and recalibration of the JSCI to recognise the difficulties faced by those with no English language skills, no experience in the Australian labour market, and/or no Australian education or qualifications.**
- 5. Humanitarian refugee visas to be weighted in the JSCI as equivalent to being on income support for 12–23 months.**

## Improving JSA efficiency

The contracting out of employment services with a micro-managed accountability framework and focus on ensuring the unemployed comply with their obligations has contributed to higher caseloads and reduction in front-end staff qualifications and skills. In order to better meet the needs

of disadvantaged jobseekers, processes to manage contracts and oversight program assurance must not impact on resources invested in service delivery.

The concentration of effort and resources required to meet compliance requirements invariably diverts scarce resources from delivering the strongest possible support to jobseekers, including engaging constructively with employers and with other community providers for wraparound support. We support Jobs Australia and other JSA providers in their call for the government to address onerous compliance requirements that detract from the delivery of comprehensive support to jobseekers.

**Therefore the BSL recommends:**

- 6. Full implementation of the recommendations in the Final Report of the Advisory Panel on Employment Services Administration and Accountability and consideration by government of additional measures to substantially reduce the cost burden on employment service providers (ESPs), Human Services and the Department of Education, Employment and Workplace Relations (DEEWR) to enable refocusing of resources on direct assistance to jobseekers.**

## Strengthening assistance and outcomes for highly disadvantaged groups

The current model fails to invest in a personalised and integrated form of assistance to those furthest from paid work. The BSL's innovation experience shows that continuity of support including in-work/post-placement support is essential. The BSL's Given the Chance program with ANZ has achieved retention of up to 70% of those placed within ANZ beyond 6 months – that is; 70% of trainees have been retained by ANZ. This has been achieved through ongoing workplace support to the trainees and the employer.

Data from the JSA program reveals that of those JSA participants who achieved a 26-week outcome, nearly a third of Stream 3 (27.9%) and Stream 4 (28.5%) participants ended up back in the JSA system within the next 26 weeks after that outcome had been claimed (SSCEEWR 2012).

The Work Programme in the United Kingdom has addressed this issue of retention in employment by operating an outcome payment system with 13 week, 26 week and thereafter 'sustainment payments' paid at four-weekly intervals for up to two years depending on the individual's original level of unemployment/disadvantage.

In Australia, a 12-month outcome payment would encourage providers to pay closer attention to the initial matching of people to jobs, build stronger engagement with employers and offer ongoing workplace support to individuals to ensure sustainable employment outcomes.

**Therefore the BSL recommends:**

- 7. Reconfiguration of outcome payments to support additional milestone payment for 'sustained employment' up to 12 months for Stream 3 and 4 jobseekers. This will encourage JSA providers to engage more deeply with employers and provide post-placement support to those most disadvantaged in the labour market to increase their job retention and advancement once placed into paid work. The definition of sustained employment should include multiple jobs, recognising that people may move between employers as part of their pathway.**

## Strengthening participation of disengaged working-age groups

The BSL's service delivery experience and emerging research indicates a growing pool of working-age Australians who have disengaged from the employment services system and are no longer in the formal labour market. Given Australia's declining participation rate and an ageing workforce it is essential that labour market policy settings proactively engage and support these groups, including those without active participation obligations.

The BSL found that fewer than half (46.3%) of the jobseekers attending the Centre for Work and Learning Yarra were receiving Newstart Allowance or Youth Allowance; one-fifth (20.9%) were not receiving any form of income support and 29.6% reported not being linked to a JSA. This is despite the fact that all were unemployed or underemployed. Further, the vast majority of jobseekers attending the Centre were from refugee and migrant backgrounds and faced considerable barriers in the labour market (BSL 2012).

It is estimated that up to 13% of JSA clients are voluntary or classified as Stream 1 (Limited). This means they do not have participation requirements, (this figure excludes JSA clients in other streams who do have participation requirements but are exempted from participation). The majority of these people are 'non-allowees'. They do not receive Newstart or Youth Allowance (OECD 2012).

At present employment services providers are allocated a small fixed fee in relation to these jobseekers, who are entitled only to a single interview during which they might receive limited assistance with preparing a resume or CV or be given advice about the local labour market. There are no resources allocated for training or ongoing support.

Many of these jobseekers may later become eligible for full assistance (for example when their children are older or health conditions change). However, at a time when they are actively and independently seeking assistance from JSA providers, they are given very limited assistance and support. Those unable to find work during this time may experience deterioration in their circumstances and outlook between seeking assistance and being required to participate – making it even more difficult for them to find employment when required to do so. This will add to government costs in the longer term through income support payments, the need for higher levels of service provision, lost productivity and declining workforce participation.

