Decent sustainable work for all in a global economy

Submission to the Independent Inquiry into Insecure Work in Australia

Brotherhood of St Laurence

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Abbreviations

ALMP	active labour market program
BSL	Brotherhood of St Laurence
CWLY	Centre for Work and Learning Yarra
DES	Disability Employment Services
DSP	Disability Support Pension
ESP	employment service provider
GFC	global financial crisis
ILM	intermediate labour market
JSA	Job Services Australia

Note:
Pseudonyms have been used to protect the identities of the individuals featured in case studies in this submission.

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Summary

The Brotherhood of St Laurence welcomes this Inquiry into insecure work in Australia. Over the past decade, we have argued the need for fundamental reform to the social contract in the wake of the breakdown of the postwar welfare state model based on full employment and wage-based welfare. The recent turmoil in the world economy has highlighted the imperative for a new framework that integrates social and economic policies to more effectively support a strong, sustainable and socially cohesive Australia.

The focus on the GFC's impact on our economy masks long-run changes in Australian society within a global economy characterised by increased mobility of money, goods and labour. These trends have had a substantial effect on the labour market, including the growth of casual and insecure work, and will continue to do so in the future. Australian businesses, including the not-for-profit sector, will face increasing pressures to be competitive in an expanding global market for goods and services marked by ongoing technological change and deregulation.

There will continue to be an expansion of casual and contract work to enable businesses to adjust expenditure to market conditions in a more dynamic economy. The benefits of greater labour market flexibility for employers will be lost unless matched by a renovated social security system to deliver long-term improvements in wellbeing across the whole community. **A comprehensive reform agenda can deliver growth for Australia through a more productive and engaged labour force which better meets employer needs; increased participation and advancement in paid work for *all* workers; and reduced levels of social exclusion. This is sustainable growth with inclusion.**

Despite the *Fair Work Act 2009*, employment protection legislation and related policy levers must be further refined to ensure the protection of basic universal rights and entitlements of *all* workers to decent, sustainable work.

The growth of casual, contract and insecure work is one outcome of long-run trends in the Australian economy. But it is not the only outcome. Our assessment shows that the labour market is also characterised by stubborn levels of workforce underutilisation, and significant levels of marginal attachment and exclusion from paid work. These trends are not short-term or cyclic effects of economic downturns such as the current GFC. Thirty years ago, the underemployment rate was only 2.6%. The present underutilisation rate (12.6%) of the labour force represents over 1.5 million Australians of working age. In addition, there are over 800,000 Australians with a disability—many of whom with the right form of assistance could gain paid employment.

Australia has performed poorly in the area of labour market participation of disadvantaged groups, including Indigenous Australians, early school leavers, mature-age Australians, those experiencing homelessness, those with disabilities and migrants of non–English speaking background. These figures represent a waste of valuable human capital and signal untapped potential to improve our economic productivity and reduce welfare outlays.

Inclusive growth to provide decent employment

Our submission takes a broad perspective. Too narrow a focus on 'insecure' work risks masking the deeper social challenge of *exclusion* of working-age people from participation in paid work that meets their aspirations and balances their caring responsibilities at different stages in their lives. The commitment to a good and just society that acknowledges and delivers a 'fair go' for all

working-age Australians has been weakened. The record period of economic growth has residualised social policy development and has hidden deeper concerns about inequality, declining productivity and underutilisation of the workforce.

It is in this broader context that **the Brotherhood calls for a more coherent and better integrated suite of policies that will deliver a dynamic, flexible and socially inclusive labour market**. This is what the Brotherhood has characterised as the 'inclusive growth' approach.

The challenge is not just one of refining workplace regulations to strengthen the security of jobs for casual workers with one employer. Nor is it just a challenge for welfare provision. Rather there is a bigger challenge of improving access to decent, sustainable work for all who want it.

An effective response to precarious employment requires substantive economic reform through changes to key policy levers such as infrastructure, innovation, taxation and human capital (education, housing and health) to deliver both sufficient jobs and a fairer distribution of work.

The economic goals of raising productivity and participation are critical—social inclusion requires an economic foundation of strong growth—but these cannot be achieved without significant investment in overcoming social disadvantage and exclusion. A narrow focus on economic growth and productivity will not be sufficient.

Just as critical is the challenge of achieving a more equitable *distribution* of paid work. In a more volatile, globalised economy, with a more flexible labour market, it becomes increasingly important to have a social safety net able to support those who lose their jobs following a downturn or recession. Preventative policies will strengthen the resilience of the labour market in such conditions, contributing to inclusive growth in the longer term. Measures should include ongoing skills development of employees to aid job retention but also to improve their probability of securing another job; effective active labour market interventions targeted to those with barriers to finding decent, sustainable work; and generous unemployment benefits, with reasonable levels of conditionality to activate job search and provisions to support retention.

Active labour market policies are a key component of an inclusive growth agenda. Australia can do much better to assist disadvantaged jobseekers into decent, sustainable work. While the current Job Services Australia (JSA) model is reasonably efficient in helping the 'job ready' into jobs, it is still ineffective in helping disadvantaged jobseekers into paid work that 'sticks'. Employers have been frustrated by the poor supply of workers with adequate foundational skills to be employable. This frustration will grow as the economy strengthens in the future.

The Brotherhood of St Laurence strongly advocates a fresh approach to assist the long-term unemployed who are faced with multiple barriers to employment, through 'off-benefits' integrated intermediate labour market models that combine personal support, training and real work experience with a direct line of sight to employment.

Under an Inclusive Growth policy framework, a more flexible labour market with greater job turnover is not a significant social concern, as workers have portable skills (accredited qualifications and real work experience) to take up emerging job opportunities in a growing economy. Stronger employment protection legislation will not suffice in the modern economy to ensure decent employment for all, as it would further polarise the labour force between those in 'secure' work and those excluded from sufficient paid work to meet their needs.

In this new economy, the challenge continues to be to create enough jobs with a fair distribution of work for all jobseekers. Strong economic growth is of course essential. In downturns, however, an Inclusive Growth framework would be better able to prevent the accumulation of long-term unemployed and the resulting scarring effects on individuals and families.

Our submission illustrates, through experiences of participants in our recent research, the vulnerability and precariousness of low-paid workers and jobseekers. Too many workers lack a sense of connection to a career path or a trajectory of ongoing, decent and safe paid work. Similarly, those who opt out of paid work for family or caring reasons find it harder to negotiate a path back into sustainable work that meets their aspirations. The current policy settings are no longer adequate for the new globalised economy.

Access to decent work can be a life-changing experience for disadvantaged people, improving their wellbeing, opening up personal choices and creating opportunities for their families and children through better health and education. Equally, poverty and social exclusion cost the country dearly. There is therefore both a moral and economic imperative for a new social contract appropriate for the modern knowledge-based global economy.

The challenge is to build on the platform provided by the robust Australian economy by implementing a comprehensive policy reform agenda for inclusive growth. Such an agenda will deliver job opportunities to reduce the high levels of unemployment *and* underemployment and maximise the prospects of work retention and advancement, especially for low-skilled, entry-level workers. This requires both supply and demand-side policy changes.

Consistent with the Gillard Government's continuing commitment to social inclusion, fair workplaces and skills development, we call for a more collaborative approach between business, government, union and community sectors to address these challenges to achieve inclusive growth.

An Inclusive Growth framework would include the following core components:

- effective active labour market programs aimed at highly disadvantaged groups
- adequate income support payments to prevent poverty and social exclusion (including measures to support take-up and retention of work)
- more training and skills development opportunities tailored to job prospects through the life course
- appropriate employment protection for workers, particularly casual employees
- demand-side measures, including workplace diversity and social procurement.

1 Background on the Brotherhood of St Laurence

The Brotherhood of St Laurence works to prevent poverty through focusing on those points in the life transitions where people are particularly at risk of social exclusion, including the working years.

The Brotherhood has a long history of service delivery relevant to employment assistance as a not-for-profit provider, both prior and subsequent to the introduction of the reforms implemented under the former Howard Government. As part of our influencing strategy, the Brotherhood decided not to tender to deliver JSA or DES services. Rather we are focused on developing and proving innovative approaches aimed at highly disadvantaged groups and building on our service delivery experience. To effectively engage the most disadvantaged jobseekers, the Brotherhood has sought to build flexible, responsive and integrated approaches to employment assistance. We have focused on geographical areas and population groups facing significant disadvantage and social exclusion, including young adults, people with disabilities or multiple barriers and humanitarian migrants.

We successfully applied for DEEWR Innovation Funding to test a better integrated intermediary approach targeting public housing tenants in inner city Melbourne through the Centre for Work and Learning Yarra. We have also collaborated with Mission Australia in a recent successful submission for Innovation Funds to build the evidence base in support of ILM models using social enterprises to offer paid traineeships to highly disadvantaged jobseekers.

Recognising the ongoing weakness in employment assistance, the Brotherhood has committed to a significant investment through our Line of Sight strategy to test an integrated service solution that will achieve a higher rate of sustainable job outcomes for disadvantaged jobseekers and reliable recruitment solutions for local employers.

Parallel to our progressive approach to assistance that maximises social and economic participation, the Brotherhood has a substantial record in research, evaluation and analysis linked to advocacy for policy reform to ensure a more effective employment assistance system for disadvantaged jobseekers.

In addition to evaluations documenting the findings from the above service models and trials, our Research and Policy Centre is undertaking a number of significant studies in collaboration with academic institutions to understand the pathways and barriers faced by low-skilled or disadvantaged jobseekers in gaining and retaining decent and sustainable paid work. These include:

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

This submission reflects our understanding of the issues related to insecure work, informed by our research and provision of services to people who experience disadvantage. Our submission seeks to

focus attention on the broader issue of disengagement and marginal attachment to decent sustainable work experienced by far too many Australians.

It is important to state at the outset that, as a large employer in the not-for-profit sector, BSL is part of the problem of increased casualisation and precariousness of paid work. The challenge to achieve secure, sustainable work for all cuts across all sectors of the economy. Analysis of the Brotherhood's current staff shows that just over half (58%) are permanent (full-time or part-time) employees; 26% are casual and 16% temporary employees (full-time or part-time). We face the same market forces and broader economic trends as private commercial businesses in managing our workforce and meeting our goals.

