



Brotherhood
of St Laurence

Working for an Australia free of poverty

Submission to the Treasury Employment White Paper consultation

Brotherhood of St. Laurence

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Executive Summary

We have a once-in-a-generation opportunity to unlock Australia's potential

Australia currently has an inequitable labour market where unemployment rates are low for many but still very high for others, particularly those with complex support needs and barriers to employment. At the same time, there are significant workforce shortages across most industries.

This presents a once-in-a-generation opportunity to refocus our employment and training system on unlocking the talent and potential of those who have been excluded from employment. Addressing labour market inequality will bring wide social and economic benefits: boosting economic security and wellbeing for individuals, families and communities, while also driving increased productivity.

The White Paper should set out a new approach to employment for those who are marginalised in the labour market as part of a broader plan to prevent and alleviate poverty and intergenerational disadvantage in Australia.

Australia cannot achieve and sustain full employment without an effective employment and training system

Australia's employment services system, and the key systems with which it intersects – in particular the skills and social security systems – are not equipped to address 21st century economic, social and environmental challenges. Successive reforms have not delivered the transformation necessary to ensure these systems can respond to and shape changing labour markets associated with globalisation, decarbonisation and digitisation, nor the workforce required for effective human services to cater for demographic changes.

This means that, for too many people in Australia, if they are disconnected from education, find themselves unemployed, or are moving in and out of work as they balance other responsibilities, the employment and training system does not lift them up, but traps them in poverty and disadvantage. It does not support them to navigate changing labour market conditions and build the capability and confidence they need to achieve long-term economic security, nor does it work effectively with employers who want to help build those pathways.

Australia needs an employment services system where the number one priority is to build effective and empowering pathways for economic and social participation, especially for those who are most disadvantaged. The primary focus should not be regulating compliance with conditions linked to social security payments, nor pushing people into jobs and training that do not meet their needs.

Fundamental system redesign is needed

BSL believes that the scale and complexity of the challenges facing Australia's employment and training system necessitate fundamental system redesign.

To support all jobseekers experiencing disadvantage into decent, meaningful jobs and careers, and address the workforce needs of employers and industry, BSL recommends an approach to employment and training that is collaborative, community-embedded and industry-specific, where government plays a stewardship role and organisations outside of government can play an enabling role, helping to align effort and investment in local communities, supported by top-down and bottom-up governance mechanisms.

Government has an essential role to play in aligning and leveraging federal and state resources to deliver a more streamlined employment offering in place, as well as in benchmarking and growing the capabilities of all labour market actors to co-design mutually beneficial training and employment solutions. The voices and lived expertise of people with experience of our employment and training system need to be kept at the heart of reform.

The table below sets out critical shifts necessary to create an employment services system consistent with the ambition of full employment. **Two central themes are the adoption of the Capabilities Approach and a focus on Place.** Our submission outlines the reforms necessary to achieve these shifts, with a focus on system architecture. BSL is happy to provide a further submission on implementation if some or all of the reforms identified are recommended by the White Paper or the related inquiry into Workforce Australia.

Critical shifts required in the employment and training system to enable full employment

System element	Current system	Future system
Purpose	Compliance-driven: The primary purpose of the employment services system is to shift people off income support, and monitor and enforce compliance with obligations linked to income support payments.	Person-centred support: Employment services support workers and employers to bridge labour supply and demand, expand people’s capabilities, and build pathways towards meaningful work.
Assumptions	Individual responsibility: Individuals are considered partially or wholly responsible for their unemployment.	Shared responsibility: Governments, employers/business, employment providers, the community and people experiencing unemployment work together to address unemployment.
	Deficit and welfare focus: People experiencing unemployment are not viewed as potentially capable contributors to the workforce but as passive recipients of welfare. Spending on employment services is seen as necessary to mitigate risk, rather than as a productive investment.	Investment focus: Employment support is recognised as an investment in people’s abilities – and by extension in the broader community – rather than assistance to help them manage their problems.
	Punitive: Punitive measures are considered necessary and beneficial to motivate people experiencing unemployment to work.	Enabling: Drawing on the Capabilities Approach, employment services adopt enabling approaches that build skills and capability and support participants to build strong foundations for economic security.
	Focused on labour market participation: Paid employment is considered the only form of productive labour.	Balances work, care and learning: The social security and employment systems enable people to learn, work and care across the life course.
System architecture	Fragmented: Employment policy and programs are fragmented across levels of government, sectors, cohorts and providers, creating uneven markets and complexity for jobseekers and employers, which limits their ability to access appropriate support.	Integrated: An integrated employment, education and training system aligns and leverages Commonwealth and state/territory funding in place, delivering a more streamlined employment and training offer for disadvantaged jobseekers and employers in their local communities. Mainstream and specialist employment services are consolidated into one program (administered by a single agency), with sub-programs reflective of life stage and transition.
	Commonwealth-led: The Commonwealth has primary responsibility for employment policy and investment, but currently offers	Options for shared or devolved governance: Several options could be considered, including the Commonwealth retaining primary

	inadequate support and is poorly positioned to respond to local needs in place. States sometimes step in to provide additional support.	responsibility for employment services, sharing responsibility with states and territories, or devolving responsibility to states and territories.
	Government as contract manager: The role of government(s) is largely limited to funding, regulation and contract management rather than actively shaping the market to improve jobseeker and employer outcomes.	Government as system steward: Government would play a more expansive role as steward of the employment and training system, partnering with community to actively shape a more integrated and collaborative service system capable of adapting to individual and community needs.
	Siloed from skills and training: The employment, education and training systems are 'siloed', leading to a misalignment of policy and investment.	Aligned with skills policy and investment: Policy and investment in employment and skills/training is aligned at the national, state and local levels, enabling design and delivery of employment pathways that are tailored to local conditions and adapted to those starting careers, building careers and switching careers.
	Disconnected from social services: Employment services are disconnected from health and social services and other forms of 'social infrastructure' such as housing and transport, limiting their ability to find solutions to address complex and structural barriers to employment.	Integrates social support: Employment, training and social services policy and programs are aligned at the local, state and national levels to address structural barriers, and employment services are commissioned to promote integration with health and social services.
	No longer provides a social safety net: The intersecting social security and employment systems are not equipped to manage 21 st century challenges and disruptions, including changing labour market conditions.	Builds long-term economic security: Industrial relations, employment services, social security and tax policy are aligned and reoriented towards building long-term economic security for people on low incomes or experiencing disadvantage.
	Disincentivises work: The nexus between the social security, employment and tax systems creates disincentives to work, traps people in poverty, and limits opportunities to (fully or partially) devolve responsibility for employment services to the states and territories.	De-coupled from social security: The social security and employment systems are de-coupled, and disincentives in the tax system addressed, removing poverty 'traps', enabling people to care, work and learn across the life course, and facilitating the potential devolution of employment services to the states and territories.
	Top-down and not responsive to place: System governance is top-down, with limited consideration of local context and no incentives for place-based collaboration.	Place-based with top-down/bottom-up governance: Evidence-informed place-based approaches that bring together local stakeholders in the employment ecosystem to co-design training and employment pathways are scaled up, using a top-down/bottom-up governance approach, supported by Enabling Organisations and community leadership.
Service design and practice – employment services	Short-term: Success measures promote a 'work first' approach, which aims to produce a quick return to the labour market, irrespective of the quality or suitability of the job.	Long-term: jobseekers are supported to work towards achieving their long-term goals and aspirations – including, but not limited to, employment – by addressing both personal and structural barriers.

	<p>Deficit-focused: Services focus on addressing the limitations of jobseekers experiencing disadvantage, rather than their untapped talents and aspirations.</p>	<p>Capabilities-focused: Support aims to build people’s capability and confidence to pursue personally meaningful career goals, recognising and addressing both individual challenges (such as job readiness) and structural factors (such as insecure housing or family violence).</p>
	<p>Compliance-driven and punitive: Services are focused on monitoring and enforcing compliance with obligations associated with income support, which can be punitive and harmful.</p>	<p>Reciprocal: Support is grounded in recognition and respect. This may include non-punitive agreements based on reciprocity and mutual accountability.</p>
	<p>Transactional: Services lack capacity and capability to build trusting relationships with jobseekers and establish networks that could improve support for jobseekers.</p>	<p>Relational and connected to community: Services build trusting relationships with jobseekers, employers, support services and community, strengthening the connections and social capital that influence an individual’s capacity to flourish.</p>
	<p>Supply-side focused: Emphasis is on building the skills and employability of jobseekers, with little attention paid to activating employers and job creation measures (bridging and demand-side measures).</p>	<p>Stronger demand-side and bridging focus: Government(s) and employment services work more closely with employers to enhance and scale up demand-side and bridging interventions, including social procurement and social enterprise, and to build employer capability to create new employment pathways and more inclusive workplaces.</p>
	<p>Inflexible: Support is ‘one-size-fits-all’. Jobseekers are not offered a service that is tailored to their individual employment needs and aspirations or their local context.</p>	<p>Flexible and tailored: Support is person-centred, flexible and tailored to the needs and circumstances of the individual, recognising that people experiencing disadvantage may require support of greater intensity, duration or scope to build sustainable pathways to employment. Practice is intersectional, gender-responsive, trauma-informed, and culturally safe.</p>
	<p>Disempowering: Jobseekers are offered little choice or autonomy over their training and employment pathways.</p>	<p>Agency-enhancing: Services aim to maximise people’s choice and agency to achieve their employment and wellbeing outcomes.</p>
<p>Service design – skills and training</p>	<p>Inflexible and misaligned: Vocational education and training (VET) training products, modes of delivery and pathways are inflexible and misaligned with industry, employer and jobseeker needs. This results in low completion and conversion rates, and a failure to address skill shortages.</p>	<p>Learner-centred and responsive to employer needs: VET offers are adapted to jobseekers’ stage of career development and local employers’ workforce development needs, including an initial VET offer that provides foundational industry skills and expansion of employment-based training.</p>
	<p>Lacks an equity lens: Some population groups are under-represented and there is little support for learners experiencing disadvantage to complete their training.</p>	<p>Inclusive and equitable: Priority and marginalised groups are supported to access and complete training, and this is reflected in improved completion and conversion rates.</p>
<p>Commissioning</p>	<p>Competitive: Competitive commissioning erodes trust and creates disincentives for providers to work together to innovate and improve outcomes for jobseekers.</p>	<p>Collaborative: Commissioning aims to set up a collaboration-focused employment services market.</p>

	Lacks diversity: Competitive commissioning disadvantages smaller providers who are more likely to be embedded in their communities.	Diverse: Commissioning encourages and supports a diversity of providers with a focus on capability to leverage local community effort.
	Prescriptive, output-driven performance measures: Performance measures incentivise standardised approaches and short-term outcomes.	Results- or impact-based performance monitoring: Performance monitoring enables collaboration, adaptation and innovation to deliver on shared objectives, and does not divert resources from frontline delivery.
	Low workforce capacity and capability: Outcomes-based contracting incentivises staffing models characterised by large caseloads and low-skilled, low paid staff.	A qualified and capable workforce: Funding supports competitive remuneration, professional development and manageable caseloads.

Summary of recommendations

Note on recommendations: Because BSL is recommending a systemic approach to reform of employment and training, many of our recommendations are interconnected. However, each recommendation has been included once only in the most appropriate section of the submission.

Overarching recommendations

1. Aim for full employment as a national policy objective
2. Reconfigure the employment and training system to reflect the following principles:
 - a. Increasing employment and economic security for people experiencing disadvantage is a shared social investment that advances productivity and wellbeing
 - b. Adopting the Capabilities Approach increases real opportunities for people to pursue meaningful work and careers that support their wellbeing
 - c. Policy and investment should continue to focus on jobseekers who face the greatest barriers to employment
 - d. Co-design of pathways to quality work and career development can deliver mutual benefit to jobseekers, employers and industry
3. Transform the role of government(s) in the employment and training system from funder and contract manager to system steward, partnering with community to actively shape a more integrated and collaborative service system capable of adapting to individual and community needs.

