



Brotherhood
of St Laurence

Working for an Australia free of poverty

Submission to the Review of Australia's Welfare System

Brotherhood of St Laurence

August 2014

About the Brotherhood of St Laurence

Established in the 1930s, the Brotherhood is an independent, non-government organisation with strong community links that works to build social and economic participation. Based in Melbourne, but with a national profile, the Brotherhood 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.

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Summary of recommendations

Fairer rates of pensions and allowances

1. Set the rate of social security payments to reflect the real costs of living to ensure the dignity and security of all recipients.
2. Lift the base rate of working age payments to reduce the differential between allowances and pensions.
3. Apply a common indexation formula to both allowances and pensions, informed by cost of living measures, median earnings and community expectations of living standards.

Effective rent assistance

4. Develop a new indicator that reflects real increases in private rents and index Rent Assistance against the new indicator.

Rewarding workforce participation

5. Increase the liquid assets threshold level to enable individuals to retain a reasonable personal safety net.
6. Increase the free areas and reduce the taper rates for Newstart Allowance recipients who have partial capacity to work or are likely to find themselves in part-time employment. This would be consistent with the changes introduced for NSA (principal carer) and Youth Allowance (student) recipients to encourage and reward workforce participation.
7. Work with state and territory governments to remove financial disincentives for public housing tenants to seek employment.

Participation and responsibilities

8. Strengthen the employment services system's offering to jobseekers through:
 - rapid re-engagement,
 - careers and vocational guidance,
 - engagement with local employment opportunities,
 - timely access to training and skills development,
 - meaningful work experience, and
 - coaching (where needed).
9. Ensure participation requirements focus on building capabilities that will support jobseekers to move into mainstream employment. This includes providing access to training, real work experience opportunities, matched to participant aspirations, individualised support and connections with employers.
10. For those jobseekers receiving income support, make mutual responsibilities contingent on:
 - a clear understanding of the responsibilities and accountabilities of employment providers, jobseekers and other agencies
 - investment in building the capabilities of jobseekers
 - an approach that prioritises the rapid re-engagement of jobseekers
 - allowing sufficient discretion to avoid penalising those who fail to comply with participation requirements because of circumstances outside their control.

11. Provide access to financial literacy and incentivised savings programs for income support recipients.

Investing in children and families

12. Invest in collaborative early years hubs that combine 'universal entry' early childhood programs (such as Early Childhood Education and Care and Child and Maternal Health Services) with other child and family support services.
13. Support early years service models that also build the civic and economic participation of parents. This approach recognises the relationship between developmental outcomes for young children and the socioeconomic situation, education level and employment status of their parents.
14. Expand the roll-out of flexible early learning programs (like HIPPO) which target low-income families, rural and remote communities, newly arrived migrants and refugees, and Aboriginal and Torres Strait Islander communities.

Investing in young people

15. Design programs based on rapid re-engagement to assist young people who are disengaged from work and study to build their economic participation.
16. Establish a system to immediately identify and engage support for those who leave school prematurely, in cooperation with the states and territories, given the upcoming closure of the Youth Connections service.
17. Establish a national Youth Transitions Service to enable young people who are unemployed to become work-ready and connect with employment opportunities.

Transition pathways for disadvantaged jobseekers

18. Expand the capacity of Group Training Organisations support apprentices and trainees, in light of the discontinuation of the Australian Apprenticeship Access Program and the Apprenticeship Mentoring Program.
19. Assist young people to break the cycle of homelessness and disadvantage by resourcing interventions that focus on education, training and skills development. Opening a network of Youth Foyers in TAFE institutes would advance this aim.
20. Introduce skills development and career transition support for mature-age jobseekers. These programs should be tailored to the local employment market, recognise transferable skills, and build confidence and digital literacy.
21. Design a more flexible New Enterprise Incentive Scheme (NEIS) model to enable small business development by diverse jobseekers, such as refugees and recent migrants, people with caring responsibilities or people with disabilities.
22. Overhaul the jobseeker assessment process used by Centrelink, and revise the Jobseeker Classification Instrument to ensure jobseekers' scores (and allocation to a stream) accurately reflect their circumstances.
23. Facilitate the assistance of jobseekers in the future employment services system through the use of data sharing and shared case planning between local employment services, social and community services.

24. Provide intensive and tailored support to asylum seeker and refugee jobseekers to aid their speedy transition into the workforce.

A strong link between training and work

25. Require employment services providers to offer careers advice connected to local labour markets. This will assist jobseekers to make better informed decisions about training.
26. Build stronger links between training and work by limiting public training subsidies to those vocational training courses (Certificate III and above) that include practical work placements, and supporting foundational and entry level courses that incorporate work tasters and advice about higher education options.
27. Weight the funding for training providers more heavily towards course completion rather than commencement, to lift training completion rates.
28. Ensure that jobseekers who are no longer eligible for subsidised vocational education and training are not precluded from acquiring the skills and qualifications they need to move into work.

Enabling employers to unlock opportunities for jobseekers

29. Introduce a system of national and regional brokers (or intermediaries) to strengthen links between employers and jobseekers utilising government-funded employment services.
30. Invest in expanding innovative demand-led employment models that target jobseekers facing disadvantage in the labour market.

Access to technology

31. Ensure that Centrelink and Employment Services information is available in multiple formats so that people with limited digital literacy, or without access to the Internet, can access it.
32. Offer internet training to job seekers with digital literacy needs.

Thriving communities

33. In the contracting of publicly funded services, prefer local organisations that can harness local skills, altruism and volunteering efforts, and build community capacity.
34. Grow collaborative approaches to create job opportunities in areas with high concentrations of disadvantage and unemployment.
35. Trial a Collective Impact approach to harness community-wide efforts in ten areas of socioeconomic disadvantage to address agreed local priority issues.

Why is this Review important?

An effective welfare system is fundamental to a decent and fair nation. The current system clearly needs significant reform. It is for this reason that we welcome the opportunity to comment on the Interim Report.

Australia's welfare system has failed to keep up with social and economic changes. There is an urgent need for investment and innovation that recognise the challenges and opportunities of the modern economy and contemporary Australian society.

Social and economic change

The structure of Australia's economy has changed over the past few decades, with a shift from manufacturing towards the resources and service sectors.¹ This structural shift has been driven by technological change, the growth of industry in East Asia, and economic reform.² With this shift there has been a related decline in employment in the manufacturing sector and a growth in employment in the service sector. These changes have also coincided with demographic and social changes, with an ageing population and an increase in women's workforce participation.

Labour market changes

Structural change has been accompanied by an increase in non-standard employment ('employment arrangements that do not involve full-time permanent wage and salary jobs'³). In the past, these kinds of jobs have provided a stepping stone for some workers towards more secure, full-time jobs. However, with the relative decline in secure full-time employment many people risk being locked into cycles of low pay or no pay, or being out of the labour market. There is also a growing number of underemployed and discouraged workers who are the 'invisible unemployed'.⁴ The risk of uncertain employment particularly affects early school leavers, mature-age adults, people with limited skills and work experience, and those living on the urban fringe or in regional or remote locations where training and employment opportunities are limited.

Uneven impacts

This changing labour market affects different groups in different ways. Here we focus on young people. Earlier generations of young people could walk into a job without finishing school. Today it is much harder to do so. Analysis of labour market trends based on ABS data shows a marked increase in both the prevalence and duration of youth unemployment. The number of young people experiencing long-term unemployment has tripled since 2008.⁵ By May 2014, the expected duration of unemployment for young people was above 33 weeks,⁶ more than twice as long as before the start of the global financial crisis (GFC).

Reasons for this mounting youth unemployment are complex. Technological change has resulted in the disappearance of many entry-level jobs that existed a generation ago, so there are now fewer entry-level opportunities and high competition for available jobs. There is an increasing emphasis on formal qualifications, and a growing demand for higher skills. It is predicted that 70 per cent of the new jobs created by 2017 will require at least a Certificate III qualification, with more than half requiring a diploma-level qualification or higher.⁷

Disadvantaged young people, especially those who leave school early, will struggle in this environment. The BSL's *Social Exclusion Monitor* indicates that early school leavers are 2.5 times more likely to experience social exclusion.⁸ Disadvantaged young people are particularly at risk of

long-term unemployment and reliance on income support. Young people who experience socioeconomic disadvantage are less likely to receive safety net support from their families than their more advantaged peers.⁹ Developing effective means to engage these young people in the mainstream economy will be critical to prevent long-term disadvantage.