These 'voluntary' jobseekers include:

- single and low-income coupled parents (mostly mothers) who are receiving the Parenting Payment but are not required to seek work due the young age of their children
- people on Disability Support Pensions who are not required to seek work
- migrants or refugees with a legal right to work in Australia who may not qualify for income support
- people not working but also not in the labour force (not unemployed)
- people who are underemployed working fewer than 15 hours.

In addition there is a further group of jobseekers who are not eligible for even Stream 1 (Limited) support, including:

- New Zealanders who moved to Australia after 2001 and are not Australian permanent residents

- those who are underemployed working more than 15 hours a week, but on low incomes
- asylum seekers
- low-income women excluded from assistance due to their partners' incomes.

The Productivity Commission (2007) identified the plight of 'prime-aged' and 'mature males' caught in entrenched underemployment. Many of these workers' earnings are not significantly better than income support; many face ill health, disability and forced early retirement; many have low levels of education and a high proportion are men from Indigenous and migrant backgrounds.

**Therefore the BSL recommends:**

**8. A stronger preventative approach by government through policy measures designed specifically to encourage and support disengaged groups including voluntary categories of jobseekers and the underemployed to participate in employment assistance.**

NEIS is an effective form of targeted assistance to jobseekers aspiring to develop a self-employment or micro-business pathway, producing high employment outcome rates (86%). The BSL proposes that it be continued as a niche program complementing the JSA/DES models from 2015.

Research suggests that assisting former refugees to establish their own businesses can contribute to creating employment opportunities for refugee and humanitarian entrants who are more recently arrived in the longer term (Olliff 2010). However the BSL's experience in developing *Stepping Stones*<sup>2</sup> in Melbourne, a mentor-based support program for refugee and migrant women, has shown this jobseeker group faces barriers in accessing NEIS including:

- ineligibility for income support payments or access to JSA – because of their husbands' income or their asylum seeker status
- responsibilities and commitments which prevent participation (NEIS requires a commitment of four days per week) such as care responsibilities, part-time employment and English as a second language (ESL) training
- a lack of ESL support, or links to personal support or specialised referrals by NEIS.
- limited focus or awareness within NEIS on the ways in which migrant or refugee entrepreneurs may operate within niche markets in Australia.

The BSL *Stepping Stones* program supports refugee and migrant women to understand the implications of starting a small business in Australia, providing them with information on finance, marketing and small business regulations. Self-employment is a flexible employment option for refugee and migrant women who have caring responsibilities or cultural requirements that make it difficult for them to engage in the mainstream labour market.

Expanding NEIS would open up a valuable pathway for refugee and migrant women to develop self-employment opportunities, thereby building their social and economic participation.

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<sup>2</sup> *Stepping Stones* offers training, mentoring and support to help recently arrived refugee women develop new skills and increase their participation in business and the community. Our evaluation will document the project as it evolves over three years, assess the outcomes and explore some of the issues faced by participants in their journey towards running their own microenterprises.

Therefore the BSL recommends

- 9. The continuation of the New Enterprise Incentive Scheme (NEIS) from 2015 with funding and eligibility criteria to expand this path to additional jobseeker groups, including those currently ineligible (for example, those not on income support payments, not using JSA, or with asylum seeker status).**
- 10. Funding to stage programs like BSL's *Stepping Stones* in areas of high unemployment and high CALD populations.**
- 11. A more flexible NEIS model to enable part-time participation (2–3 days per week) of jobseekers with caring responsibilities or education (English language class) commitments.**

### More responsive vocational training

The Productivity Commission recognises the value of vocational training in successfully engaging hard to reach and disadvantaged learners who would otherwise remain an underutilised resource in the economy and society (Productivity Commission 2011). At the same time, the OECD has noted that the ‘mismatch between skills acquired by individuals and those required by firms to navigate in a globalised and more competitive environment represents a barrier to employability’ (Martin 2008).

The integration of employment assistance and vocational training is critical to job entry for jobseekers with multiple barriers to work. Changes to JSA delivery are required to ensure that disadvantaged jobseekers are able to access and complete vocational training tailored to their individual needs and learning capabilities. This requires a stronger focus on individual skills audits and vocational guidance to match jobseekers to training that is then linked to paid work.