REFORM 1: Integrate Commonwealth and state/territory policy and investment in employment, education and training

1. Transform the role of government(s) in the employment and training system from funder and contract manager to system steward, partnering with community to actively shape a more integrated and collaborative service system capable of adapting to individual and community needs
2. Consolidate responsibility for Commonwealth employment services (including pre-employment services) in one Commonwealth department or agency and establish mechanisms for interdepartmental collaboration to ensure that the responsible department commissions services with cohort-specific needs in view
3. Align skills, employment, industry and regional development policy at Commonwealth level
4. Consolidate Commonwealth and state/territory employment services in place enabling greater community co-design and ownership of locally tailored solutions that meet the needs of jobseekers, employers and industry

5. Explore options for public provision of employment services
6. Explore the feasibility of a National Jobs & Skills Guarantee
7. Explore options for partially or fully devolving responsibility for delivery of employment services to the states and territories.

REFORM 2: Restore the social safety net and de-couple employment support from social security

1. Align industrial relations, employment services, social security and tax policy and reorient effort towards building long-term economic security for people on low incomes or experiencing disadvantage, including by removing poverty 'traps' and enabling people to care, work and learn across the life course
2. Immediately and permanently increase the base rate of working-age payments to lift people out of poverty and enable them to engage in the labour market
3. Increase the amount people on working-age payments can earn from paid work before their income support is affected to reduce the disincentive to work and ensure they remain financially secure and have housing security
4. Significantly increase the Liquid Assets threshold to better support people to limit the long-term financial consequences of unemployment and sustain long-term economic security
5. Abolish the Child Care Subsidy activity test
6. Replace mutual obligations with reciprocity-based practice – like 'The Deal' used in BSL's practice with young people – which makes clear what each party will commit to doing to achieve the participant's goals
7. Make participation in employment services voluntary and available to a broader population who would benefit from support to address barriers to employment
8. Cease the ParentsNext program and replace it with a voluntary program for low-income parents with young children who want to enter or re-enter the workforce, or access more financially secure employment.
9. Consider the Sustaining Economic Empowerment and Dignity for Women (SEED) Project being trialled in Seymour, Victoria, as an early example of what a replacement program might look like.
10. Extend eligibility for benefits, such as the Pensioner Concession Card for mothers moving off income support, until they are established in employment
11. Address high effective marginal tax rates for social security recipients which can act as a disincentive to take on (more) work
12. Invest in high quality, affordable childcare and early learning to give more children a better start and enable more families to access work
13. In the medium term, build on the establishment of the Economic Inclusion Advisory Committee by setting up an independent commission to review and monitor the social security system and explore alternative models, such as 'flexicurity', in the Australian context
14. Ensure funding and indexation arrangements for organisations delivering social services reflect the true costs of service delivery, including decent wages.

REFORM 3: Provide an inclusive, enabling mainstream employment offer for all jobseekers tailored to life stage and need

1. Consolidate mainstream and specialist employment services into one program, with sub-programs reflective of life stage and transition (potentially for young people, parents, working age adults and mature age workers) that provides tailored support according to need and adopts an inclusive, intersectional practice model

2. Redesign employment services and practice in line with the Capabilities Approach to be: investment-oriented; long-term; tailored, flexible and intersectional; enabling; agency-enhancing; relational; connected to community; and reciprocal.
3. Utilise a capabilities-informed approach to program design that includes four phases:
 - a. Vocational guidance and co-designed planning
 - b. Skill- and capability-building
 - c. Real world opportunities
 - d. Post-placement support
4. Support the implementation of a Capabilities Approach in service design and practice through commissioning practices and investment in workforce capacity and capability.

REFORM 4: Adopt place-based approaches to employment that leverage community effort

1. Adopt a top-down/bottom-up governance model to effectively scale up place-based approaches to employment that bring together local stakeholders in the employment ecosystem to co-design training and employment pathways that meet the needs of local jobseekers, employers and industry
2. Maximise the benefits of place-based approaches to employment by incorporating the twelve evidence-based elements of success, including:
 - a. resourcing Enabling Organisation(s) to coordinate effort, build capability for collaborative action, maintain the systemic ambition, and connecting into government and policy
 - b. enabling Community Leadership that can leverage the trust and resources and networks of local organisations and build enduring governance and leadership in place
3. Redirect investment earmarked for the Local Jobs Program into a more effective place-based approach similar to the Tasmanian Regional Jobs Hubs, National Youth Employment Body or Community Deals model that:
 - a. adopts a sustainable place-based governance model that enables collaboration, such as Community Investment Committees
 - b. is supported by an Enabling Organisation(s) with a focus on capability building, not just coordination
 - c. has a stronger focus on demand-side interventions, including job creation, and meeting employer needs
 - d. is underpinned by consistent practice model tailored to life stage and informed by the Capabilities Approach
 - e. centres participant voice in policy and program design
4. Develop a place-to-population level data platform with place-specific dashboards that integrates government data and data generated from place-based initiatives, and build the capability of stakeholders to use evidence to make strategic decisions and develop evidence-based local solutions.

REFORM 5: Support a mix of labour market interventions tailored to local conditions and economic context

1. Strengthen the focus on demand-side interventions, including employer activation, social procurement and job creation – to deliver ‘win-win’ employment outcomes that both provide decent, meaningful work for workers and build a skilled and adaptable workforce for employers, industry and the community
2. Tailor the mix of labour market interventions to local conditions and populations
3. Adopt systemic labour market interventions to address complex and interconnected employment barriers and opportunities concurrently through collective action among labour market stakeholders in place.

4. In line with the Capabilities Approach:
 - a. Shift the focus of supply-side interventions from a 'work first' approach to a longer term, capabilities-based approach that enables people to access decent, meaningful and sustainable work and careers that recognise their needs and aspirations
 - b. Shift the focus of bridging interventions towards approaches that work more intentionally with jobseekers and employers to shape and transform employment opportunities to accommodate both employee and employer needs.

REFORM 6: Work with employers to shape demand-side and bridging interventions

1. Use demand-side measures to activate employers and industries to create employment opportunities that provide decent work and inclusive work environments for jobseekers, and meet industry and employer needs for a skilled workforce
2. Enable employers to recognise and take up their role in creating work and career opportunities for people who are disadvantaged in the labour market by:
 - a. Shifting the paradigm motivating employers from individual and social responsibility to mutual investment for mutual benefit
 - b. Building employer capability to foster inclusive workplaces and work practices, and to engage and retain workers who experience barriers to employment
 - c. Offering a range of investment opportunities tailored to the motivation, expertise and capacity of employers, especially small to medium businesses
 - d. Actively involving employers as partners in the co-production of employer-oriented solutions in place
3. Scale up social procurement at a national level by:
 - a. Setting ambitious government targets for employment of priority jobseekers supported by incentives and/or obligations for employers
 - b. Resourcing intermediary organisations to support industry-specific recruitment and job matching models and aggregate labour supply and demand when required
 - c. Capacity-building for the social enterprise sector to ensure these businesses are ready and able to fulfil procurement demand
 - d. Ongoing investment in preparation of candidates through person-centred employment programs like those offered by Jobs Victoria
 - e. Strengthening data linkages and transparency to better enable labour market intermediaries to appropriately match jobseekers and jobs
 - f. Exploring the potential to expand social procurement beyond construction to other industries, and beyond large corporations to small and medium enterprises, working with the Council of Small Business Organisations Australia and industry associations.

REFORM 7: Shift to a learner-centred training system that addresses industry and employer needs

1. Align employment, education and training policy to enable design and delivery of employment pathways that are tailored to local conditions and adapted to those starting careers, building careers and switching careers
2. Pilot an initial VET offer that provides a broad introduction to a breadth of core skills and knowledge within an industry in a subset of high demand industries in each jurisdiction
3. Re-establish national and subnational equity targets for participation, completion and conversion
4. Increase transparency on completions and non-completions by publishing data across training providers

5. Expand employment-based and employer-led training opportunities by:
 - a. Investing in local governance mechanisms that enable sustained partnerships between industry, employers and training providers
 - b. Ensuring employer capability to employ jobseekers who are marginalised by introducing readiness criteria to access subsidies and training for employers who are not yet ready
 - c. Re-introducing a workforce training specialist scheme
6. Future-proof and increase the agility and flexibility of the training system through longer term strategic planning.

REFORM 8: Integrate social infrastructure into employment pathways

1. Address the structural factors that create barriers to employment for people who are disadvantaged in the labour market, including the lack of 'social infrastructure' necessary to enable access to employment, such as care, transport, housing and health services, through:
 - a. connecting employment, training and social services policy and programs (horizontally) at the local, state and national levels, and connecting local level expertise (vertically) with state and federal government policy and services
 - b. commissioning employment services in a way that enables and encourages providers to build capability, networks and partnerships to address barriers to employment 'outside' the employment sector.

REFORM 9: Adopt a collaborative commissioning model with active stewardship by government

1. Reshape commissioning of employment services to set up a more collaborative, diverse, networked and capable employment services system.
2. Invest in public service infrastructure and capability to support government's expanded role as system steward.
3. Commission for purpose, ensuring program design, provide selection, systems for promoting quality and innovation, accountability mechanisms, and implementation all serve policy goals.
4. Specify the necessary capabilities and expertise of providers, including demonstrate embedded knowledge of and access to relevant opportunities, resources, networks and services in their communities
5. Commission for demonstrated quality and innovation, including by funding development of a high-quality workforce and embedding mechanisms for collaboration and information-sharing.
6. Support effective service delivery and continuous improvement through appropriate performance monitoring systems oriented around accountability, service improvement and frontline productivity.
7. Ensure performance indicators, caseloads and unit pricing all reflect the time and processes required to achieve employment outcomes for jobseekers with more complex needs, as well as local labour market conditions and social and economic infrastructure.
8. Ensure unit pricing reflects the cost of providing quality support to jobseekers and employers, including competitive frontline salaries and professional development.

Introduction

The Brotherhood of St. Laurence (BSL) welcomes the opportunity to contribute to the development of the Employment White Paper. We see this as a critical opportunity to pursue **equitable labour market reform with a view to achieving full employment**. It is a chance to build on what we know works to lift participation and develop and distribute economic opportunities across Australian communities in ways that build the economic security, social mobility and wellbeing of all people, especially those who are marginalised or disadvantaged.

While Australia's overall unemployment rate is low, this is not reflected among those who were already facing challenges to gaining work, especially in the aftermath of the COVID-19 pandemic. At the same time, employers and industry are experiencing significant workforce shortages and crying out for skilled workers. This situation offers us a rare opportunity to focus resources on **breaking down persistent structural barriers to employment** and, in the process, change the face of economic security in Australia. The economy-wide benefits of this would be substantial.

BSL has already demonstrated that, with the right approach, jobseekers experiencing disadvantage can be supported to access decent, meaningful jobs, develop careers and build the foundations for long-term economic security and wellbeing, while also meeting the needs of employers and industry for a skilled workforce.

Focus of this submission

Most unemployed people in Australia want to work, but many face barriers that exclude them from the labour market. This submission outlines the ways in which Australia's employment and training system is failing jobseekers who are disadvantaged in the labour market – as well as employers, industry and the broader community.

While BSL supports continued prioritisation of investment towards jobseekers with greater needs at key life transition points, **BSL believes the scale and complexity of the challenges facing Australia's employment and training system mean fundamental system redesign is needed – together with investment in effective implementation – if we are to support all jobseekers experiencing disadvantage into decent, meaningful jobs and careers and address the workforce needs of employers and industry.**

This submission offers **a set of principles to inform system redesign and a suite of proposed reforms**. It draws on the breadth of BSL's work in employment – across policy, research and practice – as well as the lived expertise of people with direct experience of Australia's employment and training system. It focuses in the first instance on the **system architecture** required to underpin reform. BSL can also offer expertise in policy implementation and evaluation, and evidence regarding opportunities to better support priority populations and employers.

Our thinking continues to evolve, and we would welcome the opportunity to further discuss the ideas in this submission with Commonwealth officials.

The opportunity

We are at a point in the national policy cycle where bold reforms based on evidence are possible. BSL is committed to working with the Commonwealth Government and other key stakeholders to make sure Australia doesn't miss this once-in-a-generation opportunity to refocus our employment and training system on meeting the needs of those who have been locked out of employment opportunities.

About the Brotherhood of St. Laurence (BSL)

BSL is a social justice organisation that has been working towards an Australia free of poverty for over 90 years. BSL sees employment in decent work as an important contributor to economic security and wellbeing.