The impact of structural changes to the labour market is unevenly distributed across Australia. There is an increasing mismatch between the location of affordable housing and available jobs. The extraordinary population growth on the outskirts of our cities has not been matched by the provision of essential infrastructure such as child care and maternal health facilities, schools, medical facilities, aged care, support services, community spaces and public transport. A lack of investment in these areas has resulted in inadequate jobs growth.

There are sizeable areas of our largest cities where less than 10, 20 or 30 per cent of jobs can be accessed within a reasonable travelling time. There are suburbs in Melbourne, Brisbane and Perth where the share of jobs that can be accessed within 60 minutes by public transport falls below 1 per cent.¹⁰ Without adequate social and physical infrastructure, communities struggle to thrive.

Investing in Australia's future

The challenges facing Australia require investment and innovation if we are to avoid rising unemployment and disadvantage. In this submission we detail specific approaches in response to questions posed in the Interim Report of the Reference Group on Welfare Reform.

Our recommendations are based on recognition of the challenges facing many ordinary Australians who need support and assistance at different times across the life course.

Tax and transfer policies sit within a broader framework of the welfare system and intersect with policies relating to education, health, housing and so on. This Review has acknowledged some of these intersections, but greater consideration is required to prevent unintended consequences. Australia needs a whole of government approach underpinned by social investment principles.

A genuine approach to social investment requires a combination of job creation and sound economic policies, in addition to a fair tax and transfer system. However, given the scope of this Review, we focus our recommendations on the mechanisms for building people's capabilities and enabling their participation in the modern economy, and ensuring an adequate standard of living for those who are unable to work or to find work.

Principles for a better income support system

Social welfare policies should focus on enabling people to live with dignity and participate in and contribute to mainstream Australian society. The key principles that should guide any reform of the current system are: effectiveness; adequacy to enable people to live with dignity and security; equity in providing individuals with capabilities and opportunities. A balance of these principles is required to avoid unintended consequences, including the exclusion of people experiencing disadvantage.

Response to the Interim Report

The Reference Group's Interim Report is wide-ranging. We provide responses and recommendations to selected themes and questions. Where practicable, we flag the themes and questions within the Report to which our recommendations relate.

Fairer rates of pensions and allowances

Fair rate structure (pages 55 to 60)	<ul style="list-style-type: none"> How should rates be set, taking into account circumstances such as age, capacity to work, single/couple status, living arrangements and/or parental responsibilities?
Common approach to adjusting payments (pages 60 to 64)	<ul style="list-style-type: none"> What might be the basis for a common approach to adjusting payments for changes in costs of living and community living standards?

Recommendations

- 1. Set the rate of social security payments to reflect the real costs of living to ensure the dignity and security of all recipients.**
- 2. Lift the base rate of working age payments to reduce the differential between allowances and pensions.**
- 3. Apply a common indexation formula to both allowances and pensions, informed by cost of living measures, median earnings and community expectations of living standards.**

The primary purpose of the income support system is to provide a minimum adequate standard of living to people who are unable to support themselves through paid work or other means. A key element in the design of the income support system is an appropriate balance of incentives and disincentives for labour market participation. Australia's income support system should aim to make work pay.

The current system has failed to keep up with changes to the labour market, living standards, community expectations, and demographic and social change. It is also based on out-of-date assumptions about the profile and needs of income support recipients. Rather than creating simplicity, ad hoc attempts to address these issues have instead increased the complexity of the system.

Reform of the current income support system needs to be guided three key principles:

- effectiveness
- adequacy of income support
- equity in providing individuals with capabilities and opportunities.

Effectiveness

While the Interim Report has placed great emphasis on efficiency and the resources used, we argue that effectiveness is a better measure of the extent to which the system is achieving its aims.¹¹ An *effective* welfare system must ensure:

- effective targeting through appropriate means testing (balanced against creating disincentives to save);
- effective encouragement of participation (through removal of disincentives and creation of incentives).

Decisions as to how these principles are balanced should be made in reference to the actual experiences and living standards of income support recipients.

Adequacy and equity

There is an urgent need to restore the adequacy of income support payments relative to community standards. There are two key factors to consider:

- the relationship between participation payments and the minimum wage after tax
- the relationship between allowances and pensions.

The relationship between Newstart Allowance and the minimum wage after tax

It is important to achieve a reasonable ratio between participation payments and the net minimum wage after tax.

The current ratio of Newstart Allowance to the minimum wage is not high enough to act as a disincentive to paid work. Current payment levels do not enable recipients to 'live with dignity and security.'¹² In 1996 the level of Newstart for a single person was around 54 per cent of the after-tax minimum wage.¹³ Our calculations show that it is now 44 per cent.¹⁴ The Newstart Allowance rate is even lower in relation to average male full-time weekly earnings.

Such low ratios are counterproductive; impeding job seekers' efforts to seek and take up work due to their inability to meet basic living costs such as transport, clothing and housing. Our experience of working with the longer term unemployed suggests those receiving Newstart Allowance are more likely to be assisted into work by improved active labour market programs and positive activation measures.

We recognise that Australia already has a very robust set of conditionality measures and sanctions on benefit recipients. As a first step in addressing issues of adequacy and removing disincentives to seeking work, the objective should be to return to the 1996 ratio within a series of Federal Budgets.

The relationship between allowances and pensions

As the Henry Review report points out, the single allowance rate in 1980 was 89 per cent of the single pension rate.¹⁵ In 2014 this has dropped to 67 per cent. The table below shows the growing gap between Newstart Allowance and pensions.

Table 1.1 Single adult Newstart Allowance compared to single adult pension (\$ per fortnight)¹⁶

	1980	2010	2014	2040 (projected) ¹⁷
A Single allowance rate	\$51.45	\$456.00	\$510.50	\$902.05
B Single pension rate	\$57.90	\$671.90	\$766.00	\$1,945.40
A/B	89%	68%	67%	46%

Large differentials between pensions and allowances can create perverse incentives for people to seek eligibility for higher payments as they offer greater income security. Significantly lifting the base rate for working age payments would address this.

Common indexation formula

A fair rate structure should be based on an understanding of the cost of living for different household types. Reliance on the Consumer Price Index (CPI) alone, as flagged in the 2014–15 Federal Budget announcements, will not maintain the real value of payments relative to community living standards. This has been demonstrated by the failure of Newstart, Youth Allowance and Rent Assistance, which are indexed to the CPI, to keep pace with changes in real costs of living.¹⁸

The assessment of living costs should be informed by:

- cost of living measures, including but not limited to the Consumer Price Index
- median male full-time weekly earnings (consistent with the Harmer Review's findings that the median is a more appropriate benchmark than the average)
- Australian community expectations of income levels required to maintain a 'dignified and secure' standard of living.

Rates should be indexed twice yearly, and the adequacy of the base rates should be periodically reviewed.

Effective rent assistance

Effective rent assistance (pages 68 to 71)	<ul style="list-style-type: none"> • How could Rent Assistance be better targeted to meet the needs of people in public or private rental housing?
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Recommendations

4. Develop a new indicator that reflects real increases in private rents and index Rent Assistance against the new indicator.

Rent Assistance is widely accepted as inadequate to address the real and increasing costs of private rental. The indexation of Rent Assistance to the CPI is part of the reason for its declining effectiveness. Instead, Rent Assistance should be indexed annually against a new indicator that reflects both the real increases in private rents and the variability in rental affordability based on location. In metropolitan Melbourne, for example, Victorian Government analysis shows that only 0.3 per cent of 1-bedroom rental properties are considered 'affordable' for single people receiving Newstart.¹⁹ The growth in rental costs is also outside the control of renters, linked as it is to a worsening housing supply for low-income private renters.²⁰ As the Henry Review recommended, movements in national rents should be a point of reference for future Rent Assistance rates.²¹

Rewarding workforce participation

Rewards for work and targeting assistance to need (pages 72 to 78)	<ul style="list-style-type: none"> • How should means testing be designed to allow an appropriate reward for work? • At what income should income support cease? • What would be a simpler, more consistent approach to means testing income and assets?
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Recommendations

5. Increase the liquid assets threshold level to enable individuals to retain a reasonable personal safety net.

- 6. Increase the free areas and reduce the taper rates for Newstart Allowance recipients who have partial capacity to work or are likely to find themselves in part-time employment. This would be consistent with the changes introduced for NSA (principal carer) and Youth Allowance (student) recipients to encourage and reward workforce participation.**
- 7. Work with state and territory governments to remove financial disincentives for public housing tenants to seek employment.**

Means testing of income support payments ensures that payments are targeted towards those most in need—but appropriate targeting must be balanced with preventing financial hardship. At present, different payment types have different:

- income tests
- free areas (the amount that a recipient can earn before their payment is reduced)
- taper rates (the rate at which income support payments are reduced per dollar earned)
- cut-off points (maximum earnings while still receiving some income support payments)
- amount of Working Credits that can be earned
- liquid assets test levels (if liquid assets exceed a certain amount, a waiting period applies before commencement of payments).