The development of skills requires a flexible suite of learning opportunities, both classroom-based and ‘on the job’, developed through close collaboration between registered training organisations and employment service providers.

Therefore the BSL recommends:

- 12. Further reform to vocational training to ensure flexible and personalised course delivery matched to the learning capacities of disadvantaged jobseekers and with more direct links to employment outcomes.**

## 3 Working in partnership with employers

While the current JSA model is reasonably efficient for ‘job ready’ jobseekers, the focus on activation, job placement and human capital, supply-side interventions is less effective for disadvantaged jobseekers who are furthest from sustainable employment.

A roundtable conducted by the BCA, ACOSS and the ACTU in 2012 found that interested employers often find it difficult to engage with providers because of the multiple providers competing with each other in the same geographical area. Currently just 7% of employers engage with JSA providers. The roundtable noted that demand-led approaches would be ‘characterised by deep employer and community engagement’.

The BSL is building relationships with national organisations like ANZ and Goodstart so that we can deliver sustained job outcomes for disadvantaged jobseekers. With investment from government and collaboration with JSA providers, this work can be taken to a national scale.

For this reason, BSL is currently working, together with Social Ventures Australia, Mission Australia, Jesuit Social Services and the Business Council of Australia, to develop a national, demand-led employment model – an Industry Employment Initiative (IEI). Working with national employers to design the program, we will target the entry-level recruitment needs of such employers to improve employment outcomes for long-term unemployed Australians and those at risk of long-term unemployment. This work builds on our existing models of collaboration with large employers, which have common features of customised pre-employment training, on-the-job support for candidates, and education and support for the employer’s current workers so that they can better support the candidates being placed into work.

Our discussions around such an Industry Employment Initiative have found that national employers with recruitment needs across multiple sites and states are eager to play an increased role in providing meaningful and sustainable employment opportunities for highly disadvantaged jobseekers. They also have the job vacancies to have a real impact. However, the consistent feedback is that:

- the highly localised employment services system doesn’t match up well with their business and recruitment needs around the country. They would prefer as few contacts points as possible, or a ‘one-stop-shop’ approach
- they need more effective partnerships with employment service providers that understand their business needs, provide employment solutions to match their needs and can help them establish how best to employ, support and retain long-term unemployed jobseekers
- the candidates who currently come through the employment services system are often inadequately trained and matched to the recruitment needs of the employer.

Keeping in mind these concerns, our objectives for the Industry Employment Initiative are to engage deeply with national employers to:

- design a demand-led training and recruitment pathway that is user-friendly, cost-effective and targeted to the entry-level workforce needs of participating employers
- improve employer understanding of the needs of the long-term unemployed and how to harness their potential
- increase the diversity of their workforces
- build an approach pre-employment training and related practical tools that employers can roll out around the country
- change employer attitudes to giving the long-term unemployed access to employment opportunities
- contribute to the continued improvement of employment services models by scaling and testing local innovations that have been a proven success.

Evidence from our own demand-led programs and feedback from employers tells us that a properly resourced Industry Employment Initiative has the potential to achieve better, more sustained outcomes for long-term unemployed jobseekers through an alternative training, support and employment pathway. We think the model should be developed in collaboration with government,

employment service providers, non-profits and philanthropic organisations to add new knowledge and capability to the employment services sector.

Our proposed model is demand-led and will provide employers with a single contact point at the national level to support their workforce planning and to identify their entry-level recruitment needs. This 'one stop shop' will then coordinate and collaborate with providers at the local level who will match JSA clients to vacancies, provide tailored foundational and vocational training as well as continuing support in the workplace. We strongly believe the government should invest in a different approach for large national employers who want a more joined-up response than can currently be delivered through the JSA system.

**Therefore the BSL recommends:**

**13. Investment by government in a substantially different employment services approach to engaging larger national employers through a new Industry Employment Initiative, operating across multiple sites and multiple states.**

In addition to our work with national employers, BSL is working at a local level through the Work and Learning Centres. The BSL and our delivery partners engage small and medium-sized employers with community networks to connect jobseekers to local employment opportunities. Wraparound support is provided by the employer and community partners. BSL's experience in delivering the Work and Learning Centres reinforces the evidence from recent Innovation Fund and Demonstration Pilot projects that show the benefit of demand-focused services. A stronger premium on deep engagement with local employers and industry groups delivers sustainable employment outcomes. Ad hoc, office-based 'reverse marketing' or cold calling businesses can only have limited success in placing highly disadvantaged clients; and for many employers this is increasingly a source of irritation and frustration. The BSL is operating successful programs which engage employers in program design, selection, customised pre-employment training and on-the-job training. Candidates receive access to ongoing case management support from the BSL and from their employer through trained workplace mentors, buddies and supervisors. This approach demonstrates a more sustainable way to support highly disadvantaged jobseekers into work.