We have a long history of delivering evidence-based employment programs for jobseekers who are marginalised in the labour market, and have conducted extensive research into education, training and employment as a pathway out of poverty. We are uniquely placed to work at the nexus of **policy, research, practice and lived experience**. As a consequence, our policy and practice approach is informed directly by the people we work with and uses evidence drawn from our research, together with insights from our programs and services, to develop practical solutions that work.

BSL's employment, education and training work spans **diverse populations**, including young people, mature age jobseekers, refugees and people seeking asylum, people with disability, people living in public housing, single parents, women and people who are unemployed long-term. Our work spans **supply, demand and bridging interventions** and has a strong focus on **place**.

We deliver a range of employment services and programs, supported by local, state and federal governments, and philanthropic and corporate donors, including:

- **Jobseekers experiencing disadvantage:** Jobs Victoria Mentors and Advocates Services; Work and Learning Centres; Given the Chance Social Enterprise
- **Young people:** National Youth Employment Body; Building Youth Pathways to Employment; Youth Transitions Support; Creating Futures for Youth; First Jobs Program. BSL also has long experience designing, delivering and evaluating the Commonwealth Transition to Work Program, as well as leading a national Community of Policy and Practice for Transition to Work.
- **People with a disability:** Ticket to Work; Inclusive Pathways to Employment pilot.
- **Women:** Stepping Stones; the Sustaining Economic Empowerment and Dignity for Women (SEED) Project. We have previously delivered the Commonwealth-funded ParentsNext program.

THE PROBLEM: Despite low unemployment, Australia's employment and training system is failing jobseekers, employers and industry

Full employment should be a national policy priority

BSL supports full employment as a national policy goal that Australia should be striving for. Full employment has benefits for all jobseekers and workers, but is particularly important for those who are disadvantaged in the labour market, because when unemployment falls, these jobseekers – especially younger and lower income people with fewer skills – benefit the most.¹

Some population groups continue to be marginalised in the labour market

Unemployment in Australia is low by historical standards. However, certain population groups continue to experience higher rates of unemployment and underemployment, and lower rates of labour force participation. These population groups include young people; people with disability; recent migrants, refugees and asylum seekers; women; First Peoples; and those who have been unemployed long-term. Of course, these are not discrete groups, and many jobseekers who are marginalised in the labour market experience multiple and compounding barriers to employment

A low unemployment rate is not sufficient on its own to ensure that people who are disadvantaged in the labour market are able to take up employment opportunities. Many people who experience unemployment and underemployment face complex personal and structural barriers to employment. While there are some common barriers, labour market disadvantage also manifests in particular ways for different cohorts (see [Read more 1](#)).

Cohort-specific programs, such as Transition to Work, ParentsNext and the Career Transition Assistance program, have been developed in an attempt to meet the needs of these groups. **BSL supports prioritisation of investment towards people with greater needs at key life transition points. However, implementation has been flawed** (see [Reform 3](#)).

¹ Coates, B & Ballantyne, A 2022, [No one left behind: Why Australia should lock in full employment](#), Grattan Institute, p. 10.

READ MORE 1: Some of the population groups disadvantaged in the labour market

- Unemployment rates for **young people** are consistently more than double those experienced by the general population, and young people are more likely to be underemployed and in insecure work.² One in four young people experiences a challenging transition from education to employment due to, for example, disability, low educational attainment, family dysfunction, parenting responsibilities, insecure housing, and mental health challenges. Young people face a labour market with a declining number of jobs that don't require qualifications and/or experience. Those without qualifications and networks are likely to find themselves in highly insecure, low skilled and low paid work.³
- **Working-age people with disability** are twice as likely to be unemployed as people without disability and are more likely to be unemployed for longer periods.⁴ Key barriers include discriminatory attitudes and low expectations, lack of employer knowledge, confidence and investment regarding employing people with disability (especially among small to medium employers), lack of jobs with reasonable adjustments or difficulty negotiating these, lack of accessible transport, and a perverse disincentive to work created by the potential reduction or loss of the Disability Support Pension as a result of increased employment.⁵
- **Recent migrants** experience unemployment rates around double the general population.⁶ Key barriers include language proficiency, unrecognised skills and experience, and limited networks.⁷ Many skilled and willing workers are locked out of work due to their visa status.⁸
- **Women and single parents** – especially single mothers – have lower rates of unemployment, reflecting lower participation rates.⁹ Those in work are likely to be in low paid, part-time or casualised jobs.¹⁰ Those not in the labour force face barriers to entering or re-entering the labour market (such as a lack of family-friendly employment and affordable, available care services), as well as ineffective, compliance-focused pre-employment and employment services. Some experience complex barriers associated with family violence.¹¹ Low self-confidence and self-esteem, and limited employment-related networks, may also be challenges.¹² If women are in receipt of income support or are secondary income earners, high effective marginal tax rates can create further barriers to work or increased work hours.¹³
- **Mature age workers (age 45+)** also have low rates of unemployment, but the duration of unemployment for this cohort is around twice as long as the average.¹⁴ BSL's research shows that employment services staff are ill-equipped to tailor support to this group and employers may be reluctant to take them on because of age discrimination, fear of increased workers' compensation claims, or a lack of recognition of their skills and experience (as they may lack formal qualifications).¹⁵ They also face challenges associated with outdated job search skills, a need for retraining or upskilling, and a lack of flexible work conditions.¹⁶

2 Australian Bureau of Statistics (ABS), [6202.0 Labour force, Australia, Table 22. Underutilised persons by age and sex - trend, seasonally adjusted and original](#).

3 <https://www.aihw.gov.au/reports/children-youth/engagement-in-education-or-employment>

4 <https://www.aihw.gov.au/reports/disability/people-with-disability-in-australia/contents/employment/unemployment>

5 <https://humanrights.gov.au/our-work/9-barriers-employment>

6 <https://www.abs.gov.au/statistics/people/people-and-communities/characteristics-recent-migrants/latest-release>

7 Ethnic Communities Council of Victoria 2008, *Real Jobs: Employment for Migrants and Refugees in Australia*. ECCV Policy Discussion Paper No 3. 2008, Carlton, Vic.

8 van Kooy, J & Bowman, D 2019, 'Surrounded with so much uncertainty': asylum seekers and manufactured precarity in Australia, *Journal of Ethnic and Migration Studies*, 45:5, 693-710.

9 <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release>

There is a mismatch between supply and demand in the Australian labour market

At the same time, most industries – especially health and human services, agriculture and the green transition sector – face significant workforce shortages, particularly in regional areas.

This mismatch between those who want work (supply) and employers who need workers (demand) is one of the key challenges that needs to be solved in order to unlock opportunities for jobseekers and improve Australia's productivity.

Low overall unemployment, coupled with workforce shortages, offers a unique opportunity to focus on fostering inclusive employment and enabling those who are marginalised in or excluded from the labour market into employment. This has the dual benefit of both boosting economic security and wellbeing for individuals, families and communities, and driving increased productivity.

COVID-19 exposed structural weaknesses in Australia's labour market and social protections

The COVID-19 pandemic exposed and amplified existing structural weaknesses in Australia's labour market, and in our employment, training and social security systems:

- **There is a lack of decent jobs for those who are disadvantaged in the labour market:** Close to a third of the workforce was in insecure work (casual, independent contractors or fixed term) in August 2021, bearing the risk of irregular incomes and no paid leave entitlements.¹⁷ Some population groups, including young people, women and people of migrant backgrounds, are more likely to be in insecure, low paid work.¹⁸ These structural inequities were laid bare during the pandemic, which disproportionately impacted young people, women and people of migrant backgrounds. Poor wages and conditions are also

10 <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/working-arrangements/latest-release#casual-employment>

11 Bowman, D & Wickramasinghe, S 2020, *Trampolines not traps: enabling economic security for single mothers and their children*, BSL, Fitzroy, Vic.

12 Ericksen, KS, Jurgens, JC, Garrett, MT & Swedburg, RT 2008, 'Should I stay at home or should I go back to work? Workforce reentry influences on a mother's decision-making process', *Journal of Employment Counseling*, vol. 45, no. 4, pp. 156-167.

13 Ingles, D & Plunkett, D 2016, *Effective marginal tax rates*, Policy Brief 1/2016, Tax and Transfer Policy Institute, The Australian National University, Canberra.

14 <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/2022/6291014d.xlsx>

15 Bowman, D, Randrianarisoa, A & Wickramasinghe, S 2018, *Working for everyone? Enhancing employment services for mature age jobseekers*; Wickramasinghe, S & Bowman, D 2018, *Help, but not real help: mature age jobseeker perspectives on employment services in Australia*; Randrianarisoa, R & Bowman, D 2018, *On the front line: employment services staff perspectives on working with mature age jobseekers*; Bowman, D & Randrianarisoa, A 2018, *Missing the mark: employer perspectives on employment services and mature age jobseekers in Australia*

16 <https://humanrights.gov.au/our-work/9-barriers-employment-0>; see also workingforeveryone.com.au

17 Among workers in the bottom decile of incomes, only [a quarter](#) had paid leave entitlements:

<https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/working-arrangements/latest-release>.

18 See for example: Young people: Productivity Commission (2020), *Climbing the jobs ladder slower: Young people in a weak labour market*; Women: <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/working-arrangements/latest-release#casual-employment>. Migrants have high rates of participation in industries characterised by low pay and insecure work, such as care (e.g. aged care and early childhood education) and personal services (e.g. cleaning), and as labourers: Mackey, W, Coates, B, Sherrell, H 2022, [Migrants in the Australian workforce: A guidebook for policy makers](#), Grattan Institute.

impacting workforce attraction and retention in growth industries such as aged care and early childhood services.¹⁹

- **Our skills and training system is not aligned with industry needs:** The pandemic highlighted Australia's reliance on skilled migration to fill skills shortages and our failure to align investment in skills and training system with employer and industry demand. Investment to boost skilled labour has focused on training subsidies and training facilities and has not been sufficiently complemented by investment in strengthening training design and delivery through collaboration with industry and employers.
- **Our social safety net is not equipped to meet contemporary and future challenges:** The pandemic exposed the limits of our social security system, including the inadequacy and conditionality of income support payments, requiring the introduction of a raft of temporary emergency measures. Similarly, our employment system is not suited to supporting people to be job-ready in a 21st century labour market, which requires new skills and potentially rapid pivots or adjustments in response to global climate, health, security and financial issues.

The design and implementation of Australia's employment services system are flawed

Active labour market programs have been a key feature of Australia's response to unemployment since the 'turn towards activation' in the late 1980s.²⁰

Workforce Australia is currently the primary offer for jobseekers who are disadvantaged in the labour market, and participation is linked to receipt of income support payments. In October 2022, there were over 770,000 people on the Workforce Australia caseload²¹ a number still up 26% since before COVID-19.²²

The creation of Workforce Australia online (self-help) services and more targeted face-to-face support for those with additional needs represents a positive attempt to redistribute investment to better meet the needs of jobseekers who face barriers to employment. However, the core principles and design elements underpinning both Workforce Australia and the broader employment services system remain the same.

The scale and complexity of the challenges facing Australia's employment and training system mean fundamental system redesign is needed – together with investment in effective implementation – if we are to support all jobseekers experiencing disadvantage into decent, meaningful jobs and careers and address the workforce needs of employers and industry.

Purpose

The purpose of the Australian employment services system has become distorted by its nexus with the social security system.²³ Rather than supporting workers and employers to bridge labour supply and demand, and building pathways towards meaningful work, the employment services system's primary purpose is now to **shift people off income support**, and its main function is to **monitor and enforce compliance** with 'mutual

19 <https://www.abc.net.au/news/2022-08-10/childcare-early-education-crisis-point-workforce-shortages-wages/101319424>; <https://www.ceda.com.au/NewsAndResources/MediaReleases/Health-Ageing/Australia%E2%80%99s-dire-shortage-of-aged-care-workers-reg>

20 Larsen and Wright 2014, p. 455, as cited in Bowman, D, McGann, M, Kimberley, H & Biggs, S 2016, 'Activation and active ageing? Mature-age jobseekers' experience of employment services', *Social Policy and Society*, published online 20 June.