Simplifying these mechanisms would increase transparency and consistency across payment types. It would also make compliance requirements easier to understand for income support recipients. However, it is important not to create unintended consequences in the drive towards simplification. As BSL research in conjunction with the University of Melbourne has shown, tax-benefit policy reforms implemented between 1994 and 2009 improved efficiency, but reduced the overall redistributive impact of the system.²² Policy reforms aimed only at improving simplicity and efficiency risk having negative consequences for equity.

Asset testing

A liquid assets waiting period applies to applicants for Newstart Allowance, Youth Allowance, Sickness Allowance and Austudy. According to the current framework, a single person with more than \$5,500 in readily accessible assets such as cash savings will have to wait for a period of between 1-13 weeks before receiving payments to ensure that they draw on their savings first.²³

However, this system results in an inconsistent and inequitable treatment of people's assets. Some home owners may be asset-rich but have limited liquid assets, while non-homeowners may need to retain more liquid assets as a buffer to housing insecurity. The policy requires non-homeowners, arguably the most vulnerable in the housing market, to exhaust their liquid assets and creates financial insecurity by leaving them with few reserves for major costs such as rent, insurance, car repair or medical bills.

Income-free areas and withdrawal rates

The low income free area and relatively harsh withdrawal rate for Newstart Allowance were intended to maintain incentives to take up full-time employment, with an assumption that unemployment benefits would be short-term payments for individuals temporarily out of work.

Newstart Allowance recipients now include increasing numbers of long-term unemployed, people with disabilities or health issues, people with care responsibilities (mostly women) and older

people. Recent figures show that 248,406 long term jobseekers were in receipt of Newstart Allowance or Youth Allowance (Other) in June 2014.²⁴ Labour market assistance outcomes data from Job Services Australia indicate that overall only 15.5 per cent obtained fulltime employment. Rates were lower for groups that face disadvantage in the labour market: only 9.8 per cent of those aged over 50; 9.6 per cent of sole parents, 10.5 per cent of Stream 4 jobseekers and only 8.7 per cent of people with a disability obtained full-time employment.²⁵ This combined with the current employment rate around 6 per cent²⁶ suggests that it is increasingly likely that certain Newstart Allowance recipients will combine part-time work with income support for extended periods.

For jobseekers that have full capacity to work but face significant barriers, entry into part-time employment may provide a pathway to full-time employment, offering work experience, increased confidence, employability skills and networks. However, the current taper rates provide a disincentive to engage in part-time employment or to increase part-time hours of work. For this reason, taper rates and income tests should be reviewed to ensure that disincentives to take up work, including part-time work, are removed.

Other employment disincentives exist for specific groups. Public housing tenants, for example, face a range of disincentives due to state-administered rental rules. In Victoria a single person who commences a traineeship ends up paying 72 per cent more in rent than if they relied solely on Newstart. Such higher rents coupled with higher effective marginal tax rates create significant disincentives for public housing tenants to seek employment.²⁷

Participation and responsibilities

Mutual obligation (pages 80 to 85)	<ul style="list-style-type: none"> • How should participation requirements be better matched to individual circumstances? • What is the best way of ensuring that people on income support meet their obligations? • In what circumstances should income management be applied?
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Recommendations

8. Strengthen the employment services system's offering to jobseekers through:

- **rapid re-engagement,**
- **careers and vocational guidance,**
- **engagement with local employment opportunities,**
- **timely access to training and skills development,**
- **meaningful work experience, and**
- **coaching (where needed).**

9. Ensure participation requirements focus on building capabilities that will support jobseekers to move into mainstream employment. This includes providing access to training, real work experience opportunities, matched to participant aspirations, individualised support and connections with employers.

10. For those jobseekers receiving income support, make mutual responsibilities contingent on:

- **a clear understanding of the responsibilities and accountabilities of employment providers, jobseekers and other agencies**
- **investment in building the capabilities of jobseekers**
- **an approach that prioritises the rapid re-engagement of jobseekers**
- **allowing sufficient discretion to avoid penalising those who fail to comply with participation through circumstances outside their control.**

11. Provide access to financial literacy programs for income support recipients.

Strengthening employment services

Australia already has a very robust set of conditionality measures and sanctions imposed on income support recipients. The design of the employment services system needs to strike an appropriate balance between investment in the capacity of jobseekers on one hand and the responsibility of jobseekers to take up reasonable opportunities to build their capabilities and secure employment on the other.

The system needs to focus on investing in the capabilities of job seekers, but with this investment come high expectations. The current employment services system does not adequately meet the needs of jobseekers facing barriers to employment. Less than a third of all disadvantaged jobseekers (JSA Streams 3 and 4) find employment, and nearly a third of these end up back in the employment services system within six months.²⁸ Most employment placements are in short-term, casual and seasonal work, which makes it challenging for people to remain in employment or stay off income support.²⁹ It is also hard for them to maintain stable housing, which is essential for engagement in education and training and the workforce.

The proposed design of employment services from 2015 to 2020 does not address some of the critical shortcomings of the existing system. It does not address the need for:

- personalised coaching (although case management is available for the most disadvantaged jobseekers)
- vocational guidance
- stronger links with mainstream employers and local labour market needs
- rapid intervention to avoid prolonged disengagement from work
- an outcome payment system that rewards longer employment outcomes (more than 6 months), rather than short-term employment outcomes.

The proposed new design includes reduced face-to-face support, with an increased emphasis on self-help and online services, and tight restrictions on access to employment services by volunteer jobseekers (those without participation requirements or not receiving income support). It also appears to delay the point at which a jobseeker can have training costs met through the Employment Fund.

Work for the Dole features as a participation requirement for most jobseekers in the proposed new employment services arrangements. Research has demonstrated that earlier iterations of Work for the Dole have fallen short of effectively supporting participants into future employment.³⁰ Priority

needs to be given to participation strategies that enable jobseekers to build the skills that mainstream employers are seeking. This will require access to training, real work experience opportunities matched to participant aspirations, individualised support and connections with employers.

A quality and responsive employment service and meaningful participation requirements are essential elements in the mutual obligation equation. It is reasonable for the system to have consequences for those who wilfully disregard their end of the bargain. This approach, however, should be contingent on:

- a clear understanding of what service providers and jobseekers are committed to and accountable for
- a plan to invest in building the capabilities of jobseekers
- an approach that prioritises the rapid re-engagement of jobseekers
- allowing sufficient discretion to avoid penalising those who fail to comply through circumstances outside their control.

Knowing what 'the Deal' is

BSL youth programs are characterised by significant investment in young people's capabilities. We focus on young people's abilities, rather than on their deficits or problems. With that investment come high expectations. Young people make a formal commitment as part of 'the Something-for-Something Deal' between the young person, the service and the community. Upholding their end of the bargain is a condition of continued participation.

The draft design for the next phase of employment services strengthens the penalties for non-compliance, based on proposed legislative changes contained in the Stronger Penalties for Serious Failures Bill, which is currently before the Australian Parliament.

These changes risk creating severe hardship for some jobseekers, particularly those who struggle to meet their obligations due to circumstances beyond their control.³¹ Individuals facing homelessness, mental illness, domestic violence and parenting responsibilities, as well young people and Aboriginal and Torres Strait Islanders, have been found to have circumstances which make compliance difficult, and are disproportionately breached and receive undue penalties.³²

Building financial literacy and encouraging savings

Our program experience demonstrates that building budgeting skills, and facilitating access to fair and affordable financial products and incentivised savings schemes can strengthen stability and security for people on low incomes.³³

While recognising that an adequate income is fundamental, programs that combine financial literacy and incentivised savings can assist people on low incomes. For this reason, these programs should be made available to income support recipients as a way of strengthening their capacity to manage their household budgets. Building these skills would assist specific groups of people with low income, including teenagers on income support.