**Therefore the BSL recommends:**

**14. Implementation of reforms to the JSA that support strong local collaboration within Employment Service Areas, bringing together employers, local government, employment assistance providers, training organisations and providers of other services to proactively identify a pipeline of job opportunities supported by integrated assistance that can be matched to the pool of disadvantaged jobseekers.**

Specific programs such as the Workplace English Language and Literacy (WELL) Program act as a great incentive for employers to build the capacity of CALD employees, as well as supporting their retention in the workplace. However, in our experience this program is underutilised by employers. Regional brokers could be engaged in high CALD population areas to ensure employers are maximising the use of this program as this aids successful settlement and fosters greater English skills to ensure active participation in the workforce.

**Therefore the BSL recommends:**

- 15. Introduction of regional brokers in areas with large CALD populations to encourage employers to maximise use of the Workplace English Language and Literacy (WELL) Program.**

## **4 Stronger partnerships with other services**

A characteristic of the current JSA has been the reticence of employment service providers to share resources or collaborate with other services at the local level. This weakness has been recognised through the recent development of the Better Practice Forums.

BSL's experience through our Work and Learning Centre has been that 'soft' engagement strategies only achieved mixed results in sharing Employment Pathway Fund (EPF) resources or outcome payments for common clients (BSL 2012). The current contractual model and payments system does not facilitate local collaboration, including sharing of resources.

**Therefore the BSL recommends:**

- 16. Development of robust contracting requirements that encourage collaboration and resource sharing between employment assistance providers and other services, in particular by recognising collaborative delivery in performance measurement (Star Ratings) and by providing brokerage monies to promote collaboration with third parties to provide specialised wraparound support for jobseekers with higher needs in areas of high unemployment/disadvantage.**

## **5 New ideas for a better system**

### **A new work offer for young people**

The current service system should be strengthened to place a far stronger emphasis on the engagement and support of disadvantaged young people (under 25). Recent figures show that:

- 16.6% of teenagers in the labour force are unemployed (FYA 2012)
- 22% of 15–24 year olds experience social exclusion (Azpitarte 2012)
- 1 in 4 young people aged 18–24 years were not 'fully engaged' in employment, education, or training in 2011 (COAG 2012).

A recent major OECD review of the youth labour market highlights the following features of effective assistance: early intervention; outreach programs that connect with all young people; risk profiling; good targeting that distinguishes the different categories of young people and tailors support accordingly; and programs that combine services and offer a comprehensive package including job search, mentoring, work experience and remedial education and training (OECD 2010).

The specific strategies that work for the most disengaged and disadvantaged young people are identified as including: a highly individualised approach that recognises diverse needs and circumstances; early establishment of trust and respect through personal advisers; holistic advice and guidance; a multidisciplinary approach; individual action plans; ongoing support services for

those who have personal and social difficulties; practical and experiential learning; involvement of and coordination between public authorities, parents, employers and community members; and ongoing assessment and monitoring of progress (OECD 2010).

Youth Connections has much in common with the best practice profiled by the OECD. Youth Connections utilises personalised case management; incorporates a holistic approach to goal setting and successful school to work transitions including individual action plans, re-engagement activities and practical learning opportunities; actively involves families, schools and TAFEs, community organisations and local industry; and assesses and monitors client progress over a period of time.

The evaluations of the Peninsula Youth Connections program found that 84.5 per cent of all participants achieved either a progressive outcome (removal of a wide variety of life barriers), or final outcome (re-engagement in education or employment) (Barrett 2012a). National evaluations have found that Youth Connections is also especially effective at addressing specific regional and cultural needs, particularly in Indigenous and refugee communities (dandolopartners 2012).

In consideration of the increasing national demand for youth transitions support, and the challenges of a changing youth labour market, Sweet (2012) recommends a new approach to reduce the number of early school leavers and reintegrate unemployed and inactive young people into the labour market. Based on extensive comparative international research, 'a youth focussed job placement and education re-engagement agency that is separated from job placement services for adults' is recommended (Sweet 2012).