21 <https://labourmarketinsights.gov.au/regions/data-downloads/employment-regions-downloads/#1> and https://labourmarketinsights.gov.au/media/x1cavbhn/employment-region-snapshot-and-jobactive_october-2022.xlsx

22 On 31 December 2019 there were around 613,000 participants in jobactive <https://www.dese.gov.au/download/7562/employment-services-outcomes-report-january-2019-december-2019-jobactive/18148/document/pdf>

23 In the early years of active labour market policy, attention was given to supporting workforce participation and addressing barriers to employment. This approach was undermined by successive governments which focused on reducing welfare dependency rather than enabling economic security.

obligations' linked to income support payments.²⁴ Supporting jobseekers who are disadvantaged in the labour market is a secondary goal. This gives rise to a short-term, transactional, **'work first' approach** that leads neither to sustainable employment outcomes that align with jobseekers' goals and aspirations nor to the development of capable workforces for employers and industry over the long term.

Assumptions

Over time, Australia's employment services system has become characterised by tighter eligibility criteria for services and increasing conditionality, including stronger mutual obligation requirements (and non-compliance penalties) for jobseekers,²⁵ as well as tighter contractual requirements for providers.

Arguably, however, governments, industry and employers have not been subject to the same activation measures to deliver on their public value or social licence to operate. Where employers have been activated it is through positive incentives, such as wage subsidies, or pull incentives, such as social procurement.

This reflects fundamental assumptions about who is responsible for unemployment, and the value of people who face barriers to employment. First, people who are experiencing unemployment are **not viewed as potentially capable contributors to the workforce**, and second, as many have observed,²⁶ they are held partially, if not wholly, **responsible for their unemployment**. These assumptions are flawed. Little attention is paid to structural barriers or the role of employers and industry in creating and supporting employment for people facing barriers to employment. Government's role is seen as limited to funding, regulation and contract management, rather than shaping and stewarding an effective service system.

System architecture

The **fragmentation** of the employment services system is one of its key weaknesses. The fragmentation of services across levels of government, sectors, cohorts and providers creates **uneven markets and complexity**, meaning jobseekers and employers are less likely to be able to access the support they need.

The lack of clarity around the respective roles of the Commonwealth and states and territories, and the **lack of integration across the employment, education and training systems**, impedes collaboration to build effective pathways to employment. Further, the employment services system is largely **disconnected from health, social services and other forms of 'social infrastructure'** such as housing and transport, limiting its ability to find solutions to address complex barriers to employment.

Conversely, the **entanglement between the social security, employment and tax systems** creates **disincentives** to employment, and serves to trap people into poverty. Programs like ParentsNext reveal the pernicious effects of **'mutual obligations'** which, while ostensibly designed to ensure that unemployed people receiving income support payments are actively looking for work and participating in activities that will help them into employment, can in reality be counterproductive or punitive.

System governance is top-down, with **little to no consideration of local context**. There are no incentives embedded in the system architecture for **place-based collaboration** between employment services, employers, education and training providers, jobseekers and community to co-design solutions that meet the needs of local jobseekers and employers.

24 At least as far back as 1977, the Norgard review remarked upon to the 'conflicting objectives and dual responsibilities' of the (then) Commonwealth Employment Service (CES) and the impact on employment outcomes: Parliament of the Commonwealth of Australia 1977, The review of the Commonwealth Employment Service: Report, Parliamentary Paper No. 177/1978, pp. 21-22.

25 Thornton, D, Bowman, D & Mallett, S 2020, *Safety net to poverty trap? The twentieth-century origins of Australia's uneven social security system*

26 McGann, M, Nguyen, P & Considine, M 2019, 'Welfare conditionality and blaming the unemployed', *Administration & Society*, vol. 52, no. 3, pp. 466-94; Klein, E 2020, '[Australia has been stigmatising unemployed people for almost 100 years. COVID-19 is our big chance to change this](#)', *The Conversation*, 4 August.

Service design

Moving people into a job – any job – for at least 13 weeks (or to a lesser degree, education and training) and off income support are the measures of success in the current employment services system. By these very limited measures, there is evidence that successive Commonwealth employment services systems have achieved relatively positive outcomes for those jobseekers who face no, or limited, barriers. However, evidence equally shows that the system is not effective for **jobseekers who face more complex barriers to work**.²⁷

Commonwealth employment services have not prioritised **employer activation** through investment and capability-building in **demand-side and bridging measures** that could support employers to adapt and create new employment pathways and build inclusive work environments. Outside the employment services system, the potential of **social procurement** remains largely untapped at the national level. Equally employers have not been expected or activated to (co-)invest in **employment-based training** that is tailored to diverse employees and their business needs.

The **skills and training system** is neither equipping learners with the skills they need to build sustainable livelihoods nor meeting the needs of employers and industry, including the many industries constrained by workforce shortages. Vocational education and training (VET) **completion and conversion rates are low**, and some population groups are under-represented. Investment in skills and training by jobseekers is not **enabling career mobility**.

Service model and practice approach

Commonwealth employment services lack a coherent, consistent and evidence-informed service model and practice approach, and a mechanism to progress this with providers. Services are driven by a focus on compliance-monitoring, and success measures which incentivise **short-term outcomes** ('work first') over **job quality and career development**.

Jobseekers are not offered a **tailored service** that responds effectively to their **life stage and transition point**, and their individual employment needs and aspirations. Practice typically focuses on managing the problems jobseekers may be facing (a **deficit focus**), rather than their potential to contribute positively to their community. Little attention is paid to addressing the structural barriers to employment or building connections with **employers and community networks**. Services offer jobseekers little **choice or autonomy** over their training and employment pathways.

Commissioning

Competitive commissioning of employment services has resulted in the **erosion of trust and partnerships** within the sector, and a mixed for-profit and not-for-profit service sector market that has **favoured large providers** with multiple employment service contracts over smaller providers embedded in their communities.

Inflexible contract management has resulted in a **lack of integrated effort**, including numerous service providers competing for contact with local employers, and a failure to consider the challenges and opportunities of local labour markets and community networks in achieving outcomes for jobseekers. Competitive funding also **inhibits adaptation and innovation**, by disincentivising providers from sharing best practice and learnings that could deliver improved services for jobseekers.²⁸

The **de-professionalisation** of the employment services workforce,²⁹ high client-to-staff ratios, and poor links with community supports and services limit the flexibility and quality of services provided to jobseekers,

27 O'Neil, M et al. 2019, [Review and Evaluation: Jobs Victoria Employment Network \(JVEN\): Final Report](#), South Australian Centre for Economic Studies, p. 15; McColl Jones, N with Cull, E, Joldic, E, Brown, D & Mallett, S 2021, [Transition to Work Community of Practice: practice guide – revised](#), BSL, Melbourne, p. 13.

28 BSL 2017 [Reforms to human services: Response to the Productivity Commission](#).

29 Considine, M, O'Sullivan, S, Nguyen, P, McGann, M & Lewis, JM 2020, [Proposed licensing system for the New Employment Services Model – response to discussion paper](#), The Policy Lab, The University of Melbourne.

resulting in a failure to achieve sustainable employment outcomes. In some cases, state governments have stepped in to provide support for cohorts who would otherwise miss out on services and/or require more intensive support.

BSL's PLAN: Boosting participation and improving employment outcomes for jobseekers who face barriers to employment

BSL has developed a set of principles and a suite of proposed reforms to boost participation and improve employment outcomes for jobseekers who face barriers to employment.

Principles for system redesign to improve employment outcomes for people who face barriers to employment

1. Increasing employment and economic security for people experiencing disadvantage is a **shared social investment** that advances **productivity and wellbeing**.
2. Adopting the **Capabilities Approach** increases real opportunities for people to pursue meaningful work and careers that support their wellbeing.
3. Policy and investment should continue to focus on jobseekers who face the **greatest barriers to employment**.
4. Co-design of pathways to quality work and career development can deliver **mutual benefit** to jobseekers, employers and industry.

BSL's plan to deliver on these principles

1. **Integrate Commonwealth and state/territory** policy and investment in employment, education and training.
2. Restore the **social safety net** and **decouple employment support from social security**.
3. Provide an **inclusive, enabling mainstream employment offer** for all jobseekers with support **tailored to life stage and need**.
4. Adopt **place-based approaches** to employment that leverage community effort and expertise.
5. Support a **mix of labour market interventions** tailored to local conditions.
6. Work with **employers** to shape **demand-side and bridging interventions**.
7. Shift to a learner-centred **training system** that addresses industry and employer needs.
8. Integrate **social infrastructure** into employment pathways.
9. Adopt a **collaborative commissioning** model with **active stewardship** by government.

PRINCIPLES for system redesign to improve employment outcomes for jobseekers who face barriers to employment

BSL recommends four interconnected principles inform the redesign of Australia's employment system.

PRINCIPLE 1: Increasing employment and economic security for people experiencing disadvantage is a shared social investment that advances productivity and wellbeing

Underpinning BSL's vision for full employment is a new social and economic paradigm that recognises that increasing employment and labour force participation among people who are disadvantaged in the labour market is a **shared social investment**.

Key to this paradigm shift is recognition that **inequality is a drag on economic growth**. Global and national institutions representing business, finance and labour – from the World Bank to the ILO to the Business Council of Australia – agree that investing in addressing inequality, particularly labour market inequality, has benefits for social and economic participation and productivity, creating **shared value** for business and the community.³⁰

A shared investment approach recognises:

- the **structural dynamics or causes of unemployment** – that it is neither the fault, nor the sole responsibility, of individual jobseekers, most of whom want to work but who face barriers that disadvantage them in the labour market; and
- that government cannot address labour market barriers alone – expanding employment opportunities for those experiencing disadvantage requires the concerted effort, commitment and distinct expertise of **governments, employers/business, employment providers, the community and people experiencing unemployment** working together.

Consistent with Marianna Mazzucato's reimagining of government as an 'entrepreneurial state' – rallying business and civil society around big policy 'missions'³¹ – enlivening the shared investment paradigm involves a **transformation of the role of government(s)** within the employment and training system. Government is no longer simply a funder, regulator and contract manager, relegated to 'fixing problems', but 'a more active value creator – investing, not just spending'.³² Within this paradigm, government acts as **system 'steward'**, leveraging the collective expertise and effort of everyone who has a stake in achieving full employment, and all **stakeholders – including business, employment services and community – play an active role in decision-making and shaping change**.

We conceive of the market stewardship aspect of government's role as encompassing a wider range of roles and responsibilities than those of a conventional regulator. Governments have an enduring obligation to guarantee that all Australians have access to the resources they need to flourish, and as market stewards, governments must play an active role in ensuring that human services deliver improved long-term outcomes and public value for citizens. For

30 There is a groundswell of opinion supporting this. See, for example: Ramos, G 2016, [The productivity and equality nexus](#), OECD; International Labour Office 2021, [Inequalities and the world of work, Report IV](#), International Labour Office, Geneva; The World Bank 2022, [Inequality and shared prosperity: overview](#), 26 April; Business Council of Australia 2021, [Living on borrowed time: Australia's economic future](#), Business Council of Australia, Melbourne.

31 Mazzucato, M 2021, *Mission economy: a moonshot guide to changing capitalism*, Allen Lane–Penguin, London; Mazzucato, M 2013, *The entrepreneurial state: debunking public vs. private sector myths*, Anthem Press, London.

32 Mazzucato 2018 cited in Monson-Wilbraham, L with James, S, Mallett, S, Cull, E & McLachlan, E 2020, [National Youth Employment Body \(NYEB\) Practice Guide: a guide to strengthening youth employment pathways – Local to national](#), BSL, Melbourne, p 56.

this reason we liken the role to being less that of a steward, than of a shepherd; not supervising service delivery from afar, but guiding the direction of the market so as to maximise public value.

— BSL 2016, Human services: identifying sectors for reform - A response to the Productivity Commission issues paper, p. 22.

This shift also requires transformation of the public narrative: from a **welfare narrative with a deficit focus** to an **investment narrative with a capabilities focus**. This aligns with the Australian Government's intended shift towards a wellbeing economy, recognising that access to decent, meaningful employment is an **important contributor to wellbeing**, both in terms of increasing people's command over material resources and because having quality work provides the opportunity for people to fulfil their ambitions and build self-esteem, and contributes to social connection and mental wellbeing. It is also fundamentally good for the community and the economy.