'Saver Plus' generates better household financial management

BSL's Saver Plus program brings together budgeting skills, understanding of financial products and incentivised savings. Program evaluations show that 85 per cent of participants were still engaged in budgeting and savings behaviour a year after taking part in the program. The children of the participants were also found to be developing savings habits.

Investing in children and families

Early intervention (pages 85 to 88)	<ul style="list-style-type: none"> How can the social support system better deliver early intervention for children at risk?
Improving individual and family functioning (pages 90 to 93)	<ul style="list-style-type: none"> How can services enhance family functioning to improve employment outcomes? How can services be improved to achieve employment and social participation for people with complex needs?

Recommendations

- 12. Invest in collaborative early years hubs that combine 'universal entry' early childhood programs (such as Early Childhood Education and Care and Child and Maternal Health Services) with other child and family support services.**
- 13. Support early years service models that also build the civic and economic participation of parents. This approach recognises the relationship between developmental outcomes for young children and the socioeconomic situation, education level and employment status of their parents.**
- 14. Expand the roll-out of flexible early learning programs (like HIPPY) which target low-income families, rural and remote communities, newly arrived migrants and refugees, and Aboriginal and Torres Strait Islander communities.**

Early learning

Early learning is a fundamental building block for future educational attainment and social and economic participation. Developmental gaps emerge very early and if not effectively addressed persist and intensify throughout the school years and beyond.³⁴ The Productivity Commission has noted that the cycle of disadvantage can start early; that family location, income and education impact significantly on child school readiness; and that the early years is a critical time for building children's capabilities including literacy, numeracy, and social skills which support the transition to school and motivation to learn.³⁵

HIPPY – investing in children's potential

The Home Interaction Program for Parents and Youngsters (HIPPY) is an early learning program that supports parents to help their children develop numeracy and literacy. It targets families with children aged four and five years old in disadvantaged communities.

The BSL has been running HIPPY since 1998. With funding from the Australian Government, HIPPY is currently being rolled out to an additional 100 additional sites, including 50 Aboriginal and Torres Strait Islander communities.

A 2011 program evaluation found that children who participated in the program had bridged existing cognitive development gaps (which were on average 30 per cent below the norm) by the time they started school. HIPPY was found to be cost-effective compared with other programs, and

has recently been identified as an effective intervention in the *Closing the Gap* review of early childhood parenting, education and health intervention programs.³⁶

HIPPY builds parents and children's confidence in learning. Families report that their children have a greater love of learning, improved self esteem and better language and listening skills. The families benefit from strengthened relationships between parents and children, greater involvement of parents in the children's learning and stronger connections with the community.

Delivery of HIPPY is designed to strengthen capacity in the local community. Not-for-profit organisations with strong community links manage delivery of HIPPY in each location. The program trains local parents who have previously been through HIPPY to work as program tutors. These parents are supported to make a first step into the workforce by training initially as 'tutors' to work with other parents, and then acquiring further vocational skills.

Integrated early years and family services

There is opportunity to expand and strengthen promising approaches to Early Years collaborations. Child and Community Hubs are demonstrating the value of strong links between early years and family services, which make it easier for disadvantaged families to access the supports they need. There is emerging evidence that collective, localised, 'one-stop-shop' approaches that are non-discriminatory, and combine various child-focused services (care, education, play, health) with parent-focused services (health, welfare and social support including transitional labour market supports) can enhance child and family access, health and wellbeing.³⁷

Collaboration at Connie Benn Centre

The Connie Benn Family Centre is at the Atherton Gardens Housing Estate in Fitzroy, Melbourne. Delivered through a partnership with the City of Yarra, the Centre integrates council-operated early learning and care services with a suite of family support services operated by the BSL, including Refugee Child Outreach, Breakfast Club, Homework Club, School-Parent Engagement Program, HIPPY, Saver Plus and Supported Playgroups. There is close involvement of the local community, including significant volunteering, in the operation of the Centre.

The BSL is working in conjunction with local schools, community agencies, health providers, the Victoria Police and government agencies on strategies to build the social and emotion literacy of the children and families living at Atherton Gardens. Early indications are that this work is proving highly effective.

Supporting parents to build their social and economic participation

Children's life chances are affected by their parents' education and employment status. There is a sound social and economic case for fostering opportunities for employment, education and training in communities with high concentrations of unemployment, low skills attainment, and the challenge of structural economic adjustments. Universal early learning and care services (kindergartens, child and maternal health) can provide the crucial soft entry point for families to access support they need to address family issues, complex needs, or challenges to workforce participation. Such entry points are particularly important in emerging communities, including those on the fringes of our cities, where other civic institutions and supports are not yet well established.

The Brotherhood is partnering with Goodstart Early Learning to create a service model that takes a two-generation approach to supporting families. As well as offering high quality early learning and parent support, which is typical of family hubs, the model will also focus on the economic and civic participation of parents. The model includes:

- high quality early learning and care for 0–5 year olds
- family support and parent engagement to support the wellbeing of families
- career planning, training, employment opportunities
- financial programs to build the economic participation and assets of parents;
- a focus on building civic engagement and community connections.

Gateway for parents to build their employability

The BSL, in partnership with Goodstart Early Learning and the City of Whittlesea will soon open Child and Family Gateway Centres in Mernda (January 2015) and South Morang (January 2016). They share a vision for the role that early learning services can play in help meet challenges facing families in outer-urban areas. The Gateway model recognises the social and economic challenges facing this community including a population with lower levels of qualification and skills, remoteness from employment opportunities, employment in declining sectors such as manufacturing, and limited civic infrastructure.

Gateways provide a universal entry point, attracting families into the centre through early years care and education services. The Gateways provide a range of services including:

<p>Early Childhood Education and Care Kindergarten Long day care Occasional care Maternal and child health and nutrition</p> <p>Autism support Occupational therapy Speech therapy Intentional playgroups</p>	<p>Parent and Family Support Wellbeing Parenting skills Homework clubs Peer support</p>	<p>Economic Participation Career planning Foundation skills Vocational training Work preparation</p> <p>Work placements</p> <p>Financial education Savings and budgeting</p>	<p>Civic and Community Connections Volunteering Social connections Business links Community capacity</p> <p>Collaborative and connected services</p>
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The model strategically brings together existing funding from local, state and Commonwealth governments and from philanthropic and community sources. Goodstart and the BSL, as not-for-profit organisations, have committed to reinvesting all surpluses generated, which principally come from long day care funding, back into the operation of the Child and Family Gateways.

Investing in young people

Early intervention (pages 85 to 88)	<ul style="list-style-type: none"> • How can programmes similar to the New Zealand investment model be adapted and implemented in Australia?
Education and Training (pages 89 to 90)	<ul style="list-style-type: none"> • What can be done to improve access to literacy, numeracy and job relevant training for young people at risk of unemployment? • How can early intervention and prevention programmes more effectively improve skills for young people? • How can a focus on 'earn or learn' for young Australians be enhanced?

Recommendations

- 15. Design programs based on rapid re-engagement to assist young people who are disengaged from work and study to build their economic participation.**
- 16. Establish a system to immediately identify and engage support for those who leave school prematurely, in cooperation with the states and territories, given the upcoming closure of the Youth Connections service.**
- 17. Establish a national Youth Transitions Service to enable young people who are unemployed to become work-ready and connect with employment opportunities.**

Young people are critical to Australia's future economic prosperity. With a rapidly ageing population, and an economic imperative for Australia to increase productivity and workforce participation levels,³⁸ it is particularly important that young people are given every opportunity to make a successful transition to the labour market.

We know that young people **want to work and aspire to mainstream goals** of meaningful employment, a decent home and strong connections with friends or family. We recognise that an investment in young people will benefit them as individuals as well as the community as a whole.

Around one in five young people in Australia leave school before completing Year 12.³⁹ The BSL's *Social Exclusion Monitor* shows that early school leavers are two and a half times more likely to experience deep social exclusion than those who complete Year 12.⁴⁰

Youth unemployment is also rising, and currently accounts for nearly 40 per cent of all unemployment in Australia. Unemployment among 15–24 year olds is 13.4 per cent nationally, rising to 20 per cent in some areas of disadvantage.⁴¹ Young people are particularly vulnerable to changes in the economy. Research shows that young people in Australia experienced significantly worse decline in full-time jobs (including apprenticeships) and higher increases in unemployment levels as a result of the global financial crisis than other adults.⁴² Since then there has been a steady increase in youth unemployment rates.