2 Rationale for policy reform

Over the past decade, the Brotherhood of St Laurence has argued the need for fundamental reform to Australian social policy in the wake of the breakdown of the postwar welfare state model based on full employment and wage based welfare. Our work with Brian Howe, Mark Considine and others used Gunther Schmid's concept of 'transitional labour markets' as a basis for rebuilding policy frameworks shaping the transitions between the labour market and the worlds of unemployment, care and lifelong learning (see Howe, Hancock & Considine 2006). Building on this perspective we have shared the interest of the ACTU on potential lessons for Australia from the European Union's 'flexicurity' model (Allebone 2009?), while more recently we have redeveloped our overall approach to social policy reform in terms of 'inclusive growth' (Smyth 2010; BSL 2011a; BSL (forthcoming). Importantly key elements of this approach have also been championed strongly by the Business Council of Australia (Westacott 2011).

From the BSL's Inclusive Growth perspective, solving the problems associated with insecure or precarious work is central to a successful makeover of the Australian approach to social and economic policy. While we understand that restoring productivity growth is fundamental to raising living standards, we believe many Australians are going to resist the necessary economic reforms if they do not see the benefits flowing to all. It is hard to see, for example, how social cohesion can be maintained if the uneven economic development associated with a 'patchwork' economy is not addressed. The overarching social and economic policy challenge facing Australia today is to ensure strong economic growth, increased productivity and more equitable distribution of paid work across the labour force. As Paul Smyth (2010) has argued, this is not a new challenge for Australia. Indeed it was the very same challenge faced at Federation, when it was decided to deploy some of the rural commodity wealth to support growth in the emerging manufacturing sector in order to develop a more diverse, higher wage economy.

Encouraging take-up of the Inclusive Growth approach is the new international recognition of the need for more integrated approaches to economic and social policy. Past Western models which understood welfare simply in terms of protection from markets or compensation for market failure completely overlooked the role of social policy as investment especially in relation to maintaining and enriching people's stocks of human capital. Likewise, in the developing economies and especially the powerhouse economies of Asia and Latin America the idea of inclusive growth has emerged to redress the neglect of the importance of social policies both for economic growth and balanced social development. From both of these perspectives one can see a new consensus developing around the propositions:

- rejecting the past preference for expecting the benefits of growth to 'trickle down'
- the importance of a welfare regime based on 'employment-centred growth' and not passive welfare
- tackling inequality through the provision of universal services and social protection
- particular measures to tackle 'inequality traps' based on class, gender, race and ethnicity.

Similar aspirations can be found across international agencies such as the European Commission and the International Labour Organization.

From the BSL perspective, then, the problems of precarious work have to be located squarely in the larger policy framework of securing inclusive growth. Here we draw attention to recent work of

John Buchanan and colleagues on the way the 'employment portfolios' of Australia, New Zealand and the United Kingdom have developed over the last three decades. They observe that we are on the wrong trajectory if we want to achieve inclusive growth:

> The key issue about work today is not the state we are in but the trajectory we are on. The relative size of the employment portfolio provided by the three societies examined is shrinking. The composition of the portfolio is improving for women – but in ways that are offset by deteriorating job quality for growing numbers of men. And the ability to provide high levels of employment has only been achieved by active government job creation. These jobs are incredibly important – but the public sector cannot make up inadequacies in the private sector forever (Buchanan et al. 2011, p. 19).

If we are serious we must address the more fundamental problem of altering what these authors call the trajectory of the labour market, so that there can indeed be an 'employment portfolio' which can provide decent sustainable employment for all. Without that basic economic reform, social policy can never make the difference. The key policy levers in this regard relate to infrastructure, innovation, taxation and human capital (especially education and health). While these are broader, whole-of-government issues beyond the direct scope of this Inquiry, the Brotherhood considers this to be a critical challenge facing Australia.

Inclusive growth and insecure work

While insecure work cannot be equated to casual employment, workers employed under casual arrangements, seasonal workers and those under short-term or labour hire contracts are far more likely to experience insecure working conditions. Non-standard forms of employment have grown substantially over the past two decades (ABS 2011a). Over 2.2 million workers (19.8%) do not have paid leave entitlements, and nearly one-third of these are employed full-time (November 2010 data).

Labour force data reveals the following about casual employment in Australia:

- The density has increased over the past two decades
- The density is one of the highest across the OECD
- The density has expanded across most occupational and industry classifications
- The density is greater for women and young workers
- The density is greater for part-time workers
- The casual share is increasing for male and for full-time workers (Burgess et al. 2008).

Using the lack of entitlements to paid leave as a proxy for insecure work, ABS data shows the concentration of insecure work for particular cohorts which may be linked to specific industries. Thus the largest cohort, accounting for 45% of all employees without paid entitlements, consists of females in part-time jobs. Seventy-one per cent of this cohort are employed in four industries: retail trade (26%), accommodation & food services (22%), health care and social assistance (15%) and education and training (8%) (ABS 2011a, Table 4). One-quarter of part-time female workers without leave entitlements are teenagers.

A much higher proportion (45%) of males without entitlements are in full-time work; many of these are aged 20–29 years. Males in full-time work are more likely to be working in construction (22%), manufacturing (15%), or transport, postal and warehousing industries (9%); whereas males in part-time work are far more concentrated in retail trade (24%) or accommodation and food

services (24%). This summary data shows that analysis must take into account the circumstances of different cohorts of employees without paid entitlements in considering policy changes that seek to strengthen their 'security'. For example, the jobs which teenagers increasingly combine with study may be assumed to be 'insecure', yet meet individual needs in terms of shifts, casual pay rates and flexible hours.

Other submissions to the Inquiry will detail more fully the trends in the pattern and nature of work in Australia. We observe, however, that there is a need to be clear about the definition of 'insecure' work to include agency work, temporary work, contract and seasonal work. It can also be full-time or part-time. In our research interviews with disadvantaged jobseekers and entry-level workers, when we ask people about their current or previous employment status, we often receive the reply 'permanent casual'. Not only does this response suggest a lack of awareness about employment conditions and rights—but it also points to the long-term nature of some casual employment. This anecdotal observation is supported by research indicating that more than half of all casual employees have been in their job for twelve months or more (Burgess,Campbell & May 2008). It has been argued that the use of the term 'permanent casual'

> cannot be related to any compelling need for labour to meet short-term, irregular needs. Instead it is most frequently used as a simple equivalent to standard 'permanent' employment. The advantage of casual employment to employers in this case centres on its disadvantages for employees, i.e. the inferior rights and entitlements associated with casual status (Pocock et al. 2004, p. 21).

If we accept that the current societal, demographic and global economic trends will continue, then workplace relations legislation and related policy levers must be further reformed to ensure the protection of basic universal rights and entitlements of *all* workers to decent, sustainable work. In addition, there should be effective policies that support retention of decent work with solid prospects for those who seek advancement. In this sense, the introduction of the Fair Work Act has gone part way to protecting the rights of workers but does not address the insecurity faced by increasing numbers of casual and contract employees.

The focus of our submission, however, is broader than calling for reform to industrial relations policy in that far too many Australians are effectively locked out of the labour market. Too narrow a focus on 'insecure' work risks masking the deeper social challenge of *exclusion* of working-age people from participation in paid work that meets their aspirations and balances their caring responsibilities at different stages in their lives. The commitment to a good and just society that acknowledges and delivers a 'fair go' for all working age Australians has been eroded.

The record period of economic growth has residualised social policy development and has hidden deeper concerns such as declining productivity and underutilisation of the workforce. Also left behind have been many disadvantaged members of groups such as young adults, those with disabilities and single parents, who might be better supported into decent paid work compatible with their capabilities and thereby make a valuable contribution to the Australian economy.

In this broader context, the challenge is not just one of making changes to workplace regulations to strengthen security of jobs for workers with one employer. Rather there is a bigger challenge of improving access to work for all who want it; strengthening workers' skills to take up employment opportunities in a dynamic global market; further strengthening support for work–life balance; and improving the adequacy of income support payments for those without work or balancing work with other contributions such as caring.

Current activation policy imposed on income support recipients, developed by the Howard government in the mid-1990s and retained by subsequent Labor governments, exemplifies this broader challenge. Betzelt and Bothfeld (2011) refer to the 'activation paradox' as the clash of activation policies with increased casualisation of labour and insecure work. Disadvantaged jobseekers and low-paid workers are caught by a web of policies that focus on short-term take up of a job through active participation requirements and associated penalties for non-compliance but do not recognise the changed nature of work and workplace practices that overemphasise flexibility for employers.

There is a need for a range of policy solutions that recognise the intersections of welfare and work in the 21st century economy—it's not just about work or getting people off welfare 'into the world of work', it's how they fit together to maximise social and economic participation:.

> Welfare systems do need to be reformed, but not in ways that simply bend to the imperatives of flexible labor markets; they should instead play an active role in reforming and remaking these labor markets, underpinning decent wages, a fair distribution of work, and employment security' (Peck 2001, p. 349).

Since the National Reform Agenda, a clear consensus has emerged that the key economic goals of raising productivity and participation cannot be achieved without significant investment in overcoming social disadvantage. **However, a focus on economic growth and productivity will not be sufficient. Just as important is the challenge of achieving a more equitable distribution of work.**

Social exclusion analysis has shown that the barriers to economic participation are invariably multidimensional—operating at the individual, family and structural or systemic level. There is now increasing acknowledgement of the importance of strong social foundations for economic growth by all stakeholders including business groups (Westacott 2011). The BCA has also acknowledged the broader challenge

> to create a modern labour market that works from the point of view of all the different stakeholders. This must support out international competitiveness and wealth creation, and it must provide meaningful, satisfying and well-paid employment for all who want it (Westacott 2011, p. 9).

This requires adequate investment in social infrastructure, especially education, training and health services. But it also means a renovation of our social policy systems to support both social and economic participation. This should include a more coherent, integrated policy framework to enable smooth transitions in and out of paid work at key risk points through the working years, which value lifelong learning, skill building and caring responsibilities. The BSL has been building support for a new road map for Inclusive Growth that encapsulates the above social policy reform directions (BSL 2011a). We encourage the Inquiry to consider these issues in shaping its report.