PRINCIPLE 2: Adopting the Capabilities Approach increases real opportunities for people to pursue meaningful work and careers that support their wellbeing

First developed around 40 years ago by Amartya Sen and later elaborated by Martha Nussbaum, the Capabilities Approach focuses on 'substantive freedom', that is, **expanding people's real opportunities 'to live a life they have reason to value'**.³³ **The role of policy within a Capabilities Approach is to enable people to choose what for them constitutes a flourishing life.** The Capabilities Approach:

- goes beyond 'equality of opportunity', pushing us to consider not just what people have but **what they can do with what they have**
- emphasises the intrinsic **value of individual agency**, requiring us to consider whether outcomes are the result of the real choices a person has made or their lack of them
- recognises that people's **diverse life circumstances** impact on opportunity, asking us to account for people's unique needs and circumstances and the different resources they may need to achieve the same outcomes
- explicitly considers the **complex systems** that people are embedded in, drawing our attention to how structures and processes enable or constrain people, problematising systems rather than people.

By focusing on what people can be and do, the Capabilities Approach **emphasises people's potential, rather than their deficits**. However, it cannot be reduced to 'strengths-based' practice. Critically, the Capabilities Approach **focuses on the structures, policies, processes and networks that enable people to – or constrain them from – making choices they value**, and the real opportunities available in the community to achieve their goals.

Active labour market programs should seek to expand people's capabilities

From a capabilities perspective, **active labour market policies should seek to enhance people's capabilities**, empowering them to lead lives, undertake education and training, and perform jobs they want to do, and engage in other productive roles such as caring and community and civic engagement, as well as other aspects of life that **contribute to their wellbeing** such as artistic pursuits and spiritual practice.

The adequacy of employment programs should be judged against the measure of whether they offer individuals real freedom of choice about the lives they want to live. This requires a **longer-term view** that

³³ See, for example: Sen, A 1999, *Development as freedom*, Anchor Books, New York. Nussbaum, M 2011, *Creating capabilities: the human development approach*, Belnap Press, Cambridge, Massachusetts.

focuses on supporting people to build the foundations for long-term employability, career development and economic security, rather than simply helping them to ‘get a job’ – any job.

This approach can also be **beneficial to industry and employers** who need skilled workers for their current and future workforce. If jobseekers are well informed, appropriately supported to develop necessary skills, and have a line of sight to growing industries, many will elect to work in these industries.³⁴

Applying the Capabilities Approach requires collaborative effort across multiple sectors

Without **effective access to opportunities and resources**, people who are disadvantaged in or excluded from the labour market are effectively denied their capabilities for economic and social participation.

Implicit in the Capabilities Approach is the recognition that **diverse effort across multiple sectors – not simply service providers and government – is critical**. Delivering real opportunities for those who are disadvantaged in the labour market requires: access to quality training and education; engagement with unions and employers to create decent work and inclusive work environments; social infrastructure (such as affordable housing, transport, childcare, and health and social services); and community networks that build social capital. These features underpin BSL’s vision for an effective employment system that enables economic security.

The need for collaborative effort highlights **the importance of place**: the opportunities, networks and services needed to support people who are disadvantaged in the labour market are most effectively accessed in their local community context, while also requiring collaborative action to embed at a structural or policy level.

Collaborative approaches to policy making, governance and commissioning bring traditionally siloed sectors, departments and stakeholders together to better understand the interrelated parts of the employment system and design adaptive policy that gives governments and local communities flexibility to innovate and adapt within a complex and dynamic system.

Applying the Capabilities Approach requires alignment at all levels of the employment ‘system’

The application of a Capabilities Approach is not just confined to jobseekers. It involves **working with all stakeholders in the employment ‘system’** – at the individual, community and systems levels – to foster individual and collective capabilities that will increase real opportunities for jobseekers, employers, industry and communities.

For example, building the capabilities of employers, industry, employment services and training providers involves **growing networks and resources in local communities** that can be harnessed to shape and deliver employment opportunities for jobseekers and sustainable workforce solutions for employers. Applied to government, a Capabilities Approach drives greater **alignment and integration of relevant investments** and capability-building as stewards to enable, rather than simply manage or evaluate, reform at the local level.

To fully realise the benefits of applying a Capabilities Approach to employment, reform is needed at every level of the employment system:

- **Social change**: Consistent with Principle 1, we need to transform the language we use and the objectives of the employment system from a deficit-focused welfare approach to a capabilities-focused social investment approach that is designed to address the needs of all jobseekers.

34 Somerville, B & Scholarios, D 2022, ‘[Focused for some, exploratory for others: job search strategies and successful university-to-work transitions in the context of labor market ambiguity](#)’, *Journal of Career Development*, 49(1), 126–143.; Smith, E Robinson, R & Snell, D 2021, ‘Employment and training in everyday industries: what public data tell us’. *Research Today*, Issue 28, October.

- **Policy reform:** Governments need to use their policy levers to incentivise actors in the employment system to work in ways that build capability, for example through demand-side interventions that activate employers, and new approaches to commissioning that encourage collaboration.
- **Structural change:** Addressing the structural, institutional and material conditions that either hinder or enhance employment pathways requires cross-sector collaboration, which in turn requires effective governance from the local through to the state/territory and national levels.
- **Service design and delivery:** Employment services need to be redesigned to enable a more flexible, person-centred approach to working with jobseekers that is tailored to life stage and transition. The service model should support jobseekers to work towards achieving their long-term goals and aspirations by addressing both personal and structural barriers to employment through a collaborative approach that harnesses community resources.
- **Practice reform:** Expanding the real opportunities available to jobseekers who are marginalised in the labour market at a practice level involves developing trusting relationships with participants, building their confidence, and inspiring, empowering and supporting them to explore and take up opportunities aligned with their goals, knowing that workers believe in their ability to succeed. Non-punitive agreements based on reciprocity and mutual accountability can enable people to make progress with support from staff.
- **Data and evidence-making:** It is essential to develop monitoring and evaluation frameworks that consider the quality of employment outcomes, their alignment with jobseeker goals, and the experience of navigating the employment services system. A true capabilities-based framework will also direct our attention beyond individual jobseeker outcomes to the quality of education, training and employment opportunities generated in a place, their alignment, and their accessibility to people in diverse life circumstances. This includes assessing outcomes for employers and industry, ensuring the quality of the employment match and post-placement support.

A Capabilities Approach to employment would offer flexible and personalised employment support, tailored to the local context and the individual's needs and circumstances. It would ensure essential infrastructure is in place to enable people to take up job opportunities, like affordable housing, quality early learning, and public transport. It would provide meaningful career guidance, training and skill building for individuals, and work with employers to grow job pathways and create inclusive work environments. It would link people with complementary support services.

Importantly, this system would ensure people have enough money to live on when they need government support and not penalise them for trying to improve their situation. It would think differently about the conditionality of government payments. This doesn't mean no expectation, but... mutual investment and accountability consistent with building human [capability].'

– BSL Executive Director, Travers McLeod, Remarks at the Economic and Social Outlook conference, November 2022

PRINCIPLE 3: Policy and investment should continue to focus on jobseekers who face the greatest barriers to employment

The current employment and training system is failing the Australian community and especially those who would benefit from it most. If we want to enhance wellbeing and increase Australia's productivity, then we must address entrenched social and economic inequality and disadvantage. This means those who face the greatest barriers to employment must continue to be the focus of policy and investment.

Like all jobseekers, people experiencing complex disadvantage require a **tailored approach** to employment support that can **flex to respond to their specific needs** and circumstances and is **enabling** rather than

punitive. This should be facilitated by a **new approach to the design and commissioning of employment services**, which is:

- underpinned by a life course perspective which recognises that people are shaped by their life stage and key life transition points
- characterised by collaboration rather than competition between providers (already demonstrated and evidenced in Transition to Work)
- encourages cross-sector partnerships (for example, with training providers, employers and local support services) to address the barriers to employment in place
- is supported by unit pricing that is responsive to complexity, and
- invests in workforce capability and capacity.

PRINCIPLE 4: Co-design pathways to quality work and career development that deliver mutual benefit to jobseekers, employers and industry

Approaches to investing in jobseekers who are disadvantaged in the labour market should aim to deliver ‘win-win’ employment outcomes that both provide **decent, meaningful work for workers** and build a **skilled and adaptable workforce for employers, industry and the community**.

Articulating, realising and sustaining the benefits of this investment for all sectors and stakeholders is critical to galvanising the effort required to deliver on the ‘mission’ of full employment.

The voices and lived expertise of people with experience of our employment and training system need to be kept at the heart of reform. **Co-design of employment and training pathways** that puts **people with lived experience at the centre** (including jobseekers, employment providers and employers), at both a local and system-wide level, is key to creating mutual benefit. **Collaborative, place-based approaches, supported by top-down/bottom-up governance** (see [Reform 4](#)) can deliver tangible benefits for stakeholders on the ground while also informing and influencing constructive and creative policy solutions at the state and national levels.

REFORM 1: Integrate Commonwealth and state/territory policy and investment in employment, education and training

PROBLEM TO BE SOLVED

The fragmentation of policy and investment in employment, education and training produces poor outcomes for jobseekers who are disadvantaged in the labour market

Australia's jobs and skills ecosystem is **fragmented by (1) level of government (2) sector (3) cohort and (4) provider type**. This creates a complex landscape for jobseekers and employers to navigate, hindering the system's ability to respond to local needs and the interconnected factors that enable people to take up employment.

There is a lack of vertical alignment across levels of government

The roles and responsibilities of the Commonwealth and state/territory governments in employment are unclear and uneven, resulting in a multiplicity of federal, state and local government policies and programs in place, sometimes supplemented by bespoke philanthropic investment.

In some cases, state and territory employment programs are designed to complement Commonwealth programs; in other cases, states have felt compelled to compensate for the inadequacy of Commonwealth programs. Most commonly, this has involved provision of services for particular cohorts (e.g. people living in public housing, people outside the labour market), as well as more tailored and intensive services to respond to individual needs and circumstances.

CASE STUDY 1: Service saturation in the City of Hume creates duplication, complexity and confusion

The City of Hume, on Melbourne's northern fringe, has a population of around 247,000. Hume is one of the most culturally and linguistically diverse Local Government Areas in Australia: nearly 40% of residents are born overseas and nearly half speak a language other than English at home (ABS 2021).

The overall unemployment rate in Hume is above average at 8.6% (March 2022). Certain population groups, such as young people, experience significantly higher rates of unemployment (14.1% youth unemployment in North-West region (includes Hume) in September 2022).

Mapping undertaken by Hume City Council shows there are at least **82 organisations** within the Hume Jobs and Skills ecosystem delivering a total of **118 employment programs or services**. Government-contracted employment service providers (federal and state) account for 69% of the total.³⁵

This service saturation creates enormous complexity for jobseekers and employers. Employers have found themselves contacted by numerous different employment services providers in the region. The local council has taken on a coordination role to help match local people to local jobs, and recently BSL has seconded an employer engagement officer to the council to assist.

Inflexible and poorly aligned funding structures do not meet the diverse needs of jobseekers and employers in Hume, and do not enable local communities to direct investment to support a community-led agenda, tailored to local employers and key industries.

³⁵ Mowle, A, 2022, *Mapping the Hume Jobs and Skills Ecosystem: A Snapshot of Employment and Education Supports, Pathways in Place*, Victoria University, Melbourne.

There is a lack of horizontal alignment across sectors

At both Commonwealth and state levels, government portfolios that are critical parts of the employment ecosystem (skills/training, employment, industry, regional development) are 'siloed', leading to a misalignment of policy and investment (see [Reform 7](#)).

Portfolios that have a vital role to play in creating the enabling conditions for employment in place (e.g. housing, early years services, health, transport) are even further removed (see [Reform 8](#)).

Services are fragmented by cohort

Across Commonwealth departments and agencies, a range of mainstream and specialist employment services have been commissioned to address the needs of specific cohorts. For example, the Department of Employment and Workplace Relations, Department of Social Services, National Disability Insurance Agency, Department of Home Affairs, and the Department of Health all commission employment services. These services are often subject to different eligibility requirements (linked, for example, to social security payments or migration/settlement status).