The BSL supports the recommendations made by Sweet, and proposes an extended Youth Connections program to incorporate good practice identified in international evaluations and to build on the successful elements of the current program. This would include extending Youth Connections to support young people aged up to 25, to address current service gaps for young people aged older than 19 years. Currently this group is not receiving adequate support through the Job Services Australia system. Limitations affecting young people within the JSA system include: lack of a specific youth focus; inadequate capacity for intensive and holistic support; failure to address specific barriers to employment faced by young people; incorrect initial assessments; lack of genuine informed choice of service provider; non-recognition and lack of measurement of non-vocational outcomes; lack of practical support provided such as assistance with forms and transport to interviews; and inadequate focus on meaningful education and training opportunities (Rose et al. 2011).

A stronger focus on prevention and early intervention is warranted to reduce the level of school and labour market disengagement. Youth Connections workers have the skills and capabilities to work effectively with young people.

Centrelink can and should play a critical function, through a shared case planning approach (for example Local Connections to Work) to ensure flexible, timely and individualised assistance to disadvantaged young people. In this proposed model Youth Connections teams would be expected to collaborate with employers, local education and training providers, and community organisations that work to support young people to deliver a new youth offer for disengaged young people.

**Therefore the BSL recommends:**

- 17. A new youth offer that addresses the current weaknesses in employment assistance to provide a comprehensive support model for more effective youth pathways. This reform should include the following core elements:**
- a. Youth Connections as the lead agency for young people. Expand and uncap Youth Connections to provide a specialist transitional ‘learning and earning’ support service for young people aged up to 25 years. This should incorporate strengthened career development support.**
  - b. A coordinated case referral and support model, whereby Centrelink arranges the development of an individual plan with referral to Youth Connections as the lead agency providing youth transition support. Youth Connections partnerships should also take over the delivery of employment assistance (and associated EPF and JSA resources) for young people.**

### Area-based consortium delivery (ABCD)

The existing service system does not encourage collaborative approaches. Collaboration happens by accident, depending on the goodwill of providers, rather than by the design of the system. In areas with concentrations of disadvantage and disengagement from the labour market, joined up responses have had more success in delivering change than the current mainstream JSA system. Programs such as the Family Centred Employment Project, the Remote Jobs and Communities Program and Headspace offer examples of area-based consortium delivery could work.

One of the key lessons from the range of innovation and demonstration projects has been the importance of place-based coordination that brings together key stakeholders in local employment markets with a focus on identifying employment opportunities and then matching the preparation of disadvantaged jobseekers to take up those identified jobs (Bodsworth 2012; BSL 2012). The current competitive JSA system is inefficient in small local labour markets.

We propose a new local area based approach to tackling unemployment and building skills in local government areas (LGAs) with:

- high concentrations of long-term unemployed
- entrenched disadvantage

and/or

- high proportions of disadvantaged people not engaged in the labour market (or marginally engaged /at risk of disengaging), including refugees, post-settlement migrants, sole parents, people living in public housing, and workless households.

The consortium delivery areas should correspond to local government areas rather than Employment Services Areas (ESAs) which cover multiple LGAs.

The current JSA model fails to ensure effective collaboration within local labour markets to proactively match jobseekers to existing and emerging job opportunities by building relevant skills (soft and vocational) and provide wraparound and continuing support. We believe the best way to tackle long-term unemployment in areas of high deprivation is to start from an area-based

partnership or consortium approach that is wider and more diverse than single or multiple JSA providers.

We propose local area-based consortium delivery for skills and employment assistance, drawing together employer/business organisations, skills and training organisations, local community and philanthropic organisations, local and other government organisations, and employment agencies.

An area-based approach will:

- build a shared approach to tackling and preventing long-term unemployment in a designated community
- create a strong and diverse local partnership with each partner contributing their own resources, strategic capabilities and networks to support the common objectives
- engage local employers, business leaders and business organisations to ensure a demand-led approach to getting people into work with links to available work experience and work placement opportunities as well as jobs
- engage local skills and training organisations to leverage their capacity for training linked to employer requirements so that people are trained for work and trained up while in work
- engage with relevant levels of government to foster local economic development for local employment opportunities
- engage community organisations to ensure disadvantaged individuals receive wraparound support that promotes wider community and labour participation including in volunteering, work placement and work experience opportunities
- structure an employment intervention model that is tailored to local circumstances and cohorts
- move away from competitive approaches to employment services and encourage collaboration and innovation
- share knowledge and ‘leads’ among consortia participants to ensure better outcomes for people experiencing multiple disadvantages. This approach could model ‘joined up’ approaches to case management – either through a ‘key worker’ approach (e.g. Victorian DHS) or the Local Connections to Work model. The tendering process could require that consortia demonstrate their approaches to individual client management.