Changing economy and employment market

Prior to the economic downturn resulting from the global financial crisis (GFC), economic growth had gradually absorbed those unemployed people with prior work experience and reasonably competitive skills. Despite economists assuming that 5% unemployment would be as close as Australia could get to full employment, the overall unemployment rate bottomed out at 3.9% in mid 2008. It may be argued that the longer term trends in Australia's labour market will re-emerge as the dominant drivers of both the Australian and global economies reassert themselves.

As we emerge from this protracted international downturn, the aggregate unemployment rate is 5.3% (November 2011). There are still over 635,000 unemployed Australians as measured through the ABS monthly labour force surveys (ABS 2011b). As in previous downturns, long-term unemployment continues to rise, with the rate now at 21%.

Equally important, a larger number of *underemployed* workers—876,000 or 7.3% of the labour force in mid 2011—are seeking more work. More than half (59%) of the underemployed are women. More than one-third have been seeking additional hours of paid work for *more than one year*.

By comparison, about 30 years ago, the underemployment rate was only 2.6%. The present underutilisation rate (12.6%) of the labour force represents over 1.5 million Australians of working age. **This is not a GFC outcome, as even at the peak of the boom there were over one million underutilised workers.** This figure represents a waste of valuable human capital and signals untapped potential to improve our economic productivity and reduce welfare outlays.

Prior to the GFC, governments and business groups became more concerned about growing labour shortages resulting from the economic boom and longer term demographic change. This led to calls for targeted approaches to increase the job readiness and skills of the pool of unemployed, thereby increasing the aggregate workforce participation rate (BCA 2007; COAG 2006). As our economy picks up and demographic change continues, labour shortages across industries and regions will grow. Employers will increasingly become frustrated again at the poor supply of jobseekers with the foundational skills to take up entry-level jobs.

The aggregate numbers outlined above do not show the differential effects across communities and regions in terms of unemployment and underemployment. Unemployment rates vary substantially across labour market regions, especially for young jobseekers. Young school leavers seeking paid work face more of a struggle, especially in economic downturns, as we have seen over the past two years. Nationally, the underutilisation rate of 15–24year olds is 25% (ABS 2011b).

People with a disability also struggle to obtain paid work. Over 800,000 are on Disability Support Pension nationally (DEEWR 2011a). Only 5500 are clients of Job Service Australia as active jobseekers; another 150,000 are assisted by Disability Employment Services. Australia has a relatively poor record in the employment of those with a disability, with less than half engaged in paid work.

A substantial proportion of the adult population (aged over 15 years) are not in the labour force due to incapacity, disability, caring responsibilities, retirement or through choice. This includes discouraged jobseekers. Australia performs poorly compared with OECD best practice in labour market participation rates. With an ageing population, workforce participation rates are expected to decline rather than increase, placing a heavier income ‘work’ burden on a smaller proportion of the population.

It is evident that Australia can do much better to assist the above groups into *sustainable* work—that is, jobs held for more than 12 months—and therefore strengthen the productivity of the labour force. However, relying on the open labour market will be insufficient. Current employment services are reasonably efficient and effective in helping the ‘job ready’ into jobs, but they are still relatively poor at helping disadvantaged jobseekers (see below).

In part this relates to the lack of long-term jobs at the entry level or in low-skilled sectors of the labour market. The number of job vacancies reported by the ABS in August was 184,000 (ABS

2011b). The DEEWR Internet Vacancy Index reported 209,600 vacancies in October (DEEWR 2011b). Using the latter figure, there are about three unemployed jobseekers for each advertised vacancy.

Over three-quarters (76%) of job vacancies advertised on the internet are in the three eastern states, despite the strong WA economy (DEEWR 2011b). The great majority of vacancies are in skilled occupations. Even allowing for informal labour recruitment, only a small proportion of jobs are in unskilled or low-skilled occupations. This has implications for the design of more effective forms of employment assistance. Australia's highly segmented labour market requires well-targeted policies to better match labour to jobs.

These labour market and workforce trends have been influenced by long run changes to our society within an increasingly global economy characterised by mobility of money, goods and labour. The key factors include:

- technology developments (loss of manual and low-skilled jobs)
- growth in the health and services sectors
- globalisation (manufacturing jobs moved offshore)
- demography (ageing population)
- social change (women's participation in paid work, students combining study with paid work)
- health and pharmacological developments (enabling deinstitutionalisation and participation in work by those with disabilities)
- marketisation of public services to private commercial/community providers (shifting of risk and short-term efficiency objectives)
- increased requirement for credentials and formal qualifications for most jobs.

The GFC has raised fundamental questions about the efficacy of unfettered deregulation of markets and reliance on individual responsibility for attaining social and economic participation. Despite economic growth in Australia, the level of inequality has been increasing, with greater concentration of wealth, stubborn levels of poverty and social exclusion, and inadequate distribution of paid work for all who want it.

Pathways to decent paid work for all

In a more volatile, globalised economy, it becomes increasingly important to have a social safety net that is capable of supporting higher numbers of unemployed, particularly the long-term unemployed, following a downturn or recession. Preventative policies in support of inclusive growth will strengthen the resilience of the labour market in such conditions. Measures should include ongoing skills development of employees to aid job retention but also improve their probability of securing another job; effective active labour market interventions targeted to those with barriers to finding work; and generous unemployment benefits, with reasonable levels of conditionality to activate job search and provisions to support retention.

Under an Inclusive Growth policy framework, a more flexible labour market with greater job turnover is not a significant social concern, as workers have portable skills (accredited qualifications and real work experience) to take up emerging job opportunities. Stronger

employment protection legislation is not sufficient in the modern economy to ensure decent employment for all, as it polarises the labour force between those in 'secure' work and those excluded from sufficient paid work to meet their needs.

In this new economy, the challenge continues to be to create sufficient jobs with a fair distribution of work for all jobseekers. Strong economic growth is of course essential. In downturns, however, an Inclusive Growth model would be better able to prevent the accumulation of long-term unemployed and the resulting scarring effects on individuals and families. The example of the Australian Government's prompt stimulus package in response to the emerging GFC shows how effective publicly funded measures can be in creating additional jobs in disadvantaged regions. The combination of job creation strategies and flexible active labour market policies presents the best strategy to prevent large increases in long-term unemployed numbers. The challenge is to achieve the right balance to minimise deadweight costs through overinvestment in employment assistance being experienced in some of the better performing 'flexicurity' states such as Denmark (Andersen 2011).

Our key point is that *security of employment* in the longer term can be enhanced by smoothing the impact of economic downturns through a comprehensive suite of polices that share the risks more equitably for example by reducing working hours rather than job shedding. An Inclusive Growth agenda comprising theses policies would reduce the risks for particular groups at key points over the life course and prevent poverty and exclusion.

In summary, the longer term trends in underutilisation and disengagement from the labour market, especially in regional and local areas, strengthen the case for an Inclusive Growth reform agenda to create the supply of decent, sustainable and safe jobs for all and, in particular, to privilege the participation of disadvantaged Australians in paid work.

The workers who are most at risk of insecure work and why

Who is at risk in relation to insecure work?

Writing about insecure work, Fuller and Vosko (2008, p. 33) argue that it is important to differentiate between insecure forms of employment as well as the different social locations of insecurely employed workers:

> Rather than simply equate forms of employment differing from the standard employment relationship with insecurity, it is important to consider the relationship between dimensions of labour market insecurity and particular forms of employment. But while there is growing recognition of the need to treat so-called non-standard work as heterogeneous, it remains common to consider temporary employment in a unified manner. Within temporary employment, there is nevertheless variation. Such differences complicate assessments of its implications for patterns of insecurity and inequality insofar as some types of temporary employment are more insecure than others. Both the patterns and consequences of temporary employment can also vary for differently situated workers.

While many Australians face increasing financial and economic risk, not all are vulnerable, or will suffer damage as a result of that risk. People living in poverty frequently experience combinations of 'precariousness', 'material insecurity' and 'income vulnerability' (Lister 2006) and are likely to respond differently to particular situations than those with greater assets or secure employment (Spicker 2001). People on low incomes experience constant insecurity and vulnerability to even minor mishaps, whereas people on higher incomes may also face such mishaps but can endure them without crisis. It is therefore important to understand the vulnerability context in which

people live and also understand how people respond to and make choices within that context (Lister 2006).

The processes of increased precariousness within the labour force are experienced unevenly by different categories of workers. Guy Standing observes that 'job security arises from the existence of institutions, regulations and practices that enable people to obtain and retain a niche and to pursue an occupation or "career"' (Standing 1999, p. 84). He suggests that the dismantling of occupations is part of the process of increased precariousness and that many workers now 'lack any sense of career, for they have no secure social and economic identity in occupational terms' (Standing 2009, p. 2).

More recently, Standing (2011) argues that globalisation and the associated increase in risk have created 'a new global class structure' which is characterised by a small wealthy elite, a comfortable yet relatively small number of people in full-time permanent jobs (the 'salariat'), and an increasing number of skilled workers who may earn relatively high incomes but lack job security (the 'proficians'), a decreasing 'core' workforce who fear falling into the rapidly growing number of what he calls the 'precariat'. At the very bottom, according to Standing, are the long-term unemployed and excluded whom he characterises as the 'lumpen-precariat'. The new global class structure he describes is shaped by access to resources that provide security in the face of increasing risk.

Flexibility, choice and casual employment

Most casual workers characterise their experience of paid work as involving lack of control over hours and leave (Campbell, Whitehouse & Baxter 2009), describing fraught negotiations over working hours and reluctance to refuse shifts lest they jeopardise future offers of work (Baxter, Gray et al. 2007). Casual workers in Australia have been found in fact to have flexible work arrangements than employees with paid leave entitlements (ABS 2009). People looking for part-time employment are also more than likely to find themselves in casual work: around two-thirds of casual employees work part-time (ABS 2008). This has significant implications for women workers, since the majority of women with children return to work on a part-time basis. As a result, women are more likely than men to be employed as casual workers, and therefore to be denied entitlement to annual and other forms of leave, experience uncertainty and insecurity around their hours of work and ongoing employment and have less access to flexible work arrangements.