Changes in Australia's labour market have meant that there are fewer entry-level jobs available for young people and there is greater competition for positions. Entry-level jobs for young people are increasingly casual, temporary and part-time.⁴³ This means that many young people entering the labour market for the first time have little opportunity for training or progression, do not have leave entitlements and are more vulnerable to job losses.⁴⁴ In addition, many current workforce development strategies do not allocate time or resources for practical experience and on the job training of new workers and instead look to employ only workers with proven skills and experience.⁴⁵ Young people's lack of previous work places them at a disadvantage in the labour market.

While young people currently face particular challenges in securing work, clear research and experiential evidence exists about effective early intervention approaches to assisting young people into work or further study. The following key principles underpin BSL's approach to facilitating youth transitions:

- **Rapid re-engagement is critical:** The longer a young person is unemployed or disengaged, the harder it is for them to move into work. Young people who experience prolonged periods of unemployment are more likely to experience long-term or recurrent unemployment and welfare dependence in later life.⁴⁶
- Young people thrive when their talents and **capabilities** are recognised, instead of the focus being on their deficits.
- **Investment in young people's capabilities should come with high expectations.** Young people should be expected to uphold a formal commitment as part of the '**something for something**' deal between the young person, the service and the community. This approach ensures that young people are valued, but also value the support they receive and make an investment in their own futures.
- Young people need **careers guidance**. Today's labour market and education and training systems are complicated and will continue to be so in the future.
- Young people need opportunities to develop **employability skills** such as teamwork, problem solving and understanding the expectations of Australian employers. These are not innate qualities but are learned from **good role models**, participation in **work experience** and **links with employers**.

Some of the most successful early intervention models implemented in Denmark, Norway and the Netherlands identify school drop-outs quickly, and construct flexible programs to get them back to learning.⁴⁷

The national Youth Connections program which re-engages teenagers with learning has been defunded by the Australian Government and will end in December 2014. Youth Connections is in high demand and has been a very effective program. Last year, it worked with over 30,000 teenagers⁴⁸, most of whom were no longer going to school. Its closure will mean that for the first time in over 20 years Australia will be without a national program to assist young people to return to learning. It is of concern that our existing employment services are not equipped to fill this gap and provide young people with a clear line of sight to education, training or a job.⁴⁹

A National Youth Transitions Service

Australia urgently needs a new approach to assist young jobseekers to build their qualifications, skills and experience to obtain a job in the modern economy. Research indicates that effective job-readiness programs incorporate targeted skills development, hands-on experience in real workplaces, individual coaching, careers advice that is matched to individual aspirations and labour market opportunities, and job search skills.⁵⁰

The BSL recommends the establishment of a national Youth Transitions Service to provide a more effective response to the needs of young people aged between 17 and 24 years who are seeking work.⁵¹ The Youth Transitions Service would deliver a structured program based on clear expectations of participation, including mutual obligation responsibilities for young people receiving government income support. The Youth Transitions Service would intervene before there is prolonged separation from the labour market.

The table below sets out the elements of this approach:

How the Youth Transitions Service will prepare young people for work	
Taking rapid action	<ul style="list-style-type: none"> • Active engagement in employment preparation and placement on becoming unemployed
Careers and vocational guidance	<ul style="list-style-type: none"> • Realistic career advice and guidance which responds to local labour market conditions • Informed decisions about the vocational education system to avoid the trap of being churned through mismatched training courses that do not lead to jobs
A plan for action	<ul style="list-style-type: none"> • Individual learning and employment action plans with concrete actions and responsibilities for the young person to meet
Coaching	<ul style="list-style-type: none"> • Coaching by trained staff to support and develop a young person's employability • Addressing young people's barriers and perceived impediments to work
Providing work 'tasters'	<ul style="list-style-type: none"> • A roster of workplace visits • Learning from those already in work • Identifying interests and skills • Learning about what employers want from their workers
Building employability and vocational skills	<ul style="list-style-type: none"> • Training programs to develop job readiness and the skills needed to identify, secure and retain a job • Foundation skills including literacy, numeracy and IT skills (where needed) • Reinforcing personal skills such as team work, communication, customer and business awareness
Connecting young people to mentors	<ul style="list-style-type: none"> • Matching young people with volunteer mentors, such as the emerging cohort of retired baby boomers, to promote intergenerational exchange • Access to networks and employment opportunities
Supported work experience	<ul style="list-style-type: none"> • Structured unpaid work experience (tied to accredited training) connected to career goals • Building an understanding of workplace expectations and culture
Connecting with local employers	<ul style="list-style-type: none"> • Strong connections with local employers about their labour requirements • Gaining local business and labour market knowledge • Work experience, work tasters and employment opportunities • Support for employers to take on young people • Enable young people build their networks into the world of paid work
Support to find and retain employment	<ul style="list-style-type: none"> • Assistance to find full-time and part-time jobs • Field support and mentoring to help young people retain their job • Entry into further labour market programs if work skills still need to be developed • Use of wage subsidies where these would boost a young person's employability

Transition pathways for disadvantaged jobseekers

Improving pathways to employment (pages 101 to 107)	<ul style="list-style-type: none"> • How can transition pathways for disadvantaged jobseekers, including young people, be enhanced? • How can vocational education and training into real jobs be better targeted?
Role of local business (pages 121 to 123)	<ul style="list-style-type: none"> • How can communities generate opportunities for micro business to drive employment outcomes?
Supporting employers (pages 108 to 110)	<ul style="list-style-type: none"> • How can an employment focus be embedded across all employment and support services?

Recommendations

- 18. Expand the capacity of Group Training Organisations support apprentices and trainees, in light of the discontinuation of the Australian Apprenticeship Access Program and the Apprenticeship Mentoring Program.**
- 19. Assist young people to break the cycle of homelessness and disadvantage by resourcing interventions that focus on education, training and skills development. Opening a network of Youth Foyers in TAFE institutes would advance this aim.**
- 20. Introduce skills development and career transition support for mature-age jobseekers. These programs should be tailored to the local employment market, recognise transferable skills, and build confidence and digital literacy.**
- 21. Design a more flexible New Enterprise Incentive Scheme (NEIS) model to enable small business development by diverse jobseekers, such as refugees and recent migrants, people with caring responsibilities or people with disabilities.**
- 22. Overhaul the jobseeker assessment process used by Centrelink, and revise the Jobseeker Classification Instrument to ensure jobseekers' scores (and allocation to a stream) accurately reflect their circumstances.**
- 23. Facilitate the assistance of jobseekers in the future employment services system through the use of data sharing and shared case planning between local employment services, social and community services.**
- 24. Provide intensive and tailored support to asylum seeker and refugee jobseekers to aid their speedy transition into the workforce.**

Apprenticeship and traineeship opportunities for disadvantaged jobseekers

Apprenticeships and traineeships are a key pathway into paid work and provide opportunities to improve skills and qualifications. Around 52 per cent of apprenticeships and traineeships are occupied by people aged under 25 years.

The numbers of apprenticeships and traineeship opportunities are declining, with commencements at the lowest levels in a decade.⁵² While completion rates have been slowly improving, they are still low overall (47 per cent for trade occupations and 56.1 per cent for non-trade occupations for those who commenced in 2009⁵³). Apprentices and trainees based with larger employers, including government agencies, tend to have better completion rates due to greater support and resources. However, the decline in public sector opportunities and increased subcontracting by larger businesses mean that most apprentices and trainees are now based in smaller and medium-sized businesses, which are more vulnerable to changes in the economy.

Group Training Organisations (GTOs) offer an alternative model to provide support and resources for apprentices and trainees, while absorbing some of the administrative burden faced

by employers. As the legal employer, GTOs take responsibility for recruitment, wages, industrial relations and human resources, WorkCover and training requirements. They work mainly with small and medium-sized businesses that are prepared to provide a host workplace, but are unable or reluctant to shoulder the employment and compliance risks associated with hiring apprentices and trainees.

GTOs provide the critical components proven to maximise the chances of successful completion of an apprenticeship or traineeship:

- pre-placement training
- matching of the apprentice/trainee and the host employer
- placement mentoring and pastoral care
- support for the host employer to provide a safe environment.

They also enable smooth transition of apprentices from one host employer to another, with over 15 per cent of GTO-employed apprentices rotated to another employer each year.⁵⁴ This allows businesses the flexibility to meet their fluctuating workforce needs and prevents attrition of apprentices.