**Therefore the BSL recommends:**

**18. Development of an area-based consortia delivery (ABCD) model of employment service delivery in disadvantaged labour markets taking a demand-led, collaborative approach that brings together local government, local employers, training providers, community agencies and employment services to create job pathways for disadvantaged jobseekers. Features of the model include:**

- a. Tendering for employment services delivery in designated ABCD areas by multi-partner consortia.**
- b. Ring-fenced JSA resources in ABCD local government areas with scope for funds to be used flexibly to meet local needs and circumstances (similar to**

**Innovation Fund programs) and with a DEEWR commitment to reduced administrative burden and red tape.**

- c. Additional resources – such as those made available through the Innovation Fund, Local Jobs for Local People and similar – prioritised for ABCD areas.**
- d. Consortia to provide packages of customised pre-employment training and on-the-job support that engage employers in program design, customised pre-employment training and on-the-job training, with ongoing case management support for jobseekers including post-placement support.**
- e. Streaming of JSA participants to the consortium by Centrelink with funding to follow individual jobseekers based on assessment. DES participants to retain choice of a local DES provider or the consortium.**
- f. Small area targeting. Most Employment Service Areas are too large to provide an intensive community response of the sort proposed by this model. This model is better suited in the first instance to one or two local government areas, where local consortia can deliver meaningful local services for jobseekers to connect them to their local labour market.**

Demand-side barriers remain a critical challenge to achieving sustainable job outcomes for many disadvantaged jobseekers, especially those with disabilities, Indigenous Australians, those experiencing homelessness and those from non – English speaking backgrounds.

African Australian clients at our Centre for Work and Learning Yarra have related past experiences of employer reticence and discrimination. BSL's 'Building Bridges' program was developed with employers to improve workplace understanding of the needs of those from refugee and migrant backgrounds and the long-term unemployed. We use this program in our work with employers to ensure candidates placed into work are supported in their workplaces by both us and their colleagues.

Government policy levers that support business diversity and prevent discrimination will help ensure disadvantaged jobseekers have a fair chance to obtain work.

**Therefore the BSL recommends:**

**19. Development of a proactive policy initiative to strengthen employee diversity in all workplaces and encourage employer take-up of diversity groups, building on existing government initiatives through 'Support for Employers to Build a Diverse Workforce'.**

Brotherhood research has drawn attention to the current range of disincentives faced by many jobseekers to taking up paid work and increasing their hours to support advancement (see for example, Bodsworth 2010; Bowman & Lawlor 2010).

Disincentives may include increased tax, reduced income support, loss of concessions and increased rent for those in public housing. These disincentives are compounded by the precariousness of paid work, especially of entry-level jobs for disadvantaged jobseekers which are more likely to be casual, short-term or seasonal.

A coherent active labour market policy is critical to achieving a close match of labour demand and supply both over the life course and across economic cycles. Best practice in the OECD supports the need for a dynamic balancing of the three key components of labour market policy comprising:

- a flexible labour market with employers encouraged to invest in up-skilling and labour retention
- a generous transitional benefit system for the newly unemployed to enable social and economic participation
- active labour market policies to motivate and re-skill workers and support pathways into work (Horn 2010).

The precariousness of paid work necessitates the development of better-coordinated policies to maximise the likelihood of low skilled jobseekers retaining their jobs. For disadvantaged jobseekers, in particular, we suggest that a minimum of one year is required to strengthen the probability that participation in paid work will continue.

**Therefore the BSL recommends:**

**20. A review of relevant policies across jurisdictions and portfolios to identify and remove disincentives to employment and develop a coherent policy setting that makes work pay for the unemployed.**

Social procurement policies have been shown to be effective in supporting the provision of jobs aimed at disadvantaged or entry-level workers both through social enterprises and profit-making businesses. In effect they give some privilege to those jobseekers who are less competitive in the open labour market or who live in areas where there is a scarcity of entry-level or low-skilled work or employer reticence to take on such jobseekers. Increased interest in social procurement strategies is occurring in Australia. Governments should build on this platform to further develop effective approaches to procurement through contracting arrangements, guidelines and education initiatives.

**Therefore the BSL recommends:**

**21. Development of a comprehensive social procurement strategy that encourages government contractors to create procurement opportunities that employ disadvantaged jobseekers.**

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