Research with single mothers about their employment decisions (Bodsworth forthcoming) found that many who were working shorter hours in casual and part-time work expressed their paid work 'choices' in terms of their desire to 'be there' for their children. These participants found themselves in casual work often due to the lack of flexible, part-time permanent employment. Their primary aim was to structure their paid work in such a way that they could prioritise regular time with their children.

For example, Helen had been unable to find a permanent part-time job with suitable hours and so, required to work by Centrelink and in order to provide for her family, she had pieced together several casual jobs:

> [I] was out of work for a while and I did a bit of childcare relieving work for a few months, and it took me a long time to build up the hours I needed just to survive. It's very difficult to find work that fits in with parenting and school hours. At the moment I'm leaving my children at home by themselves at night so that I can go to work. So that during the daytime I can cook for them, wash their clothes and all that.

However, casual work often fails to provide the desired flexibility. Many casual workers find they are unable to control their hours of work in the way they had hoped, unable to refuse their employer's demands to work additional shifts. The introduction of welfare to work requirements has constrained low income women's ability to combine care and paid work. The rigid application of participation requirements requiring 30 hours of paid work per fortnight makes it difficult for the women employed in casual and agency work, many finding that their existing casual jobs did not satisfy Centrelink's work requirements.

Erin, a single mother of two was employed at her son's primary school in the office in a job she loved. She was employed as a casual, which meant she was not employed during the school holidays and could not prove that her job was ongoing. Erin described her first appointment with her employment service provider:

> She just said, 'Oh, no, well you're unemployed'. I said, 'No I'm not, I've got a job and I do all these things', and she said, 'Well no, tomorrow we need you to start Job Search training'. And I said, 'Well I can't tomorrow, because I work'. 'Well, alright,' she said, 'you can start the next day'. And I said, 'Well, what are you trying to tell me here?' and she said, 'Well, you don't have a permanent part-time job' and I said, 'No I'm paid casual, because—for the flexibility—and that's what they do where I work, it hasn't ever been an issue before'. And she said, 'Well, no, you are not working fifteen hours a week in a permanent, whatever, so you are classed as unemployed.

Hannah worked as an emergency primary school teacher to fulfil her 30 hours per fortnight work requirements. She found herself working more hours than necessary due to the combination of wanting to keep the 'agency' happy and ensuring she could meet her Centrelink obligations.

> Because I report over a two-week time period—enough work comes in, in the first part of the fortnight to satisfy Centrelink, so I say yes to all that because I think that work might not come in the second week and I must satisfy all of Centrelink's requirements, and in theory I don't need to work in the second week, but that will upset the agency, so then I have to say yes to keep the agency happy so when I need the hours, the work's there. So it's a very fine balancing act between keeping Centrelink happy and the agency happy. So that's why I end up doing more than 30 hours a fortnight.'

Provision of decent, sustainable and *flexible* part-time work is therefore necessary to address the issues faced by insecurely employed workers who are juggling paid and unpaid responsibilities. Flexibility in income support and participation requirements is also needed to allow women to engage in flexible work around the needs of their children (Bodsworth 2010). Further, discussion around women's 'choice' of casual employment needs to be interrogated—often this 'choice' is a preference for part-time hours of work and flexible working arrangements, not necessarily a preference for insecure employment.

Increasing numbers of disadvantaged Australians entering the labour market

Over the last five years a range of changes to income support eligibility have shifted groups of people who experience various forms of disadvantage into the labour market. These changes include the reduced eligibility for various pensions and therefore increasing numbers of people reliant on Newstart Allowance. These reforms build on the earlier 'Welfare to Work' measures for sole parents and people with disabilities, more recent further tightening of the eligibility for Disability Support Pension, and increases to the age of eligibility for the Aged Pension. In addition,

2011–12 budget measures restrict access to Newstart Allowance for young unemployed people under 21 living away from home: instead they are eligible for the lower Youth Allowance payment.

Inadequate outcomes for highly disadvantaged jobseekers

The importance of active labour market policies that match jobseekers to available jobs cannot be underestimated. About 1.44 million jobseekers participate in employment assistance annually (2010 data). Just under half of these (48%, or 694,000) are employed at three months follow-up. However, 35% remain unemployed and 16% are no longer in the labour force. Looking at the group who are in paid work, 53% are casual, temporary or seasonal employees; 9% are self-employed and nearly half (44%) are seeking more work (DEEWR 2011). The drivers that underpin JSA employment assistance do not support a pathway into sustainable or adequate work for the unemployed. A short-term 'job first' focus increases the vulnerability of disadvantaged jobseekers to repeat spells of unemployment with poor prospects of a successful trajectory to full-time or sustainable part-time work. The transactional costs of this labour market inefficiency are undoubtedly high, with considerable savings possible through job retention strategies. There are two aspects to improving aggregate outcomes for jobseekers: devising workplace relations and training policies that support job retention and advancement, and strengthening active labour market program (ALMP) interventions to equip disadvantaged jobseekers to enter paid work with a greater probability of progression.

In early 2008, BSL made a submission to the new Labor Government calling for substantial reforms to the Job Network (BSL 2008). Our experience from direct service delivery, our innovation projects and our research showed that the employment assistance system developed under the former Howard Government was failing disadvantaged and marginalised Australians. We urged the government to reform the Job Network system based on four principles: simplification, rebalancing expenditure, a focus on sustainable outcomes and increased collaboration and choice.

The reforms implemented through Job Services Australia have gone some way in addressing the weaknesses of the previous programs, including:

- a stronger focus on disadvantaged jobseekers in JSA, albeit within a constrained budget
- increased capacity to deliver accredited training
- greater flexibility in brokerage dollars through the EPF
- a stronger focus on individualised pathway planning, and
- a more effective compliance system focused on re-engagement.

The Brotherhood's view, based on the available evidence, is that the changes made to employment assistance have been in the right direction, but that further reforms are essential to address the substantial levels of underutilisation and exclusion from paid work of disadvantaged groups in the labour market and to provide a more responsive recruitment solution for employers.

JSA, like its predecessor the Job Network, is a reasonably effective and cost efficient service system, compared with systems in similar OECD countries, in its delivery of basic job search and placement assistance. For the majority of 'job ready' unemployed people, the JSA system is operating reasonably well in terms of job placement.

However, despite the changes made in 2009, assistance to highly disadvantaged jobseekers, who are not 'job ready' and face multiple barriers to employment, remains poor and can be substantially improved. Examining JSA Stream 4 employment outcomes, 25% are assisted into some form of

paid work (3 months outcome). But only one-third become permanent employees. Over half are in casual, temporary or seasonal work (DEEWR 2011c). It is also of concern that 38% of Stream 4 jobseekers are no longer in the labour force 3 months after employment assistance, adding to the longer term welfare burden (DEEWR 2011c).

The current model focuses on those unemployed for less than one year, through the classification and funding model. Once jobseekers have spent a year in streamed assistance (up to 18 months in Stream 4) without a positive outcome, they move into Work Experience phase. Over the past year, this group has been increasing and will continue to grow both in number and as a proportion of all unemployed.

With the majority of Stream 3 and 4 JSA clients not achieving employment outcomes, most will enter Work Experience. BSL criticised the work experience phase of employment assistance under the Job Network as poorly conceived and under-resourced (BSL 2008). This weakness in employment assistance has not been addressed through JSA despite minor adjustments announced this year. The level of engagement and support is inadequate. The resources available to providers are grossly insufficient. The drivers in the contractual model serve to limit providers' investment in highly disadvantaged jobseekers to maximise the chance of a sustainable outcome.

The accumulation of increasing numbers of long-term unemployed in an ineffective form of assistance will increase poverty and social exclusion and undermine social cohesion and sustainable economic growth at a time when employers will become desperate for labour with good foundational skills and core competencies. Australia has performed poorly in the area of labour market participation of disadvantaged groups, including Indigenous Australians, youth, mature age Australians, those experiencing homelessness, those with disabilities and NESB migrants. The most recent JSA outcomes data confirms this, with lower employment outcomes and higher labour force drop-out rates. The very long-term unemployed and those with below Year 10 education fare particularly poorly (DEEWR 2011c).

In part, this is because of long-term under-investment in active labour market programs compared with OECD best practice (BSL 2011b). Australia ranks eighth lowest among 26 countries in expenditure on active labour market policies. Taking Denmark as the benchmark, in terms of coverage, 4.7% of the Danish labour force take part in ALMP programs compared with only 1.9% in Australia. A significant component of Danish investment goes to improve workers' skills (both vocational and foundational) to equip them to retain paid work. Another stream of programs focuses on job creation through wage subsidy models or social enterprises that offer pathways to transitional or permanent work for disadvantaged groups.

While there are improvements to the current JSA delivery model that should be implemented, **BSL strongly advocates a fresh approach to more effectively assist the long-term unemployed who are faced with multiple barriers to employment.** Such an approach should be based on an acceptance that minor enhancements to JSA will not lift outcomes for this cohort, especially the attainment of sustainable work.

Insufficient employer focus

Employment service providers must be encouraged to reach out more assertively in their local jobs market to target job opportunities for disadvantaged jobseekers. We would argue that there needs to be more systematic encouragement to privilege these jobseekers. One option is to introduce an outcome payment for 52 week job retention for disadvantaged jobseekers (Stream 4 and WE).

BSL research with the Melbourne Institute indicates a significant level of job loss and churn of low-skilled workers following employment assistance: in a large-scale study of 1268 former employment assistance clients who had found work, 28% of respondents were out of work within four months (Perkins, Tyrrell & Scutella 2008; Bowman & Clarke forthcoming). There is good evidence in support of longer term post-placement support for disadvantaged jobseekers who take up work to ensure that their participation in the labour market 'sticks'.

Demand-side barriers remain a critical challenge to achieving sustainable job outcomes for disadvantaged groups. A stronger focus on addressing employer prejudice and reticence to take on highly disadvantaged jobseekers beyond a three-month period requires a more systematic approach to employment assistance together with broader policy levers to encourage employee diversity across all categories of businesses and sectors. Progressive organisational practices in support of diverse staffing have been shown to improve business performance. There are thus both economic and moral arguments for strategic policies that support higher rates of employment of disadvantaged jobseekers.