Many GTOs are willing to take on 'at risk' jobseekers who would be unlikely to secure apprenticeships directly with employers, and to help to support their successful completion. Collectively they represent the largest employer of young Aboriginal and Torres Strait Islander people, and of young people with a disability.⁵⁵

Recent decisions by the Australian Government to discontinue the Australian Apprenticeship Access Program (which supported vulnerable young people to prepare for, secure and complete apprenticeships) and the Apprenticeship Mentoring Program will narrow the options for apprentices and business to access support.

Creating employment pathways for young people experiencing homelessness

Some young people require more intensive support to engage in education and training. Each night around 24,000 young people experience homelessness in Australia.⁵⁶ Unless they are able to break out of the cycle of homelessness they are likely to face a future of poverty and dependency on homelessness and other social services, and find themselves in trouble with the criminal justice system.

There is an urgent need to recast the way we tackle youth homelessness. Mainstream homelessness services for young people have often focused on meeting their immediate wellbeing needs, without attention to their education and employment needs or aspirations. We need to intensify the focus on education, training and employment, as these are essential to achieving positive long-term outcomes for young people experiencing homelessness.

The Education First Youth Foyers developed by the BSL in partnership with Hanover Welfare Services and the Victorian Government focus on education and training. Foyer students live in accommodation located on TAFE college campuses. They are supported to access mainstream education, training and employment opportunities. The Foyer model invests in building young people's strengths and capabilities so that they have the resilience and the resources to become active, independent and connected adults.

The Education First Youth Foyers are being piloted at a number of TAFE colleges in Victoria. Guided by an evidence-based practice framework, this model is demonstrating a more efficient *and* effective way of investing in the future of young people experiencing homelessness. A comprehensive evaluation is taking place. Evaluations of similar Foyers operating in England have demonstrated the cost-effectiveness and positive outcomes of the approach, with 72 per cent of students in employment or training upon exit.⁵⁷

Supporting mature aged jobseekers

The current employment services system is not working well for older job seekers. Around 24 per cent of very long term unemployed jobseekers are aged over 50 years. Those aged over 55 years experience an average duration of unemployment of 71 weeks, compared with 41 weeks for job seekers aged 25–44 years.⁵⁸ Many in this age group have given up looking for work and are no longer participating in the labour market. Nearly three times as many lower skilled mature-age people are not in the labour force as those with higher skills.⁵⁹

The BSL welcomes plans for the Restart wage-subsidy program to encourage employment of people aged over 50 years. However, in order to make this effective, we believe there also needs to investment in supporting mature aged jobseekers with job search skills, confidence building and digital literacy.

A 2012 report noted that the issues for mature aged jobseekers include out-of-date job search skills, age discrimination and skills mismatches in the present labour market.⁶⁰ Feedback from employers involved in the BSL's Mature Aged Participation Program indicated that their priority is securing stable, skilled employees, capable of delivering value to their business, rather than simply saving on wages.

A more flexible New Enterprise Incentive Scheme (NEIS)

Micro business and small business can provide important employment pathways for some people facing barriers to labour market participation. NEIS provides accredited small business training, advice and mentoring to unemployed people receiving income support. It provides effective assistance to jobseekers who want to develop a small or micro-business and has achieved high employment outcomes of up to 83 per cent.⁶¹

The BSL believes this form of training and support can provide an important pathway for some unemployed people and supports its continuation under the next Employment Services contract from 2015. However, we are concerned that, unless it becomes more flexible, NEIS may not be accessible to jobseekers facing particular barriers, with CALD and refugee women, single parents, people with disabilities and Aboriginal and Torres Strait Islander jobseekers underrepresented in the program.

The BSL has developed 'Stepping Stones', micro-enterprise program culturally adapted for refugee and migrant women in Melbourne. The program has shown that these women can succeed in developing micro-businesses, if given the right kind of support. Stepping Stones is delivered part-time to accommodate the women's family commitments, participation in other training and part-time employment. It includes ESL support, culturally appropriate resource materials, and individualised support to overcome other barriers, such as those related to health, family violence and child care. A recent evaluation found that 96 per cent of graduates improved their financial management skills, their business networks and their English skills. Some 46 per cent started a

small business, 26 per cent gained paid work or better jobs, and 26 per cent entered further education and training.⁶²

A more flexible and responsive NEIS program would encompass:

- a standard part-time training option (presently only available through special request)
- ESL support embedded within the training and culturally sensitive training materials
- individualised support and referrals for more disadvantaged learners.

Improved assessment and classification processes for job seekers

A more comprehensive screening and assessment process is required to ensure jobseekers receive appropriate assistance from employment service providers. Previous studies have revealed a 10 per cent inaccuracy rate in registering new jobseekers.⁶³ Further, a 2010 study found that specialist providers sought reclassification for 25 to 50 per cent of their clients.⁶⁴

At present, many initial assessment interviews are conducted by telephone. While this is often convenient for jobseekers and cost-efficient for Centrelink, it can lead to incorrect streaming of jobseekers with many reluctant to disclose issues like mental illness, homelessness or family violence, or lack of English language/comprehension to a person they are speaking to on the telephone for the first time. Assessment could still be undertaken by telephone but interviewers 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.

The current Job Seeker Classification Instrument (JSCI) also has flaws that exacerbate misclassifications for disadvantaged groups, including refugees and recent migrants, people experiencing homelessness, and mature age people. For example, adults from culturally and linguistically diverse (CALD) backgrounds can face significant barriers to accessing work.⁶⁵ The BSL has found that many refugees and recent migrants attending our employment programs have been classified as Stream 1 jobseekers, despite having limited English language skills, no experience in the Australian labour market, and low vocational skills or qualifications gained overseas. A revised approach would better identify jobseekers requiring support and improve access to Employment Services.

Shared case planning

A more collaborative and flexible approach to case planning would significantly improve the employment services system. In 2010, Centrelink implemented a shared case planning model—Local Connections to Work (LCTW)—in a number of locations with high levels of socioeconomic disadvantage. This brought together local training, community, housing and welfare providers with JSA and DES providers, co-located in Centrelink offices to provide support services and joint interviews. It was based on a successful New Zealand Community Links model and the idea that shared case planning would help maximise engagement, motivation and accuracy of assessment of a jobseeker's circumstances.

While LCTW finished early and had mixed results, an Australian National Audit Office assessment⁶⁶ found that it was generally effective and that it improved collaboration between local services. New Zealand recently completed an evaluation of its Social Sector Trials⁶⁷ with disadvantaged young people which found that these place-based collaborations increased community and agency responsiveness to addressing the needs of young people and that young

people were more motivated and engaged, with compelling evidence of improved transitions from school to employment.

Tailoring employment services for refugees and asylum seekers with work rights

The Hugo Report found that humanitarian refugees are not being fully utilised in the labour market, with a significant mismatch between skills and occupation.⁶⁸ It highlighted that refugees would like to embrace work opportunities in regional areas, use their entrepreneurial qualities and undertake volunteer work as part of a significant contribution to society. The report found that it often takes until the second generation to bring humanitarian refugee labour participation up to the level of the Australian born population.

Recent policy changes reflected in the draft tender for Employment Services indicate that asylum seekers holding work rights, and asylum seekers who arrived by boat before July 2013 and are granted temporary protection visas, will be able to access Employment Services and will face the same participation requirements as all other jobseekers.⁶⁹ It is critical that this group of jobseekers are appropriately classified as highly disadvantaged, and that they are able to access the intensive and culturally-appropriate support that is needed to aid their transition into employment. The BSL's experience demonstrates that with the right support, asylum seekers can contribute to the productive capacity of our nation.