The division of services by cohort is often arbitrary, or at best inconsistent, failing to recognise the intersectional nature of disadvantage and identity, and denying access to effective programs for those who might benefit from them. For example, not all young people aged 15 to 24 are eligible to access the youth-specific employment program Transition to Work; as of October 2022, there were around 110,000 young people on the Workforce Australia caseload who were not receiving a youth-specific service.³⁶ Importantly, it fails to take a coherent life-stage approach that recognises the shared challenges and opportunities that people navigate at key transition points (e.g. school to post-secondary education training and work).

Fragmentation by cohort is not confined to the Commonwealth. Some states and territories and private funders have also commissioned employment services targeting different cohorts.

³⁶ <https://labourmarketinsights.gov.au/regions/data-downloads/employment-regions-downloads/#1>

READ MORE 2: Fragmentation of employment services by cohort

Young people

An analysis undertaken by BSL in 2020 found there were 16 large, multi-site Commonwealth-funded employment programs available to young people across Australia, with different eligibility requirements and practice approaches:

- Eight were only open to, or prioritised, young people receiving income support. Six included mandatory participation and compliance mechanisms.
- Twelve targeted specific cohorts, including people with disability, Aboriginal and Torres Strait Islander people, women, migrants, and people at risk of long-term unemployment or 'welfare dependence'.
- Six programs solely targeted young people or included young people as a key target cohort.
- While they collectively covered Australia, delivery was skewed to metropolitan and regional areas.³⁷

People with disability

Depending on their age, level of impairment, and whether they are receiving certain income support payments and/or are a participant in the National Disability Insurance Scheme (NDIS), people with disability might have access to a range of different employment programs. At the Commonwealth level, these include (specialist) Disability Employment Services and (mainstream) Workforce Australia services, as well as cohort-specific services such as Transition to Work (young people), Indigenous employment programs, and employment programs targeting migrants and refugees. In addition, people with disability may be eligible for state-funded employment programs.

In short, life stage, ethnicity/settlement status, functional capacity, economic security, or a combination of these, may variously define the person and their entitlement to employment support.

Services are fragmented by provider type

Programs are funded through a marketised approach, in which the Commonwealth, states and territories contract (competing) not-for-profit and for-profit organisations to deliver programs on their behalf. These organisations differ markedly in scale, scope and market share of employment services, ranging from small organisations embedded in their communities to large organisations with state/territory or national reach. Government's role in service delivery is limited, confined to funding, regulation and contract management.

System complexity creates inefficiencies and ineffectiveness

All these factors combine to create a **highly complex web of intersecting systems and pathways** for jobseekers and employers to navigate, as well as significant inefficiencies for government(s) and providers.

For individuals, employers and government, the fragmentation of the employment system means:

- **jobseekers** lose motivation from wrestling with the system, and may not receive the level or type of support they need
- **businesses** don't have access to work-ready employees, and
- the **Commonwealth** receives limited return on its significant investment in Workforce Australia (around \$1.5 billion per annum) and other employment services.

³⁷ Cross, M 2020 [Who gets what where: review of government-funded youth employment programs across Australia](#), BSL, Fitzroy, Vic.

At a systems level, some of the key **impacts** of fragmentation and misalignment include:

- **Duplication** of effort in place creates complex and confusing training and employment pathways for jobseekers and employers. It is often up to larger providers like BSL or local councils to coordinate services in place (see [Case study 1](#)).
- Employment services are **unevenly distributed, creating gaps** in services by geography and cohort (see [Reform 3](#)).
- There is a **lack of policy and practice alignment** across employment services delivered by different agencies (at Commonwealth level) and at different levels of government. Fragmentation across agencies/services also **dilutes expertise** across agencies, and **compromises data**.
- Solving for difference through different program offerings rather than through tailored, person-centred practice fails to reflect the complex and intersectional nature of people's experiences. It **de-emphasises** both the **common support needs** shared by people at different life stages or transition points (e.g. as young people or parents) and **people's different characteristics and circumstances** within these cohorts (e.g. disability, gender) (see [Reform 3](#)).
- Vertical and horizontal misalignment means employment and training solutions are **not tailored to the needs and opportunities in the local community**, including priority populations and industries, and **training** is not always accessible or appropriate to jobseekers needs, nor matched to employer needs.
- Competition among providers **inhibits innovation** and **disadvantages smaller providers**, who are often better placed to respond to the needs and circumstances of local communities (see [Reform 9](#)).
- Without clear roles and responsibilities, **high quality state-based programs are placed at risk** when Commonwealth employment priorities shift and its programs expand, contract or change.

In addition to the misalignment of policy and investment, critical parts of the ecosystem (for example, in skills/training, employment services) are vulnerable or temporary due to **precarious funding, short-term contracts, and lack of investment in capacity building**.

REFORM PROPOSED

An integrated employment, education and training system would deliver more streamlined and flexible support for jobseekers and employers

An integrated employment, education and training system that **aligns and leverages Commonwealth and state/territory funding in place** would deliver a more streamlined employment and training offer for disadvantaged jobseekers and employers in their local communities.

Not only would this reduce the fragmentation and complexity in the employment and training landscape for both jobseekers and employers, but it would enable the delivery of **more flexible and responsive training and employment options** that address the needs of all disadvantaged jobseekers through interventions tailored to place, age and life transition and capability. From a system perspective, it would create efficiencies, consolidate data, and build public sector expertise in employment, education and training policy design, implementation and evaluation.

With employment you actually need heavy involvement across every sector, including every level of government. Yesterday [at the Community Investment Committee meeting] you had two representatives of the Federal Government, two representatives of the State Government, and two from the local government... not once, since I've been here, have the six of us met together.

Essential reforms

Key features of any system reform must include the following:

- **Government as system steward:** Government would play a more expansive role as **system steward**, partnering with community to actively shape a more integrated and collaborative service system capable of adapting to individual and community needs. This would encompass a wider range of roles and responsibilities than those of a conventional funder/regulator/contract manager engaged in price setting, ensuring minimum standards and monitoring market entry, and would include: supporting citizens to make informed decisions and navigate options; monitoring and steering the sector/market to address inequities; and actively fostering best practice and innovation, working to align relevant policies across government (e.g skills and training, industry, regional policy) development of granular data for community level planning (see also [Reform 9](#)).
- **Consolidation of mainstream and specialist employment services into one program, administered by a single Commonwealth department/agency, with sub-programs** reflective of life stage and transition (potentially for young people, parents, working age adults and mature age workers) that provides **tailored support according to need** and adopts an **inclusive, intersectional practice model** (see [Reform 3](#)). Mechanisms for interdepartmental collaboration would need to be established to ensure that the responsible department commissions services with cohort-specific needs in view.
- **Alignment of skills, employment, industry and regional development policy** at Commonwealth level
- **Consolidation of Commonwealth and state/territory employment services in place** enabling greater community co-design and ownership of locally tailored solutions that meet the needs of jobseekers, employers and industry (see [Reform 4](#)).
- **Restoration of the proper purpose of employment services** to support sustainable employment outcomes for jobseekers and employers, including by removing mutual obligations attached to income support as the organising frame for employment services, thereby restoring the proper purpose of employment services (to support sustainable employment outcomes for jobseekers and employers). Non-punitive based on reciprocity and mutual accountability that establish expectations for participants could be introduced as part of the practice approach (see [Reform 2](#) and [Case study 4](#)).
- **Reshaping commissioning of employment services** to set up a collaborative employment services market, promote employer engagement and support adherence to core, evidence-informed service elements and capabilities-based practice, with pricing adjusted according to need and complexity (see [Reform 9](#)).

Additional reform options

Other **reform possibilities** could include exploring the feasibility of, and options for:

- some **public provision** of employment services, enabling the Commonwealth to more effectively benchmark service quality
- a **National Jobs & Skills Guarantee** whereby the Commonwealth would eliminate involuntary unemployment and manage inflation by acting as an employer of last resort, offering a job and/or training at minimum wage to anyone willing and able to participate (with administration potentially devolved to

38 Monson-Wilbraham, L. et al. 2020, [NYEB practice guide](#), p. 22.

states/territories and/or local governments/communities). A Jobs Guarantee (in some cases specifically for young people) is supported by a range of academics, advocates and think tanks.³⁹

There are several options for reform of system architecture

Several options for the **system architecture** could be considered. These fall into three broad categories, with internal variations. Each of these options is premised on the adoption of the essential reforms outlined above and could incorporate public provision of employment services and/or adoption of a National Jobs & Skills Guarantee.

1. COMMONWEALTH-LED: The Commonwealth retains primary responsibility for employment services

This option involves 'light touch' reform, in which the Commonwealth continues to fund and commission employment services, with reform focused on better aligning investment in place and reshaping commissioning to improve service quality and outcomes, including leveraging the social capital of employment service organisations that are embedded in communities.

Advantages

- Less disruptive of the current system compared with other options
- Does not require negotiation of potentially complex intergovernmental funding and governance arrangements

Challenges

- The Commonwealth is poorly positioned to respond to the complex realities of jobseekers and employers on the ground, and address the dynamics of place
- Does not facilitate alignment with state-based systems that are essential to enabling jobseekers into employment, including skills/training and social services
- States and territories have less incentive to manage costs to employment services (for example, through investment in complementary services that would reduce the need for employment support or increase its effectiveness e.g. school engagement, mental health etc)

2. SHARED: The Commonwealth and states share responsibility for funding and commissioning employment services

Under this option, the Commonwealth and states/territories would share responsibility for funding and commissioning employment services, with a view to creating a more collaborative national system that better aligns the core elements of the training and employment ecosystem.

The Commonwealth and states/territories could agree the most suitable division of responsibilities through a National Partnership Agreement. For example, in keeping with their respective strengths, the Commonwealth could focus on delivery of supply-side interventions, while the states/territories focus on demand-side and bridging interventions. A key aspect of the arrangement should be greater alignment of the skills/training and employment systems.

A collaborative system could involve shared or pooled funding, with a contribution made by the states and territories. An independent pricing body could determine unit costs, similar to the Independent Health and

³⁹ See, for example: Mitchell, W. F. and Watts, M 2020, *Investing in a Jobs Guarantee for Australia*, Centre of Full Employment and Equity, The University of Newcastle; Pearson, N, 2020, *The case for a government jobs guarantee*, The Australian, 4 July; Jackson, S, 2020, *Coming of age in a crisis: Young workers, COVID-19 and the youth guarantee: A Per capita Discussion Paper*, Per Capita; Littleton, E and Campbell, R, 2022, *Youth unemployment and the pandemic*, The Australia Institute.

Aged Care Pricing Authority. Consistent with its broader investment in place-based initiatives, the Commonwealth might also (co-)invest with the States and territories in the place-based employment initiatives.

As a 'stepping stone' towards this option, the Commonwealth could negotiate Regional Agreements with jurisdictions with experience in integrated approaches, such as Victoria and Tasmania (see [Case study 2](#)), to pilot new models.

Advantages

- Shared funding responsibility
- Greater alignment of employment services with state-led services (skills/training, social services)

Challenges

- Potentially complex shared funding and governance arrangements
- Potential to create a more complex and disjointed system (for example, by splitting responsibility for different types of labour market interventions)
- Without clear multilateral national agreements, there may be inconsistent offerings across jurisdictions, depending on the willingness of different states and territories to invest in employment services

3. DEVOLVED: Responsibility for employment services is devolved to the states and territories

Under this option, the Commonwealth would devolve responsibility for funding and commissioning of employment services to the states and territories, bringing decision-making about service delivery closer to the communities and people they serve, in keeping with the principle of subsidiarity.

Devolution could be achieved via multilateral and/or bilateral agreements outlining core service elements and impact measures. States and territories would contribute funding and have greater control over funding allocation and service design. This would offer a balance between flexibility for states and territories to innovate and take different approaches based on local need, and promotion of evidence-based practice and alignment towards common goals.

In the absence of reform to federal financial relations to address vertical fiscal imbalance (where the revenue-raising abilities of the states/territories do not coincide with their spending responsibilities), an independent pricing body could mitigate the challenges associated with negotiating funding over time.