Summary

Our proposition is that Australia has an outdated and fragmented approach to the provision of an effective social safety net. In the 21st century globalised economy, the nature of paid work has changed with increased casualisation and insecurity. The challenge is not just about 'insecure' work per se; rather there is a broader concern about underutilisation of labour, exclusion of specific groups of working age Australians and the lack of flexibility in support of work–life balance. In particular, there continues to be underinvestment in effective active labour market programs that build a bridge for disadvantaged jobseekers to decent, sustainable and safe work; and inadequate focus on demand-side barriers and more effective skills development of low-paid workers.

The Brotherhood of St Laurence urges the Inquiry to consider these concerns and take up the challenge by developing recommendations for a new social contract to build growth with inclusion. In the next section we describe the impact of insecure work on disadvantaged workers from our recent research and then in Section 4 outline policy reforms for Inclusive Growth.

3 The impact of insecure work on disadvantaged workers

Casual and insecure work is related to other kinds of insecurity, especially associated with housing, health, access to education and future funds for a decent old age. The risks of these forms of insecurity are unequally shared: gender, ability, health, age and place are key factors that shape the effects of these risks. Importantly, these factors overlap and intersect, creating deeper forms of insecurity with greater associated risks of poverty and social exclusion.

Financial insecurity

Our research regarding financial inclusion has pointed to links between insecure work and financial insecurity. One study of the social dimensions of a 'matched savings' program found that casual work increased the difficulty for some low-income mothers participants to save money and to manage their finances more generally (Bodsworth 2011).

One participant, Xanthe, described her budgeting strategy designed to cover household bills and expenses and to 'smooth' the household income across the year due to her sessional employment. As a part-time TAFE teacher, Xanthe received no income from November to February and also had no ongoing job security. She and her husband were both working part-time to share the care of their young children. This meant that Xanthe had to plan carefully during the year to cover costs during the holiday period, as her husband was also on a low income and they could not get by on his income alone. When asked how she managed the 'ups and downs and different costs and different wages', she replied:

> You've got to budget and it's pretty simple, it's a series of envelopes largely, but I roughly worked out what all our major annual expenses are like car insurance, rego and things, so I think that's $250 a fortnight which goes into an … on-line account which I can transfer over the internet but I can't withdraw out … [That covers] big expenses, and then we actually have another separate bank account that I put another $250 in a fortnight and that is for when I'm not working, basically to supplement our income when I'm not working and then the rest basically goes into the envelopes for food and bills and petrol and then we get a certain amount of spending money. (Bodsworth 2011, p. 19)

Another research participant, Elena, had been unable to continue to save money after completing the program due to her employment with a telecommunications company. She sometimes worked all night from home, receiving only $16 an hour from which she had to deduct her own tax due to her employment status as an 'independent contractor'. She was paying around 60 per cent of her income on rent for a modest house in an outer suburb. When asked if she had been able to implement the saving strategies she had learned during the program, Elena responded:

> I would say I don't have income to do all those things because it's very hard … a house, it's not reachable ... I can't see it's still possible. I can't just see it's possible, I can't see it happening, no matter what I do. It's a deposit, it's a very big amount of money, so I would say if my income would be different, it is possible, but when you're getting the minimum it's very hard. Maybe one day I can put that to the practice but not at the moment. (Bodsworth 2011, p.30)

The unreliability of casual work, particularly with irregular and uncertain shifts, creates substantial difficulties for jobseekers at entry level. BSL's recent study examined the impact of current policy

measures on disincentives for disadvantaged groups (Bodsworth 2010). One case study exemplifies their experience. Kurt, a 37-year-old jobseeker described his previous position as a personal support assistant working through an agency. He has enjoyed the job, but it had offered irregular shifts and hours—sometimes two shifts a week and other times only one shift a fortnight. This irregularity had caused problems with his Centrelink payments:

> I wasn't on the dole then and I was relying on that [personal support work] and sometimes I'd get one day a fortnight. And when you go to [Centrelink] and try and explain it to them or whatever, like you might wait three weeks for some more money and end up like two weeks behind. Something's got to be done about the way they work at Centrelink… See, I went off it for a while because there was no point in putting my form in I thought because I'm getting paid anyway so I'm not getting money off them … Yeah it was good for a while, then as I said, one day a fortnight, I couldn't even pay the rent on that … So I just said, 'Oh tell them to stuff it'. I'd rather be on the dole at least I know I'm getting paid. You know, I'm going to have some food this week or whatever. But when it's like that you think, 'What do I pay? Rent or food?' (Bodsworth 2010, p. 26)

Employment insecurity and housing insecurity

Our research indicates the links between insecure employment and housing insecurity. Like the comprehensive qualitative research by Dockery and colleagues (2008), we often identified similar experiences of fractured employment combined with unstable housing (Bodsworth 2010). For some people there was a relatively quick slide into homelessness and a much more difficult journey out. Our research highlights how employment and housing problems can conspire: lack of housing makes it difficult to find employment, and lack of employment makes it extremely difficult to find affordable housing, leaving people effectively locked out of both secure housing and the labour market.

The Brotherhood of St Laurence's work with people living in public housing in Melbourne has also highlighted the difficulties faced by many casual workers due to the impact of the their income on their public housing rents. Because rents are calculated based on 25% of household income, variable weekly or fortnightly pay and delays in adjusting rent calculations can result in people struggling to pay their rent if their shifts decrease or work dries up altogether.

Similarly, other public housing tenants who take up paid work are reluctant to take on extra hours which may lead to sustainable career paths because of the combination of increased rent, loss of concession entitlements and higher marginal tax rates on their earnings. Policies to overcome disincentives to job advancement or retention relating to workers in social housing, such as rental holidays and concession breaks, are important to increase the chances of job 'stick'.

Wellbeing and health of workers and their families

BSL research into the job pathways of disadvantaged jobseekers has highlighted the way in which gender and age intersect with insecure work. For example, Doris was interviewed as part of the Job Pathways longitudinal study about disadvantaged jobseekers and low-paid workers (Bowman & Clarke forthcoming). She is in her mid forties, and is a member of the 'sandwich generation' with two teenage daughters and an elderly mother. Doris is divorced. When she was married, having a part-time job worked well because she could balance her paid employment with her unpaid caring work at home—the school hours meant she was there for the children when they needed her. When first interviewed, she was working as an integration aide helping children with disabilities at school. She loved the work but it was insecure: she was unsure whether funding would be available

to employ her the following year. Integration aides are generally not employed over the school holidays—which makes summer a very difficult time if you rely on that income.

To supplement her income Doris also worked as a personal care attendant, assisting people with disabilities to get ready for the day in the early morning and for bed in the evening. She was paid around $23 an hour as a casual worker and was not paid for the time or cost of travelling to the client's home.

> The bed shift—if it's at ten o'clock of a night-time and it goes till eleven—by the time you get back it might be eleven thirty and by the time you get to bed it's twelve and then you're still only getting one hour's pay for it, but you feel like you've worked all day because you are so tired. So that's hard. (Bowman 2011b)

Doris's working day often stretched from early morning until late in the evening. There was no 'after work' for Doris so she couldn't relax or socialise. She 'reluctantly chose' to work on a casual basis because she needed the extra cash, even though 'It's casual so I don't get holiday pay or anything like that'. Like many other women, Doris found herself in this situation due to a relationship breakdown. She had not expected or planned to be a sole parent. Her situation illustrates that insecure work often entails insecurity in relation to time—not knowing when and whether a shift will eventuate affects all other aspects of life including family relationships.

An interviewee in our workforce participation research (Bowman & Kimberley 2011) highlighted the increased risks facing mature-aged divorced women. At the time of the interview Jocelyn was living in private rental and had just started a new job, but she was not happy because of the very low pay and the unchallenging work. She wanted to return to casual work and saw the trade-off between the higher hourly pay rate and insecurity of casual work as reasonable because she was confident that for her a casual position would not be short-term:

> You get more money [as a casual] and even though your job isn't secure you can go into a job and they can say, listen, I'm not happy with her and I don't want her to come back tomorrow … but I know if I work in a casual position they would keep me (Bowman & Kimberley 2011, p. 14.)

As a divorced woman who had not re-partnered, she lacked emotional and financial support, which provides a buffer from the worst effects of insecure work. Even though she had a job, she felt insecure and anxious about the future.

Women continue to bear the greatest share of domestic and care work so perhaps it is not surprising that Australia has one of the highest rates in the OECD of women in part-time and casual jobs (which have limited opportunities for training or advancement). ABS data for February 2011shows that across Australia, women's average full-time weekly earnings are now 17.2% less than men's (ABS 2011d). This is an increase of 0.2 percentage points from 17.0% in the previous quarter, November 2010. When part-time and casual work is taken into consideration, the total earnings gap between men and women is 34.9% (EOWA 2011).

Our research has also highlighted the way in which health, ability and care collides with inflexible work and welfare policies. What is striking about the experiences from our research is that respondents feel caught in a catch 22: they need more flexible income support that provides security within the context of short-term insecure work.

New BSL research has examined whether the past decade of strong growth has benefited the poorest groups in our community. The findings suggest that growth has been more beneficial to the

income poor compared to those experiencing social exclusion (Azpitarte 2011). The Social Exclusion Monitor developed with the Melbourne Institute has for the first time provided a multidimensional measure of social exclusion experienced at the individual level. The most recent analysis shows that more than half of Australians who have a disability or long-term health condition experience social exclusion (Horn 2011a). While we have known about the association between unemployment and ill health, there is now solid evidence of the link between marginal attachment to paid work and social exclusion, with particular groups more likely to face deep exclusion—those with disabilities, poor English proficiency, indigenous Australians and those in public housing (Horn, Scutella & Wilkins 2011).

Training and skills development

Like discussions about insecure employment, it is important to be specific when discussing training and skills development—who wants training, who has access to training, who is prevented from participating in further training and skills development and why.