A strong link between training and work

Improving pathways to employment (pages 101 to 107)	<ul style="list-style-type: none"> • How can vocational education and training into real jobs be better targeted?
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Recommendations

- 25. Require employment services providers to offer careers advice connected to local labour markets. This will assist jobseekers to make better informed decisions about training.**
- 26. Build stronger links between training and work by limiting public training subsidies to those vocational training courses (Certificate III and above) that include practical work placements, and supporting foundational and entry level courses that incorporate work tasters and advice about higher education options.**
- 27. Weight the funding for training providers more heavily towards course completion rather than commencement, to lift training completion rates.**
- 28. Ensure that jobseekers who are no longer eligible for subsidised vocational education and training are not precluded from acquiring the skills and qualifications they need to move into work.**

There is an increasing emphasis on qualifications as a prerequisite for work, and a growing demand from employers for higher skills. It is predicted that 70 per cent of the new jobs created by 2017 will require at least a Certificate III qualification, with more than half requiring a diploma-level qualification or higher.⁷⁰⁷¹

Careers advice within the employment services system

A recent report by the Australian Workplace Productivity Agency (AWPA) highlighted the importance of effective career advice services 'both for young people who need to build aspirations

for the future and understand the possibilities open to them, and for mature-age people who need to build confidence for career transitions'.⁷²

Careers advice should be integrated within the employment services framework. The absence of vocational guidance in the Job Services Australia system means that little consideration is given to jobseekers' interests and capabilities, the local labour market, or the conditions and type of work in different sectors. The result is that some jobseekers commence courses that they are not well matched to, or end up with qualifications that hold little weight with employers and provide limited opportunities for entry into the local labour market.

Practical work placements and work tasters as part of learning

In workplace surveys, employers routinely rank work experience as one of the most important attributes when recruiting staff.⁷³ Employers are looking for staff who are work-ready, with strong personal skills like initiative, motivation, good communication and the ability to fit into the workplace. These skills can be developed through training combined with 'real' work experience.

Practical work placements can help to build people's knowledge and skills, create networks for future employment, demonstrate workplace expectations and develop problem solving, confidence team work and communication skills. Research suggests that employability skills are best obtained through a 'real' experience of work.⁷⁴ The Brotherhood's experience has demonstrated that building practical job placements into vocational training programs strengthens learners' job-readiness and improves their employment prospects. It also creates a stronger nexus between training content and employer needs.

The BSL recommends that minimum hours of practical work placement be required in accredited training courses. For vocational training courses of Certificate III or higher, which by nature are industry-directed and vocation-specific, the Brotherhood suggests a minimum of 100 hours of work placement be required to build learners' practical experience.

Ideally, foundation level studies should also be integrated with practical exposure to careers options through work experience or work tasters. Learners need to build an appreciation of the local labour market, and be exposed to the conditions and types of work available in different industries before committing to higher level vocational training.

Focus on improving completion rates

The completion rates of publicly subsidised VET courses are very low. For those under 25 years, completion rates range from 30.9 per cent for Certificate I qualifications to 56.2 per cent for Certificate III qualifications.⁷⁵ The BSL's work with diverse clients has demonstrated that many have unknowingly exhausted their training subsidies by commencing programs unsuited to their career interests or their capabilities. As a result, they have lost the chance to be supported to acquire qualifications that would be useful for their future careers.

Shifting the weighting of payments more heavily towards series of units completed, and away from units commenced, would help reduce the perverse incentive for providers to enrol people in unsuitable training. This would also encourage providers to assess capabilities and interests more carefully to ensure the course is a good match for the jobseeker. It would also encourage innovative course delivery to maximise learner engagement and completion. In the United Kingdom, where course success rates (which are very similar to completions) have become the focus for funding, success rates have increased from under 50 per cent to over 75 per cent.⁷⁶ It should be noted that in

moving to this system, flexible timeframes are crucial to enable completion by disadvantaged learners.

Access to subsidised VET places

Increasingly restrictive state VET eligibility rules are limiting jobseekers' participation in funded training. For example, the Victorian Training Guarantee limits training subsidies to the commencement (not completion) of two courses annually. English language courses are included in this quota, heavily impacting on the capacity of CALD people, particularly refugees, to obtain the vocational skills and English language levels needed for Australian workplaces. Further, a learner can only attract subsidies for the commencement (not completion) of two vocational training courses at the same qualification level in their lifetime. Learners over 20 are therefore required to 'upskill' to attract subsidies; and learners must pay the full fees for any additional courses.

The BSL is seeing an increasing number of jobseekers who have exhausted their subsidised training entitlements but who have significant skills gaps, including in language and literacy, and cannot demonstrate the skills that prospective employers want. Older workers who have outdated qualifications and need to re-train may also be excluded from getting the training they need.

The subsidies available to training providers for the delivery of many courses have also been reduced. To illustrate, a Victorian training provider previously attracted \$7.50 per hour for a hospitality qualification but this has now been reduced to \$1.50 per hour. This translates into higher gap payments that need to be met by learners. The consequence is that disadvantaged people can be shut out of training.

Negotiation between the Australian Government and states and territories is required to ensure that jobseekers are not excluded from quality training that would support them into employment by state rules that limit their eligibility for training subsidies. Flexible and timely use of the Employment Fund will be required to address situations where a jobseeker has already exhausted their subsidised training places or needs to meet training gap payments.

Enabling employers to unlock opportunities for jobseekers

Employment focus – making jobs available (pages 95 to 100)	<ul style="list-style-type: none"> • How can business-led covenants be developed to generate employment for people with disability and mental health conditions? • How can successful demand-led employment initiatives be replicated, such as those of social enterprises?
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Recommendations

- 29. Introduce a system of national and regional brokers (or intermediaries) to strengthen links between employers and jobseekers utilising government-funded employment services.**
- 30. Invest in expanding innovative demand-led employment models that target jobseekers facing disadvantage in the labour market.**

Employer engagement through demand-led approaches

Demand-led employment programs aim to assist jobseekers facing disadvantage to gain employment. However, unlike other programs with similar aims, they are designed to meet the workforce needs of employers, while being sensitive the needs of jobseekers. Labour market

intermediaries (LMIs) link employers and jobseekers, and foster sustainable employment outcomes by providing additional support. These approaches can enable groups who face particular barriers to gain entry into employment opportunities that would not be available to them in the open labour market, due to employer perceptions, recruitment practices or other issues.

Demand-led approaches can also reduce transaction costs for employers and jobseekers, build social and business networks, and lower labour market risk for employers and jobseekers, with labour market intermediaries taking on the role of 'shock absorber'.⁷⁷

The BSL's partnership with the ANZ Bank in delivering the 'Given the Chance' program for refugee jobseekers provides an example of how a demand-led approach can achieve sustainable employment opportunities for jobseekers who may struggle to succeed in mainstream recruitment pathways.

Given the Chance

The Given the Chance Program delivered through a partnership of the BSL and the ANZ provides employment pathways for refugees. The Victorian-based program, which includes customised pre-employment training, employer preparation and supported work placements for six months, has been highly effective. Of the participants who complete six months employment with ANZ, 91 per cent have secured ongoing employment. The program is currently being scaled up for delivery in Queensland; and extension to other states is being explored.

Expanding demand-led employment approaches that target disadvantaged job seekers: Industry Employment Initiative

At present, demand-led approaches to employment assistance are ad hoc and often small scale. Support and resources are required to share knowledge and practice and to 'scale up' successful models.

The BSL, in collaboration with Social Ventures Australia, Mission Australia, Jesuit Social Services and the Business Council of Australia, is designing a national demand-led employment model known as the Industry Employment Initiative. We have found that national employers, with recruitment needs across multiple sites and states, are eager to play an increased role in providing sustainable employment opportunities for highly disadvantaged jobseekers. With significant numbers of job vacancies they have the potential for real impact. The initial focus is on targeting entry-level opportunities with a small number of national employers for young people who have been unemployed for 12 months or more.

There have been clear lessons from the development of the Industry Employment Initiative:

- The highly localised employment services system doesn't match up well with employer business and recruitment needs around the country: they would prefer as few contact points as possible, or a 'one-stop-shop' type of approach.
- Employers need more effective partnerships with employment service providers that understand their business needs, provide solutions to match their needs and can help them support and retain long-term unemployed jobseekers.
- Employers want candidates who are work-ready and understand the job role and workplace requirements.

- Candidates who do come through the current JSA employment services system are often inadequately matched to the recruitment needs of the employer.
- The Employment Pathway Fund should be used more flexibly for post-placement support, employer engagement and pre-employment skills training.⁷⁸

Employment brokers

The BSL supports key elements of the policy paper *Partnerships to secure jobs for disadvantaged jobseekers* recently published by the BCA, ACOSS and the ACTU.⁷⁹ The paper calls for changes to the employment services system to facilitate employer engagement with employment service providers. In particular, the BSL endorses the need to establish national and regional employment brokers to promote and coordinate partnerships and to connect employers with disadvantaged jobseekers. To avoid the inefficiencies of having to deal with multiple employment service providers, large employers should have one point of contact in their area (or nationally for national employers).