Advantages

- States/territories can leverage greater policy implementation expertise and better attend to local differences and needs, and work closely with local governments and communities to direct investment flexibly
- States/territories are better placed to align employment policy and investment with skills and training, as well as other services and infrastructure necessary to support jobseekers to take up employment opportunities (e.g. schools, health, housing, transport)
- States/territories have a greater incentive to manage costs across systems, and make effective investments
- Increases the potential for innovation and sharing of evidence and best practice across jurisdictions

Challenges

- Requires more comprehensive decoupling of the social security and employment systems

- The mismatch between states/territories' primary responsibility for service delivery and their lack of control over revenue would likely require ongoing funding negotiations with the Commonwealth
- Without clear multilateral national agreements, there may be inconsistent offerings across jurisdictions, depending on the willingness of different states and territories to invest in employment services

CASE STUDY 2: Integrating employment services in place through Tasmania's Regional Jobs Hubs

Tasmania's Regional Jobs Hubs initiative offers an innovative model for aligning investment to better meet the needs of local jobseekers and communities, employers and industry in place. The seven Regional Jobs Hubs across the state create employment outcomes for Tasmanians in their local communities, while also addressing workforce shortages in priority industries.

The Hubs work to a common statewide framework, with flexibility to adapt and respond to the specific needs and challenges in their local community. Each Hub is guided by an established or developing Advisory Board comprising local champions from relevant sectors, including local government, business/industry, training and community.

The Hubs work with people **across the life course**, while also focusing on **priority cohorts** (informed by regional demographics) and **priority industries**. They utilise a **mix of labour market interventions** (supply, demand and bridging interventions) tailored to the local context. They **work with industry and employers** to identify current and future workforce needs, and facilitate targeted employment pathways for jobseekers. **Embedded in their communities**, and guided by their Regional Advisory Boards, the Hubs leverage the contributions and networks of local community members with a stake in employment to drive mutually beneficial employment outcomes.

The state government acts as **system steward**. Jobs Tasmania in the Department of State Growth leads the effort, working with Skills Tasmania, Business Tasmania and the Department of Education to align government policy across systems to maximise employment outcomes in communities and regions, with an ambition for more intentional engagement and alignment with Commonwealth policy and investment. Jobs Tasmania also works with industry and peak bodies to drive statewide policy goals.

Recommendations

1. Transform the role of government(s) in the employment and training system from funder and contract manager to system steward, partnering with community to actively shape a more integrated and collaborative service system capable of adapting to individual and community needs
2. Consolidate responsibility for Commonwealth employment services (including pre-employment services) in one Commonwealth department or agency and establish mechanisms for interdepartmental collaboration to ensure that the responsible department commissions services with cohort-specific needs in view
3. Align skills, employment, industry and regional development policy at Commonwealth level
4. Consolidate Commonwealth and state/territory employment services in place enabling greater community co-design and ownership of locally tailored solutions that meet the needs of jobseekers, employers and industry
5. Explore options for public provision of employment services
6. Explore the feasibility of a National Jobs & Skills Guarantee
7. Explore options for partially or fully devolving responsibility for delivery of employment services to the states and territories.

REFORM 2: Restore the social safety net and decouple employment support from social security

Social security payment types and conditions influence employment pathways, services and outcomes for people, especially those most disadvantaged in the labour market. The effectiveness of social security is also linked to labour market conditions and industrial settings. This means we need to **consider reform of the social security, employment and industrial relations systems together in order to respond to the employment challenges of the 21st century.**

PROBLEM TO BE SOLVED

The social security system was not designed for contemporary social and economic conditions

Working age payments were designed in the 20th century as a 'bridge' to sustain people who were available for work during short gaps between jobs. In the 21st century, however:

- paid work has become more precarious and incomes have become more volatile⁴⁰
- wages have stagnated and are decreasing in real terms⁴¹
- despite a low overall unemployment rate, the number of people experiencing long-term unemployment continues to rise.⁴²

The **profile of social security recipients has changed** accordingly, but the social security system is ill-equipped to address these challenges:

- Many people who receive social security payments are in paid work,⁴³ but do not earn enough to exit income support
- Around three-quarters of people remain on JobSeeker Payment (JSP) for more than a year and nearly 6 per cent have received the payment for more than 10 years.⁴⁴ Many of these people face complex challenges and barriers to work.⁴⁵

Changes to the structure of, and eligibility for, social security payments have also meant that **people who are not in the labour force for legitimate reasons, such as parenting or ill health and/or disability**, are now stuck on a payment (JSP) that was not designed to meet their needs. For example, an increasing number of JSP recipients are those who are ineligible for the Disability Support Pension or too young for the Age Pension and are assessed as having only partial capacity to work.⁴⁶

Low payment rates trap people in poverty and create a barrier to employment: Before the pandemic, 88% of households on JobSeeker Payment (JSP) and Parenting Payments and 45% of disability support pensioners

40 Senate Select Committee on Job Security, 2022, *The job insecurity report*, Commonwealth of Australia, Chapter 2.

41 Cavanough, E, 2022, *Stuck in Neutral: The Policy Architecture Driving Slow Wage Growth in Australia*, the McKell Institute.

42 Whiteford, P, 2019, *Are most people on the Newstart unemployment benefit for a short or long time?*, The Conversation, 24 July.

43 For example, 34% of people receiving Parenting Payment Single are in paid work: DSS Demographics June 2022.

44 <https://data.gov.au/dataset/ds-dga-cff2ae8a-55e4-47db-a66d-e177fe0ac6a0/details?q=>

45 Soldatic, K, Bowman, D, Mupanemunda, M & McGee, P 2021, *Dead ends: how our social security system is failing people with partial capacity to work*, Brotherhood of St. Laurence, Fitzroy, Vic, p. 6.

46 Some 43% of JSP recipients were assessed as having partial capacity to work in June 2022, up from 20% of Newstart recipients in June 2014, as DSP eligibility was tightened and the pension age increased: DSS Demographics June 2022.

were living in poverty.⁴⁷ Poor access to essentials, such as internet, food, medicine, transport and clothing, makes it harder to attain work and meet mutual obligation requirements, as does the mental strain of poverty which leaves little room for future-focused thinking.⁴⁸ Low payment rates force victim-survivors of family violence to choose between violence and poverty.⁴⁹

The economic shock precipitated by the COVID-19 pandemic exposed the limits of the current system, including the inadequacy and conditionality of payments, and led to the introduction of a raft of temporary emergency measures.⁵⁰

The nexus between the social security and employment systems and the focus on compliance undermines employment outcomes

The main role of the employment services system should be to support workers and employers to bridge labour supply and demand, and build pathways towards meaningful work. However, the entwinement of the employment system with social security payments and the focus on compliance creates barriers to work for people receiving income support, and undermines employment services' capacity to support people to gain meaningful employment.

Mutual obligations do not improve employment outcomes and create additional stress and complexity for individuals

Much of the work of employment services is centred on policing adherence to compliance measures ('mutual obligations') rather than growing capability, skills and access to decent, meaningful work and careers.

However, mutual obligations have not been found to improve employment outcomes and can be counterproductive, particularly where barriers to employment exist:

- The additional stress imposed by conditionality can instead lengthen periods of unemployment.⁵¹
- Starting a job and working in paid employment does not necessarily remove mutual obligations for jobseekers (see [Case study 3](#)).
- Mutual obligations do not consider the different or fluctuating employment conditions of parents (primarily mothers) receiving income support and do not adequately take account of the substantial barriers to work experienced by many income support recipients.⁵²

They expect you to make up the 30 hours [a fortnight] otherwise they automatically cut off your payment. I have explained to them about the flexible nature of work but they don't care.

47 Phillips, B & Narayanan, V 2020, *Financial stress and social security settings in Australia*, ANU Centre for Social Research and Methods, Australian National University, Canberra.

48 Klein, E, Cook, K, Maury, M & Bowey, K 2021, *Social security and time use during COVID-19*, Swinburne University of Technology & Centre for Excellence in Child and Family Welfare, Melbourne. On the mental strain: Mullainathan, S, & Shafir, E 2013, *Scarcity: why having too little means so much*, Times Books, New York.

49 Summers, A 2022, *The choice: violence or poverty*, University of Technology Sydney.

50 Thornton, D, Bowman, D & Mallett, S 2020, *Safety net to poverty trap: the twentieth-century origins of Australia's uneven social security system* <https://www.bsl.org.au/research/publications/safety-net-to-poverty-trap/>, Brotherhood of St. Laurence, Fitzroy, Vic.

51 A recent Australian study demonstrated mutual obligations increased the time it took an individual to find work, owing to increased stress. See Gerards, R & Welters, R 2021, 'Does eliminating benefit eligibility requirements improve unemployed job search and labour market outcomes?' *Applied Economics Letters*.

52 While the points target is decreased for some jobseekers (those aged 55 or older, a principal carer/parent and people with partial work capacity, or due to personal circumstances), the adjustment leaves many still faced with the stress of completing mutual obligations. This is despite a large proportion of this group facing substantial barriers to work, which they would need help to overcome through supported employment, child care and transport. For those with partial capacity to work, this stress can trigger and exacerbate negative health outcomes: Dwyer, P, Scullion, L, Jones, K, McNeill, J, Stewart, ABR 2020, 'Work, welfare, and wellbeing: the impacts of welfare conditionality on people with mental health impairments in the UK', *Social Policy & Administration*, vol. 54, no. 2, pp. 311-326.

I get this sick feeling when I look for jobs—I already have a job, [I’m a] single parent and trying to get as many skills as possible—but they expect you to apply for jobs where you don’t have the skills, and there is no consideration of mental health.

– Ella, a twenty-something mother of a seven-year old, who had escaped a violent relationship⁵³

- Where conditionality has led to increased ‘exits’ from income support in the short term, this has sometimes been at the expense of job quality (i.e. it has been into short-term, low-skilled jobs). The focus on ‘getting any job’ can inadvertently reinforce the view that these jobseekers are not capable of setting and achieving their long-term employment, education and training goals, and can exacerbate the scarring effects of unemployment.⁵⁴
- Managing compliance and administrative obligations leaves employment services staff with less capacity to provide quality support and address barriers to work such as transport, housing, and health and wellbeing.

53 Bowman, D & Wickramasinghe, S 2020, *Trampolines not traps*, p.15.

54 Edgell, V, & Beck, V 2020, [‘A capability approach to understand the scarring effects of unemployment and job insecurity: developing the research agenda’](#), *Work, Employment and Society*, 34(5), 937–948. ; Mooi-Reci, I, & Wooden, M 2017, [‘Casual employment and long-term wage outcomes’](#), *Human Relations*, 70(9), 1064–1090.

CASE STUDY 3: The burden of mutual obligations

Under the current Workforce Australia points system, starting a job and working in paid employment – the aim of mutual obligations – does not necessarily remove mutual obligations for jobseekers. Starting a job accounts for 50 points, or 50% of monthly obligations. Paid work contributes just 5 points for every 5 hours of work, similar to Work for the Dole.

Sam's story

Sam, a young person BSL works with, was pressured in their first appointment with a new Transition to Work provider to enrol in an online Certificate 3, even though they had secured work in retail which involved full-time training. After Sam started the job the provider would call them to ask why they hadn't been logging into their Certificate 3 training. Sam explained they had been working full time and reporting their income, but didn't have additional time to complete the Certificate. They were told to do it on days off work.

Melody's story

Despite working up to 30 hours a week across three jobs and in self-employment, Melody does not meet the 37 hours dictated by her Workforce Australia job plan, so she still needs to look for four jobs per month to meet her mutual obligations. Melody would like to have more work, but finds the requirement a burden on top of her existing employment and other responsibilities and thinks there is a lack of support available to actually assist her to find another job. She states that it is:

a very frustrating process ... [it] makes me wonder whether they are actively trying to help people get out of poverty and find jobs and being held accountable for that.

Evidence shows that **removing mutual obligations does not negatively impact people's connection to the labour market**. For example, during the 'natural experiment' created by the suspension during COVID-19 of many mutual obligation requirements and introduction of the \$550 Coronavirus Supplement in 2020, social security recipients were able to spend more time participating in economic and capability-building activities that strengthened their connection to the labour market, such as studying and applying for jobs they were actually interested in:

"Instead of doing busywork and ticking off boxes [related to mutual obligations], I could really focus on study and what I needed to do to get to where I wanted to go. And I was able to make progress for the first time in a couple of years towards that goal."