Being a casual or part-time worker affects both access to training and skills utilisation in very significant ways (Pocock 2009):

- Casuals have less access to training than other workers in Australian workplaces.
- Casual part-timers especially miss out on the chance to enhance their skills.
- Casual part-timers in low-wage occupations are especially disadvantaged: jobs with higher levels of part-time employment and underemployment offer fewer opportunities for skills enhancement especially where employment is casual.
- Casual workers are more likely than permanent workers to miss out on structured training courses.

An approach to training and skills development for low-paid casual workers which simply focuses on an increased supply of training without addressing the type of work will have little impact. Opportunities to improve workers' skills hinge not just on their mode of engagement, but also on their presence in the workplace and the various ways in which part-time workers (especially part-time casual workers) are excluded from these kinds of opportunities (Watson 2008). Hours of work and forms of engagement also play a role in shaping skills utilisation for casual workers: the skills of part-time casual employees are most under-utilised, followed by permanent part-timers, then casual full-timers (Pocock 2009).

These findings suggest that efforts to improve the circumstances of low-paid workers through vocational education and training (VET) need to engage with the form of their employment. Casual workers often face higher work–life pressures than those reported by permanent employees. This makes their access to training while in work particularly vital, especially in light of the importance of such skills and experience to progression in pay and level. Finally, the relatively high proportion of casual workers whose skills are under-utilised suggests that—as for low-paid workers generally—increasing their participation in VET may be of questionable value unless their casual status is also addressed.

Access to training

Many respondents in the Job Pathways study referred to specific training courses, including those associated with licences or tickets, which can be unaffordable for those on low incomes.

Respondents were often locked into low-paid, insecure work and unable to do the training they wanted. For example, a middle-aged woman stated:

> I would like to undertake further study to gain employment elsewhere but cannot afford it, so I feel I am stuck in a job that is not challenging enough and pays a pittance'. (Bowman 2011a)

A 34-year-old woman illustrated the interconnection between family responsibilities, compliance arrangements, low-paid work and lack of access to training:

> I find it very difficult when my children (15, 12, 9) are sick etc and I have to take time off. Not only do I have less income, I get harassed by Centrelink as to why I didn't do my '15–20 hours a week'. It's difficult to get other work when I don't have 'cert[ificate]' qualifications. Yet I cannot afford to pay for a course or have time off to attend TAFE or do vocation hours. My hours drop off anytime a younger person starts at our bistro at the resort, and my boss doesn't care—she can pay them less. I am absolutely terrified of the future supporting my three children. School fees, textbooks are too expensive as it is, I cannot afford to send any of my children on camps or excursions. We need more skills/qualification funding!!

A 36-year-old man's comment illustrates the importance of the right to request flexible work arrangements to enable training and education:

> My previous employer dismissed me because I was requesting time out of my weekly roster to attend part-time studies. Life–work balance is a key to sustaining employment.

Further, the recent emphasis on training within the federal employment services framework has seen increasing 'credentialism' affecting disadvantaged jobseekers. Anecdotally, the Brotherhood has seen high numbers of disadvantaged jobseekers who have done one or more certificate courses yet often without adequate 'on the job' training, or who have simply received poor quality training. The Brotherhood has concerns that with the increased funding available for training there has been a proliferation of for-profit Registered Training Organisations (RTOs) providing training courses to jobseekers which are of poor quality or are not recognised by industry (for example, many people have Aged Care qualifications yet cannot obtain work, despite skills shortages). Other jobseekers have been found to have gained qualifications despite low levels of English language and literacy—which does not assist them to find work and, worse, can lock them out of receiving funding for further training.

Training churn of jobseekers

While many casual employees miss out on training and development opportunities, there is evidence that disadvantaged jobseekers are being 'churned' through accredited training courses as a result of their involvement in the employment services system. Preliminary data from the evaluation of the Brotherhood's Centre for Work and Learning Yarra (CWLY) indicates that many jobseekers, predominantly from refugee and migrant backgrounds obtain multiple training certificates—yet still lack 'on the job' skills and relevant work experience. Of the 431 clients who received case management over the past two years, only 4% had not engaged in further study. Around 15% had a Certificate II qualification, 30% a Certificate III and 45% a diploma or higher qualification. Further, 44% of clients have obtained two or more qualifications over the past five-years.

Although not the focus of the study, a number of participants in the Making Work Pay research raised issues about training, particularly the emphasis placed on certificate courses by their

employment services providers. The vast majority had completed some form of certificate course as a result of contact with a Job Network agency. Some participants, particularly the longer term unemployed, had completed many certificates.

> Kurt: Training doesn't really help me because it's not going to pay bills and stuff or whatever, but if I'm going to get a job out of it or know there's some work going or whatever, then I'll do it. But there's no point in having 20 certificates and diplomas or whatever if there's not work for you or something like that … it used to be good, you used to be able to get certificates sort of thing in those first years when there was plenty of work around, they can pay for it. Sometimes there's not much point. (Bodsworth 2010, p. 38)

Some participants also emphasised job placements and work experience, having had positive experiences through targeted programs such as the Public Tenant Employment Program in which job placements combined with certificate courses had led to ongoing employment.

Career progression and insecurity of work

While a quarter of casual workers are full-time students in part-time jobs, around 16 per cent are young people who are not students (Burgess, Campbell & May 2008). It cannot therefore be assumed that all young casual workers choose their employment conditions to provide flexibility around their studies. Our work with young people who experience different forms of disadvantage indicates that for many early school leavers, casual and insecure jobs are the only options.

Findings from our Making Work Pay study indicated that many young people seek secure employment 'with a future'. Zack, a younger jobseeker on Newstart Allowance had lost his job at a call centre due to depression, which he linked to stressful work compounded by homelessness and family issues. He had been looking for administrative work, but could not find a job due to lack of experience. He was reluctant to go back into customer service due to the effects of his last job on his health. He had started an apprenticeship as a baker, but struggled with the night and early morning shifts, being unable to sleep during the day due to his young child and appointments with housing support workers, DHS workers and counsellors. Zack expressed concern about the full-time jobs for which he was qualified—generally insecure, low-skilled positions. Instead of finding immediate full-time work, Zack wanted to work towards a job he was passionate about, and that had 'a future'. He had been encouraged by his JSA provider to undertake additional training in aged care and integration aide sectors:

> I want to get something that I feel like I will be able to do and to do for a while, and I feel like that's the reason why I'm having a lot of trouble. (Bodsworth 2010, p. 37)

A desire for permanent, secure jobs with predictable regular hours was a key issue in the Job Pathways study (Bowman 2011). Some participants highlighted the changed nature of jobs with the growth in insecure work. Such work may be precarious due to its casual nature, because it is contract-based and reliant on government funding, or because the hours are uncertain or irregular. It is interesting that people who commented on insecurity and the need for permanent work, often worked on contract for government departments. For example in 2008, a 58-year-old woman wrote:

> I require permanent, full-time work. I applied for at least six jobs per week and out of these I only received an interview for one-sixth of these. The types of jobs I was offered were either temporary and/or casual. I have been offered and have accepted full-time temporary work with Centrelink for 3 months, therefore I need to resign from my two casual positions —one of which I have been with for 15 months. If I don't receive a permanent position at Centrelink I believe I will be back where I started. It is quite concerning!

The following year she wrote:

> Government departments such as Centrelink should cease using the non-ongoing contract process. Both state and federal should lead by example. It has been very soul-destroying to be in a position for 12 months and then to be told at 4 pm that you do not have a job (Bowman 2011a).

What is disheartening is that many of the casual or contract jobs are not unskilled. There appears to have been an extension of casual and contract work to professional sectors, particularly the education sector, over time. A 50-year-old woman stated:

> My 'regular' job is casual uni lecturer. There's no guarantee from one semester to the next whether I will be rehired or if they will 'share the job opportunity' among others also qualified for the position.

There was a sense of powerlessness among some respondents, including one 60-year-old woman who wrote:

> Employers' attitude to staff is that 'there's plenty more out there'. Every job is casual and there's no commitment to keep you employed, give you holidays, etc. This leads to finance insecurity and being unable to plan even a few months ahead. Casual employment to me means no commitment to any staff by employers and it makes them easier to replace. There is a lack of respect and caring from employers except for the money they are being paid. It is a messed up society.

The interviewees in our mature age workforce participation study (Bowman & Kimberley 2011) were ordinary, working-class Australians. Most of the men have had long periods of stable employment but have more recently worked on a casual—often 'permanent casual'—or short-term basis. A few interviewees had always worked in relatively low-paid, 'entry-level' jobs, but most had a period of employment and advancement in apparently secure jobs. For example, Trevor, who had been made redundant after seventeen years in a skilled position, took a 'permanent casual' job as a truck driver, which he enjoyed for the autonomy and lack of pressure. He lost this job when he asked for some time off work. Even though he had given six weeks' notice and his employers had agreed that he could take leave, when the time came they changed their minds.

> They said, 'Do you want to work or don't you?' And I said, 'I told you I needed this time off and I gave you plenty of notice'. And they said, 'Look if you don't want to work, we'll have to let you go'. So I didn't argue with them. I had to have those weeks off, so it was a bit unfortunate because I really enjoyed that. The silly part was I had been there for five years, I didn't have a problem with them and they did not have a problem with me. It was something that got up their nose. They just weren't happy. If something gets up their nose they just say rack off (Bowman & Kimberley 2011, p. 16)

As a casual worker, Trevor believed that he had no recourse. He had not had a job since. He believed he was a reliable, responsible worker and could not understand why he had been treated with such disregard:

> And when you are older and reliable you'd think they'd compromise a little bit. I was there for five years, never took a day off, apart from when my father died. Never smashed their trucks, but it was the way it went.'

Continuous job searching

Preliminary data from the evaluation of the Brotherhood's Centre for Work and Learning Yarra suggests there are a significant number of disadvantaged workers who are continually seeking employment. At the time they registered with the Centre, 28% of clients had some form of paid work: the vast majority of these (77%) were employed on a casual or contract basis. Most worked around 25 hours per week. When asked about their employment conditions during the past five years, almost half stated they had only worked in casual jobs and around 15% had only had temporary or contract work.

Some of these clients were not receiving assistance from a JSA due to their existing employment; however the high level of demand and lengthy waiting lists for assistance from the Centre for Work and Learning reinforce the aggregate labour market data on underemployment—especially at the low-skilled end of the workforce. This points to the need for policy change to support low-paid insecurely employed workers to find more sustainable employment with some prospect of advancement.