Access to technology

Access to technology (pages 124 to 125)	<ul style="list-style-type: none"> • How can disadvantaged jobseekers' access to information and communication technology be improved?
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Recommendations

- 31. Ensure that Centrelink and Employment Services information is available in multiple formats so that people with limited digital literacy, or without access to the Internet, can access it.**
- 32. Offer internet training to job seekers with digital literacy needs.**

Service equity

There is an increasing digital divide in Australia. Those most at risk of digital exclusion include people with low incomes; Aboriginal and Torres Strait Islander people; elderly people; and people with disabilities.⁸⁰ ABS data from 2011 shows that only 55 per cent of Australian households in the lowest income quintile are connected to the Internet.⁸¹ It is critical that people are not shut out of engaging with services that are increasingly embracing online delivery.

To promote digital inclusion, we need to provide job seekers with the skills and confidence to use technologies, and ensure they are able and can afford to access them. The BSL is taking steps to integrate digital inclusion with its programs, with a focus on training and education solutions including programs to assist older adult to use iPads and provision of computer training and access for jobseekers. Broader equity and access issues relating to technology will require serious investment; and coordination by governments is a key to achieving genuine digital inclusion.

Thriving communities

Role of civil society (pages 112 to 116)	<ul style="list-style-type: none"> • How can the expertise and resources of corporates and philanthropic investors drive innovative solutions for disadvantaged communities? • How can the Community Business Partnership be leveraged to increase the rate of philanthropic giving of individuals and corporates? • How can disadvantaged jobseekers be encouraged to participate in their community to improve their employment outcomes?
Community resilience (pages 125 to 126)	<ul style="list-style-type: none"> • What strategies help build community resilience, particularly in disadvantaged communities? • How can innovative community models create incentives for self-sufficiency and employment?

Recommendations

- 33. In the contracting of publicly funded services, prefer local organisations that can harness local skills, altruism and volunteering efforts, and build community capacity.**
- 34. Grow collaborative approaches to create job opportunities in areas with high concentrations of disadvantage and unemployment.**
- 35. Trial a Collective Impact approach to harness community-wide efforts in ten areas of socioeconomic disadvantage to address agreed local priority issues.**

The unique role of local organisations

Local organisations play a valuable role in the delivery of social services and innovative capacity-building programs. They are uniquely positioned to harness the skills, altruism and resources of the local community.

Complex social ills need to be tackled at a local level. Community organisations which are embedded in and trusted by their local community are a key part of Australia's service delivery. We need to safeguard the strengths of our community sector. As organisations expand and aggregate their operations, they run the risk of losing connections with local communities. An over-reliance on contracting with government can stifle innovation and responsiveness. We need to sustain the future of local organisations that harness community contributions and channel the energies and expertise of community members.

Like many not-for-profit organisations, the BSL involves volunteers and relies on strong connections with local businesses, service and sporting clubs and other local groups. For example:

- Our Child and Family Gateway's Centres (profiled above) use a business model reliant on a partnership of not-for-profit organisations which are prepared to reinvest surpluses from funded services in the delivery of unfunded services and community development initiatives.
- Our Stepping Stones program uses volunteer mentors to support migrant and refugee women on the path to establishing their own businesses.
- Our Work and Learning Centre model (profiled below) provides an approach markedly different from the current Job Services Australia model. The Centres engage closely with local businesses to prepare public housing tenants to meet their workforce needs, and work closely with local clubs and service organisations to build the civic participation of jobseekers.

- Our Youth Transitions Program uses volunteer mentors to support young jobseekers, partners with local businesses to provide work tasters and work experience, and with local sporting and service clubs to support young people to participate, develop their networks and build contacts to access employment opportunities.
- HIPPY (profiled above) trains parents who have previously been through the program to become home tutors as a first step into the workforce, and then to acquire further vocational skills to support future employment pathways.

Innovative funding and governance approaches that give primacy to localism exist, and offer a tangible means by which governments can support genuine local solutions while achieving impact at scale. There is opportunity to re-orient future contracting and funding models to support government and the community to play to their respective strengths, and to preference and value local organisations that can harness community efforts and build community capacity.

The BSL's use of a collaborative prime-provider model⁸² to leverage and strengthen the capacity of local communities and agencies provides a practical illustration of this approach. As the lead community agency, we take responsibility for organising and managing service delivery through specialised providers with strong local connections. This enables small community organisations with existing connections to the community, local businesses, and service and welfare organisations to deliver quality programs, while also harnessing local contributions. This model has provided an effective and efficient platform from which to scale up some of our successful initiatives, such as HIPPY, Saver Plus and Work and Learning Centres.

Fostering collaborative approaches in communities with high unemployment

Australia's current employment services model does not encourage collaboration. Large employment areas coupled with a competitive, multi-provider approach work against collaboration, innovation and local initiative efforts.

Collaborative approaches to building skills and tackling unemployment are needed in areas with high unemployment or entrenched disadvantage. Key elements would need to include:

- a strong and diverse local collaboration with each partner contributing their own resources, strategic capabilities and networks to support the common objectives
- engagement with local employers, business leaders and business organisations to ensure a demand-led approach to accessing opportunities for volunteering, work taster, work experience, work placement and ongoing employment
- involvement of local skills and training organisations to link training to employer requirements;
- engagement with relevant levels of government to foster local economic development to create local employment opportunities
- collaboration with community organisations to ensure that disadvantaged jobseekers receive support to address wellbeing issues that might act as barriers to employment.

Work and Learning Centres - Building community capacity and resilience

The BSL, in partnership with the Victorian Government and local service providers, is trialling Work and Learning Centres in areas with high concentrations of public housing residents and Department of Human Services clients.

Each site has its own Local Advisory Panel incorporating representatives from business, JSA providers, other community organisations and all levels of government. The Work and Learning Centres engage directly with employers and bring together vocational and non-vocational training, employment and support for local participants. They address complex barriers to employment, creating viable pathways for the long-term unemployed.

The Centres are proving highly effective at helping local employers meet their workforce needs and assisting jobseekers experiencing disadvantage to build their skills, get work experience and secure employment. A recent program evaluation (publication forthcoming) concludes that these Centres are making a difference to their clients, many of whom have sought support even though they are also JSA clients. Some 44 per cent of these clients have been supported by their WLC to achieve a job placement, with 59 per cent retaining employment for 16 weeks (a further 13 per cent were employed but had not reached the 16-week milestone at the time of reporting). Participants had increased their income, reduced their reliance on income support payments, improved their life satisfaction, indicated more positive mental health and vitality, and increased their confidence.

Collective Impact

For decades governments and community agencies have been striving to tackle problematic issues such as poverty and unemployment, with limited success. Different approaches have been tried to join efforts to address problems—such as coordination, collaboration, partnerships and co-location.

A new and successful approach is emerging in Australia known as Collective Impact. Its underlying premise is that no single organisation or government can create large-scale, lasting social change alone. Collective Impact is a structured and rigorous approach that is essentially about alignment of efforts. It involves all sectors of the community signing up to a shared vision, a shared set of desired outcomes that will be transparently measured, and a commitment to deliver and contribute in their areas of influence in line with a shared plan of action. Implementing a Collective Impact approach would represent a new way of government working with the community and business sectors; and it would require government to allow flexibility in the local design and delivery of publicly funded services.

Collective Impact is designed to overcome the challenges inherent in multiple layers of governance, conflicting priorities of funders, competition between agencies to attract funding, and a lack of data sharing. Collective Impact initiatives depend on core infrastructure to coordinate participating partners and hold them to account, track data and outcomes, and mobilise investment—including investment by government.

Five essential conditions are the foundation of a Collective Impact:

- a community-driven shared vision for change
- shared data collection and measurement

- a mutually reinforcing plan of action
- a 'backbone' organisation for coordination, fostering continuous communication, and ensuring partners remain accountable for delivering on their commitments
- seed funding and support for project development and evaluation.

Collective Impact is being used in the United States and the United Kingdom and has made some significant differences in areas such as employment for public housing residents (Chicago), school retention (Philadelphia), housing (Calgary), job creation (Memphis), poverty reduction (Canada), early years development and teenage pregnancy. The Go Goldfields initiative in central Victoria, which is focusing on early years development and youth engagement, is a promising local example. There is an opportunity to apply the lessons from international and local initiatives to establish Collective Impact trials in areas of concentrated disadvantage. Philanthropic organisations such as the Ten20 Foundation are also interested in trialling this new approach.

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