Pathways to social and economic participation

In the Job Pathways longitudinal study of disadvantaged jobseekers (Bowman 2011a), we asked what would help and here are the top ten issues they identified:

- permanent, sustainable, decent work ('more pay, better hours')
- employee centred flexibility (for health, care responsibilities or other reasons)
- responsive ongoing support from employment services
- more flexible Centrelink compliance arrangements
- access to on-the-job and formal training, and funding for training and related costs
- freedom from discrimination, bullying and harassment, especially in relation to age, disability, health status or parenting status
- affordable, reliable transport
- access to affordable health care (glasses, dental health, physiotherapy, mental health support)
- affordable, accessible child care
- affordable, stable housing.

Apart from the work-related factors listed above, it is evident that many jobseekers experience non-work related barriers including health, housing, childcare and transport to obtaining and retaining paid work. While reforms to the JSA system, for example using the Employment Pathway Fund as a flexible resource, should have enabled a better resolution of such barriers, it seems that more reform is still needed to build an integrated pathway for highly disadvantaged groups.

Disadvantaged jobseekers and entry-level workers face discrimination from employers—especially discrimination based on age, disability and parenting status. Often this may be inadvertent discrimination or a lack of confidence by small and medium-sized businesses to take a risk with a particular job applicant. A stronger policy focus needs to be directed towards employers—in relation to job redesign and developing safer, more accepting workplaces and recognising the benefits of workforce diversity on their bottom line.

Mismatch between the labour market and the social security system

Our research regarding the employment decisions of low-income jobseekers has indicated a mismatch between the increasingly deregulated, 'flexible' and casualised labour market and the income support system which is still largely based on a model of total unemployment or full-time paid work (Bodsworth 2010).

For many jobseekers, the perceived security and 'permanence' of a job is more important than the pay offered, particularly for those who have experienced long-term unemployment or have cycled between insecure employment and income support. Such jobseekers are often concerned about the risk of losing a job or not being offered enough shifts. They identified the various waiting periods to go back onto Newstart Allowance as a serious disincentive to taking short-term or insecure work and also as a source of ongoing anxiety. Remaining on Newstart was, for these participants, a reasonable way of managing the risks at the 'bottom end' of the labour market which offered only insecure work, particularly for low-skilled workers.

Dianne, a 58-year-old Newstart Allowance recipient, had been moving in and out of low-skilled, temporary administrative work for many years. She had previously cared for her elderly mother and since her mother's death had worked in personal care, call centre and mail room positions, which had recently been made difficult by several shoulder operations. Dianne's last employment had been temporary assignments of five to eight weeks, which she took because any work is 'better than the alternative'. She also hoped that temporary work might lead to a permanent job offer. However, Dianne was mindful that if her wages reduced her Centrelink payments to nil, she could only continue stay 'on the books' or report her income to Centrelink for 12 weeks before being removed from the system. When asked if this would deter her from taking a temporary job which lasted longer than 12 weeks, Dianne responded:

> Well, if it came up for 14 weeks, that is better than the alternative and then there's also the hope that it may be extended or go longer, so it is a gamble.

When asked whether she would take the risk in the hope that it would lead to something more permanent, she said:

> Yes, but I think if, it would be good if maybe they [Centrelink] could be, like if they read your history, they know that I've had temp assignments, so if they know that you are out there trying, like review your records and see like your reliability and maybe give those sorts of cases a consideration, as opposed to someone who is just quite happy to receive payment on the fortnightly basis and is making no attempt to look for work or even work, whereas I'd like to think that my record has shown that I'm out there trying and I'm willing and I'm able and I want to work, but who knows. Maybe my age might be going against me (Bodsworth 2010, p.23).

Other participants also identified the difficulties of low-skilled workers finding permanent full or part-time work. The lack of job security meant that they placed high value on remaining 'in the system' for a significant period, even when their earnings meant that they were receiving zero payments from Centrelink. As one participant said:

> Yeah, I think it's, I don't know how long I can work for and still claim the dole, or not really claiming—say I got a job next week and I earned $1000 for the week, I would still have to declare that $1000, and I won't get my full dole, because I'm earning $1000, but if I did lose the job, I'm still on Centrelink I could still go in the next fortnight and put my form in and get my full payment. It's not like you earn double pay or anything (Bodsworth 2010, p. 25).

Kyle had left school early and had a history of unskilled, short-term casual and contract employment. He described the Centrelink system as 'painful', difficult to manage and incompatible with short-term work as it requires a person to reapply once a job ceases, often leaving a gap between the termination of employment and the recommencement of income support payments:

> Yeah because I'd call up suddenly and say, 'Rah rah rah, I'm earning such and such now' and they'd go, 'Oh we're going to chuck you off the system now', and I'd go, 'OK whatever' and I'd go work for six months or so and then I'd have to jump back on the system because the work had run out or I'd moved or something had happened. The Centrelink system is really, really painful and it's extremely hard to get on. But you see when I started at [recycling company], my partner had just left work and I'd started, so I called them up to explain, 'Look I'm earning X amount a week, I need to start getting forms again please so that I can declare my earnings' and they've gone, 'Oh OK so we're going to cut you off'. I've gone, 'No don't cut me off, the work's not ongoing', and they've gone, 'Oh well stiff … you earn too much'. It was an argument I had with about four or five of them over a space of a month, because the work only lasted a month and a half and then it took me another four weeks plus to get back on the system. (Bodsworth 2010, p. 26)

Kyle's main concern was managing the risk of finding himself without any income. The uncertainty involved in irregular casual work without a guaranteed, quickly reactivated safety net was clearly a disincentive for such jobseekers to accept work which was not ongoing or did not offer regular or guaranteed shifts.

Casual work places employees in a vulnerable position in relation to unreasonable demands or harassment from employers. Kyle said he had left several short-lived jobs due to a 'difference of opinion' between him and employers, which he found difficult to explain. Probing deeper revealed working conditions which appeared to be problematic:

> Yeah, well, like I was working as a chef and I was working from 10 am till 10 pm, six days a week over a two-hour split, and there was only two of us in the kitchen. We were pumping out three times what we should have been, so my chef was under stress and he took that out on me, and I wasn't prepared to put up with it, so I left. So therefore I explain that job as, well, it was a difference of opinion, and they go, 'If you've got a difference of opinion doesn't that make you a hard person to work with?' People tend to frown upon it; it makes it hard because it's not easy to explain. (Bodsworth 2010, p. 27)

Summary

The above discussion illustrates through selected experiences of participants in our recent research the vulnerability and precariousness of low-paid workers and jobseekers in the new labour market, with a far larger number of working age Australians either marginally attached to or excluded from work. Our evidence supports Standing's argument that too many workers now lack a sense of connection to a career path or trajectory characterised by ongoing, decent and safe paid work. Similarly, those who opt out of paid work for family or caring reasons find it harder to negotiate a path back into sustainable work that meets their aspirations. The current policy settings are no longer adequate for the new global economy. In the next section we outline policy reforms for more effective workforce participation that would enable a fairer distribution of work, smooth out the impact of a more dynamic economy and labour market and strengthen productivity through a better skilled and job-ready workforce.

4 Policy reforms for more effective workforce participation

The above analysis of the lack of decent, sustainable work and our assessment of the current labour market, characterised by stubborn levels of workforce underutilisation, significant levels of marginalisation from paid work and increasing reliance by workers on casual, seasonal and contract work, provide a strong rationale for substantive policy reform.

The challenge is to build on the platform provided by the robust Australian economy by implementing a more balanced, coherent suite of labour market policies that create job opportunities to reduce the high levels of unemployment and underemployment, and maximise the prospects of work retention and advancement for low-skilled, entry-level workers. This requires both supply-side and demand-side policy change.

Consistent with the Gillard Government's continuing commitment to social inclusion and skills development, we call for a more collaborative approach between business, government, union and community sectors to address these challenges to achieve inclusive growth that benefits the whole community in the longer term.

Access to decent work can be a life-changing experience for disadvantaged people, improving their wellbeing, opening up personal choices and creating opportunities for their families and children through better health and education.

As mentioned previously, a narrow policy focus on workplace legislation change to secure workers' hold on their job will not be sufficient. Broader reform needs to include the following core components of a new social contract:

- effective active labour market programs aimed at highly disadvantaged groups
- adequate income support payments to prevent poverty and social exclusion (including measures to support take-up and retention of work)
- more training and skills development opportunities tailored to job prospects through the life course
- appropriate employment protection for workers, particularly casual employees
- demand-side measures, including workplace diversity and social procurement.

Our proposals are outlined below.

Active labour market policy

Integrated Employment Pathway: a new strategy for disadvantaged jobseekers

The BSL strongly advocates a new strategy that is designed to build on the recent success of innovative integrated models being tested by leading not-for-profit organisations. The current approach largely fails highly disadvantaged jobseekers—those who are in Stream 4 and who transition into Work Experience. Their prospects of securing a sustainable paid job are very poor.

Greater success in employment assistance can be achieved, as a growing body of evidence indicates, through intermediate labour market approaches. BSL research and service innovation shows that a greater investment is needed to enable an integrated package of foundational skills

building, vocational training, personal support and paid work linked to a prospective employer, to be delivered over a period of 9 to 12 months. The Brotherhood's own experience in using open employers or social enterprises to offer supportive transitional paid employment has shown significantly higher outcomes with a better return on investment in the longer term. Initial cost benefit modelling of the social enterprise model of ILM has shown a $14 return for every $1 invested in these programs (Mestan & Scutella 2007). A wide range of effective ILM approaches using social enterprises are emerging across Australia—for example, Fair Repairs in western Sydney (ABC 2011).

International research endorses integrated models that can achieve better job outcomes for disadvantaged jobseekers and provide a platform to sustainable employment (Finn & Simmonds 2003; Lindsay et al. 2007; Marshall & Macfarlane 2000).

A US review of 27 work experience program evaluations assessed that 19 programs showed 'strong impact': that is, they had a substantial likelihood of yielding a major change in life outcomes for individuals or community standards of living. The two strongest adult programs as assessed by the review incorporated basic skills training, education, paid and unpaid work lasting from six months to one year. In one of these programs, participants were guaranteed a full-time, subsidised job for up to 12 months. The same researchers' analysis of youth programs also supports an integrated model (Sattar 2010).

Another major study of US transitional employment programs aimed at highly disadvantaged groups (long-term unemployed ex-prisoners) points to more effective models to achieve sustainable outcomes (Bloom 2010). Care must be taken in comparing employment outcomes between US and Australian employment programs, not only due to design elements and participant characteristics but also due to open labour market conditions, including unskilled wage rates, conditions of employment and employer discrimination. Nevertheless, Bloom's analysis shows that between 40% and 50% of program participants found open employment after a spell in transitional paid work, but over the follow-up period a statistically significant improvement in job retention only lasted for about six months. The service models of the evaluated large scale programs did not enable job retention, but did improve social integration in the longer term. In part, this may be accounted for by service delivery elements such as:

- mandatory participation
- poor engagement
- low take-up of transitional employment
- short duration of transitional employment (less than three months)
- lack of supportive work based supervision
- absence of accredited training
- poor integration between transitional job and open employment placement provision
- lack of post-placement follow-up.

Bloom concluded that subsidised ILM approaches can be configured to provide a valuable pathway for highly disadvantaged jobseekers if some of the above factors are addressed. Australian best practice, through small-scale integrated models, has largely addressed the above limitations to achieve higher open employment outcomes with a prospect of better retention rates.

A new key UK evaluation of the Work Experience Program (Backing Young Britain) that offered relatively short-term work placements with support for young long-term jobseekers provides important lessons for effective transitional employment pathways (Riley, Deaton & Roberts 2010). It points to the following critical aspects of assistance:

- building soft or foundational skills
- provision of insights into job options and career aspirations through 'tasters'
- building confidence
- short-term placements sufficient to embed 'on the job' experience
- matching of individual skills/interests to job type
- employer engagement and support.

While the intention of both the JSA and DES is to assist highly disadvantaged jobseekers into paid work, the core contractual framework assumes a sequential delivery of assistance: jobseekers first undertake to resolve barriers to work, then complete training and find a job. For disadvantaged jobseekers with multiple barriers, some of which may be long-term, permanent or episodic, the current fragmented model is ineffective. There is scope for significant improvement in job outcomes through direct engagement with local employers to match jobseekers to work opportunities and with jobseekers to ensure vocational training relates to their aspirations and builds on existing skills relevant to their employment pathway.

We recommend the development of a complementary integrated pathway (Integrated Employment Pathway) that would offer highly disadvantaged jobseekers (Stream 4) an alternative path to the current Work Experience phase.

In our recent submission to the Australian Government (BSL 2011b), we proposed that jobseekers would enter streamed assistance to allow ESPs to offer the standard level of assistance albeit through a simplified number of streams. After 12 months in streamed assistance (Initial Service Period), at the review by Centrelink, the jobseeker would be offered an alternative path into an **Integrated Employment Pathway** (IEP) as a trainee or employee.

Resources for the new IEP would come from the following sources:

- income support payment savings for individual jobseekers who take up traineeships or paid employment at award level
- unspent funds from the resources available to ESPs, including EPF monies, service fees and (unpaid) outcome payments
- income to social enterprises from business operations or contribution by open employers.

Within the proposed IEP, we envisage two tracks reflecting the type of employer offering the work opportunity. The two-track approach allows for larger employers to take a direct role in matching jobseekers to emerging jobs, while supporting the role of ILM approaches using social enterprises to offer transitional employment. This flexibility is essential to take into account local labour market conditions in areas of high unemployment.

In the first approach, local employers with job openings work with IEP providers to offer paid employment linked to the provision of the integrated package of support for both worker and employer. This approach builds on the range of job subsidy programs implemented over the past

decade (for example New Workforce Partnerships in Victoria) and other local models that provide an integrated but individualised package of assistance to a job. The central feature of the approach is the direct relationship with employers with a focus on matching jobseeker skills to the available job and supporting the jobseeker to ensure productivity and retention.

The key success factor with this approach is the direct line of sight to a paid job in a supportive environment.

In the second approach, transitional employment is delivered through the Intermediate Labour Market model using social enterprises to provide a 9 to 12-month traineeship. There is sufficient evidence to support a more structured pathway using this model if the enterprise offers work experience and training in a growth industry with solid job prospects. However, social enterprises which aim for a high social return have to bear additional business costs, such as staff turnover (deliberate), increased supervision and quality assurance, as well as lower productivity of trainees. These costs need to be offset through a subsidy. BSL has led the development with Mission Australia of a DEEWR Innovation Fund project—the Working Futures Initiative—that will add to the evidence base on the benefits of the ILM approach using social enterprises to deliver traineeships and the level of capacity support required for long-term viability. This model enables highly disadvantaged jobseekers to build their work experience in a more supportive setting where lower productivity can be absorbed.

The IEP therefore addresses the fundamental weaknesses of the current Stream 4 and WE phases—poor integration and inflexible assistance—with additional investment in paid work experience. It is in effect an 'off benefits' approach focused on sustainable job outcomes.

Income support payments

The BSL urges the Inquiry to consider a reform package to deliver a more equitable tax and transfer system that would provide an adequate safety net to enable social participation for those on income support payments. The BSL supports the calls by many in our community for a significant increase in unemployment benefits. Equally important is policy change to encourage workforce participation and job retention by eliminating financial disincentives faced by many jobseekers. Recent Brotherhood research and submissions to the Henry taxation review have drawn attention to the current range of disincentives to taking up paid work and increasing their hours to support advancement (BSL 2008b; Bodsworth 2009; Bowman & Lawlor 2010). Disincentives may include increased tax, reduced income support, loss of concessions and increased rent for those in public housing. The perceived risks of taking up insecure work are especially high and need to be overcome.

Such a reform package should include:

- elimination of high effective marginal tax rates on earned income
- a working credit measure for at least six months after job entry
- a rental moratorium for at least one year for public housing tenants who take up paid work
- income averaging over a six-month period to assess income support entitlements
- retention of concession entitlements including the Health Care Card for one year after job entry.

Training and skills development

The federal government has invested in substantial reform to education and vocational training under a productivity agenda. Building capacity in the training system is a critical component of improving the skills of the workforce. However, this focus on human capital risks a shift to credentialism and training churn, particularly in the entry-level and low-skilled sectors of the workforce. Poor advice from training providers and employment services to disadvantaged jobseekers who lack the capacity and knowledge to assess the advice appears to be growing, with a consequent poor match of training and qualifications to realistic job opportunities.

Encouraging lifelong learning through effective policy measures such as individual learning accounts (ILAs) is another critical competent of strategies to strengthen the skills of all workers, especially the low-paid and low-skilled workers on whom employers currently spend little, compared with professional and managerial employees. The benefits of lifelong learning approaches include skills development that meets the aspirations and career trajectories of individuals across their working years. For workers who lose their jobs, such as retrenched mature-aged workers and casual employees, the access to training dollars through ILAs strengthens their prospects of finding another job quickly as they as they can afford to gain credentials and transferable skills needed by employers. For jobseekers who have spent time out of paid work for caring responsibilities, they are able to consolidate and update skills that make them more competitive in job searching.

Accepting a capabilities approach to building the skills of low-paid workers and disadvantaged jobseekers, it becomes important to design policies that overcome both personal and external obstacles to participation in training. This requires integrated and personalised models that offer career guidance, course design and delivery and financial support to ensure completion of training that is tailored to realistic job opportunities in their community. We therefore suggest the following reforms to training and skills development are needed to strengthen the retention and advancement of insecure workers:

- Strengthen the quality of training currently provided by referral from employment services to ensure jobseekers are receiving training which will enable them to find work. On-the-job training and work experience components which offer the possibility of ongoing employment are important.
- Consider ways in which casual workers can access training which might enable them to transition into more sustainable employment. This would take into account the fact that many part-time casual workers have unpaid care responsibilities.
- Provide greater support for low-paid casual workers to receive career advice and job search training, particularly those who are just above the threshold for Centrelink payments and therefore may be unable to access to Job Services Australia employment services.
- Consider greater access to recognition of prior learning (RPL) and recognition of informal learning (RIL) type qualifications—particularly for long-term casual workers who are unlikely to have acquired accredited qualifications.
- More substantial policy reforms would include the introduction of a lifelong learning account based on employer and government contributions. These accounts should cover the cost of training, but also the cost of time away from work—particularly since casual workers do not have access to paid leave.

Employment protection

We encourage consideration of stronger employment protection aimed at entry-level, low-skilled workers who currently are only marginally attached to decent paid work. Pocock and colleagues (2004) proposed that a number of core principles should form the basis for regulating casual employment. These principles are:

- Limit the application of casual employment to casual engagements
- Raise the quality of part-time work, since casualisation and part-time arrangements overlap and it is the casual part-time worker who is insecure.
- Ensure that minimum labour standards apply to all employees
- Link reform of casual employment to overall improvements in the quality of working life.

The BSL supports these principles and encourages consideration of measures that would 'limit the length of casual engagements to a shorter period, that is, ensure that casuals are closer to the model of the genuine casual' (Burgess, Campbell & May 2008).

Broader social policy reforms to support work opportunities and make work pay

As pointed out in our appraisal of JSA, demand-side barriers remain a critical challenge to achieving sustainable job outcomes for many disadvantaged jobseekers, especially those with disabilities, Indigenous Australians, those experiencing homelessness and those from non-English speaking backgrounds.

African Australian clients at our Centre for Work and Learning Yarra frequently relate bad experiences of employer reticence and discrimination despite having the skills to take up the job. Reliance on supply-side solutions through the JSA will be insufficient. Stronger policy levers are required to support business diversity and prevent discrimination so as to ensure disadvantaged jobseekers have a fair chance to obtain decent sustainable work.

We recommend the development of a proactive policy initiative to strengthen the adoption of measures to increase employee diversity in all workplaces and encourage employer take-up of diversity groups.

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

BSL recommends the development of a comprehensive social procurement strategy that encourages government contractors to create procurement opportunities to support the employment of disadvantaged jobseekers.

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