—Female recipient of JobSeeker Payment, aged 45-54 years⁵⁵

During this time, recipients experienced better physical and mental health and were able to focus on working towards a more sustainable future rather than day-to-day survival.⁵⁶

Social security policy settings create barriers to employment

Policy settings in the tax and transfer system create barriers to employment instead of providing people on low incomes with the confidence and financial security to take on (more) work:

55 Klein et al. 2021, *Social security and time use during COVID-19*, p 20.

56 Klein et al. 2021, *Social security and time use during COVID-19*.

- Single people and single parents can face **effective marginal tax rates** (EMTRs) of between 60% and 80% when their income exceeds a certain (low) threshold⁵⁷
- Parents in casual work may not work sufficient hours to meet the **Child Care Activity Test**, makes subsidies conditional on parents taking part in ‘recognised activities’, punishing their children and putting them at risk of overpayment debts
- People lose access to **other essential benefits** (e.g. parenting payment, concessions) as their income increases, even though this income may be insecure.

There was that fear [that] if I were to earn more—see, for \$500 more, then the ... parenting payment, all other benefits will collapse. I would have just cut my rate, or cut my hours, so it doesn't reach the threshold. It was such a difficult balance; it's like juggling, and I have to keep budgeting and recalculating, like will I be penalised?

— Edith, mother of five children⁵⁸

Funded employment services are not accessible to everyone who needs or would benefit from them. Eligibility for Commonwealth employment services is **restricted** mostly to individuals receiving income support (or the scope and/or duration of support is limited for voluntary participants). This means in many cases people have to ‘hit rock bottom’ before they can receive assistance, hindering early intervention.

When people lose a job, current system settings require that they **spend their savings** while searching for new employment, which makes it hard for people to recover financially from a period of unemployment. This leads to other forms of precarity, especially housing insecurity.

A short-term focus on employment limits people's capabilities and wellbeing

A short-term focus on employment as the overarching policy objective is inadequate to generate wellbeing and enable people to live the life they value.

From a capabilities perspective, employment may not always be the goal

As noted above, many people are not in the labour force for legitimate reasons such as parenting and caring responsibilities, health, disability or family violence. If we adopt a Capabilities Approach, and thus aim to empower people to be able to choose the life they value, this means providing freedom to choose options beyond paid employment. As Dean et al argue, ‘the freedom to find, accept and provide care is as much a part of our capabilities as the freedom and ability to engage in paid employment’.⁵⁹ But the **social security system does not recognise that formal paid employment is only one form of productivity and work**. For example, it treats people (predominantly women) with caring responsibilities as ‘interrupted workers’.

From a wellbeing perspective, employment is a means to an end not an end in itself

In some circumstances, employment can hamper economic security and wellbeing. Low-paid insecure work can have scarring effects, and exacerbate financial insecurity and time poverty. For example, many sole parents who move off JobSeeker Payment do not experience the gains typically associated with employment, because their caring responsibilities lock them into casual, low-paid jobs which may offer flexibility, but

57 A single person receiving JSP faces an EMTR of up to 80% once their annual income exceeds around \$15,000. Single parents on Parenting Payment face EMTRs of over 60% for income between \$20,000 and \$65,000 (ref), with childcare costs increasing this further: Stewart, S & Plunkett, D 2022, *Childcare comesos: effective marginal tax rates, May 2022*.

58 Bowman, D & Wickramasinghe, S 2020, *Trampolines not traps*, p. 26.

59 Dean H, Bonvin J-M, Vielle P, et al. 2005, ‘Developing capabilities and rights in welfare-to-work policies’, *European Societies* 7(1): 3–26, cited in Orton, M 2011, ‘Flourishing lives: the capabilities approach as a framework for new thinking about employment, work and welfare in the 21st century’, *Work, employment and society* 25(2) 352–360, p. 356.

provide negligible economic security.⁶⁰ The precariousness of much flexible work in turn increases the likelihood that single parents will cycle between income support and casual part-time employment while their children are young.⁶¹

Employment may not be sufficient to lift people out of poverty and provide economic security

In a precarious and volatile labour market – where those who are disadvantaged are more likely to be in low paid, insecure work and/or underemployed – **getting a job may not be enough to guarantee economic security.**

The nexus between social security and employment means working more hours may not be a realistic solution because consistent extra hours are not necessarily available, and an increase in earnings means losing income support and associated concessions while incurring more costs such as transport and childcare.⁶²

There will always be people who need to combine employment and social security as they move in and out of work and/or balance work and care. In the context of low paid insecure work, the risk is that **income support acts as a wage supplement**, effectively supporting low paid work.

REFORM PROPOSED

Policy effort and investment should be reoriented towards building long-term economic security, including by restoring the social safety net and untangling the social security and employment systems

BSL's vision is for a better deal for people on low incomes and experiencing disadvantage that **aligns industrial relations, employment services, social security and tax policy**: removing poverty 'traps' and **enabling people to care, work and learn across the life course.**

Policy effort and investment should be reoriented towards **building long-term economic security** for people on low incomes or experiencing disadvantage, recognising that 'employment' is no longer the complete, or only, solution. **Alongside industrial relations reform**, this requires a suite of intersecting reforms that aim to restore our social safety net for the 21st century and untangle the social security and employment systems. These reforms are necessary to:

- ensure the social security and employment systems are resilient in the face of a changing labour market, and current and future shocks
- provide an effective safety net for any of us who might experience unpredictable life events such as becoming disabled or experiencing bad health, becoming a carer to a child or partner, or experiencing family violence leading to financial stress and/or homelessness
- lift people out of poverty, restore people's dignity and reframe social security and employment support as a shared social investment
- restore the true purpose of the employment services system, and support employment services to embrace a more enabling approach to employment
- reduce the harms associated with mutual obligations
- reduce barriers to work

60 Cook, K & Noblet, A 2012, 'Job satisfaction and 'welfare-to-work': is any job a good job for Australian mothers?', *Australian Journal of Social Issues*, vol.47, no. 2, pp. 203-19.

61 Sheen, V 2010, cited in Thornton, D, Bowman, D & Mallett, S 2020, *Safety net to poverty trap*.

62 Bowman, D & Wickramasinghe, S 2020, *Trampolines not traps*.

- open up employment support to a broader population who might benefit from it
- facilitate the potential transfer of responsibility for employment services to the states and territories (see [Reform 1](#)).

Short-term reforms

Short-term reforms should include:

- an **immediate and permanent increase to the base rate of working-age payments** to lift people out of poverty and enable them to engage in the labour market
- an increase in the amount people on working-age payments can **earn from paid work** before their income support is affected, to reduce the disincentive to work, and maintain/build financial security
- addressing **high effective marginal tax rates** for social security recipients which can act as a disincentive to take on (more) work
- a significant increase in the **Liquid Assets threshold** to limit the long-term financial consequences of unemployment
- abolition of the **Child Care Subsidy activity test**
- replacement of **mutual obligations** with reciprocity-based practice – like ‘The Deal’ used in BSL’s practice with young people, which makes clear what each party will commit to doing to achieve the participant’s goals (see [Case study 4](#))⁶³
- making participation in employment services **voluntary** and **available to a broader population** who would benefit from support
- ceasing the **ParentsNext** program and replacing it with a voluntary program for low-income parents with young children who want to enter or re-enter the workforce, or access more financially secure employment – the Sustaining Economic Empowerment and Dignity for Women (SEED) Project being trialled in Seymour, Victoria, is an early example of what a replacement program might look like (see [Case study 14](#))
- extension of **eligibility for benefits** such as the Pensioner Concession Card for mothers moving off income support (currently 12 weeks) until they are established in employment
- investment in high quality, affordable **child care and early learning** to give more children a better start and enable more families to access work.

63 People would continue to meet their obligations for the receipt of social security payments by reporting their income to Services Australia and advising Services Australia of any change in their circumstances.

CASE STUDY 4: Implementing mutual accountability in employment services through ‘the Deal’

‘The Deal’ is a practice mechanism that BSL has used to demonstrate an alternative to mutual obligation approaches, particularly for jobseekers experiencing disadvantage.

Providing jobseekers, particularly those experiencing disadvantage, with greater **agency and choice** over decisions about their employment pathways is intrinsically motivating.⁶⁴ People are more persistent in their pursuit of an employment, education and training goal if they have chosen to pursue it, and if it is linked to their interests and aspirations. This in turn leads to better and more sustainable outcomes, as well as increased wellbeing and self-confidence. When employment services hold high expectations of jobseekers, they also express belief in them and instil a sense that they are **valued members of society** with something to contribute.

The Deal seeks to rebalance the traditional focus of employment services on a ‘push’ approach to the activation of jobseekers with ‘pull’ factors that invest in people’s potential and build their capability. The Deal does this by upholding both the rights and responsibilities of jobseekers and employment services. It enables participants to have agency over their progress toward employment outcomes, with agreed support and access to necessary opportunities and resources from the employment service. In turn, **both are accountable for their actions and a culture of reciprocity and shared ownership is fostered**. This sentiment is expressed by participants in the Transition to Work (TtW) Community of Practice who utilised The Deal in their engagement with the TtW service:

It’s a really great idea. Because it’s not pressure ... it encourages me to get it done, reach my goals and prove to these guys that I can do what I promised and if they fulfil [their end of the Deal], it’s not just them, it’s both. [We] meet halfway.⁶⁵

Difference from mutual obligations

The expectations set out in the Deal are very different from mutual obligation requirements which have been described by those experiencing them as:

- **disempowering** (mutual obligation requirements require you to agree to the terms set out by Services to receive the supports you need)
- **punitive** (mutual obligation requirements mean your payments can be cut off if obligations are not met)
- **transactional** (mutual obligation requirements dictate certain tasks or activities you must complete to receive payments from Services Australia)
- **unjust** (mutual obligation requirements do not recognise the structural barriers that can prevent jobseekers from securing work in their communities).

Key characteristics of the Deal

The Deal:

- is a voluntary, non-punitive mutual agreement between service providers and the person presenting to the service
- outlines the expectations providers hold of people accessing services, and that participants hold of providers in return. It outlines the mutual investment required by participants and the provider
- expresses value and respect through mutual investment expectations

- recognises people’s capacity for accountability taking account of their diverse circumstances, and values their ability to contribute to and shape what support looks like for them
- is about holding people in high regard – services can have expectations of people while recognising the different contribution each party makes to the Deal.

While the Deal can set out some service requirements, **it is critical that the Deal is not used as a tool for compliance**. The Deal reframes participation in the service as an opportunity for participants to pursue their goals, while getting access to the support they need. In turn they are expected to show up and work towards their goals.

The Deal has been tested within Transition to Work (TtW) employment services by a national Community of Practice, made up of providers from every state and territory across Australia, who were delivering a common model and practice approach to deliver TtW. The evaluation found that a culture of reciprocity and mutual accountability enabled young people to make progress with their career goals and job plans, with support from their coach.⁶⁶

Reframing policy principles to support a mutual accountability approach has the potential to transform employment services and the lives of jobseekers.

Futher reforms

BSL welcomes the recent establishment of the Economic Inclusion Advisory Committee (the Committee) to advise the Commonwealth on policy settings, systems and structures, and the adequacy, effectiveness and sustainability of income support payments ahead of every Federal Budget. This is an important step towards a permanent and comprehensive review and monitoring mechanism for the social security system.

In the medium term, we recommend an **independent commission** be established to **review and monitor the social security system**. Reform of the system should be founded on the principles of adequacy, dignity and autonomy, equity, accountability and solidarity.⁶⁷ In addition to the matters within the purview of the Committee, the Commission should consider any conditions associated with income support payments, and **explore alternative models, such as ‘flexicurity’**, in the Australian context (see [Case study 5](#)).

Industrial relations reform – to improve wages and conditions – is critical to build economic security and wellbeing, alongside reform of the social security and employment systems. It must be recognised, however, that industrial relations reform alone is insufficient to deliver improvements in wages and conditions for some of our lowest paid workers, particularly those in the formal care sector (child care, disability and aged care). **These improvements can only be realised if funding and indexation arrangements for organisations delivering these services reflect the true costs of service delivery, including decent wages.**

64 Bond, S & Keys, D 2020, *Finding that spark: what works to achieve effective employment services for young people?*, Brotherhood of St Laurence, Fitzroy, Vic.

65 Bond, S & Keys, D 2020, *Finding that spark*.

66 McColl Jones, N et al. 2021, *Transition to Work Community of Practice: Practice Guide*.

67 Bowman, D, Thornton, D & Mallett, S 2019, *Reclaiming social security for a just future*, BSL, Fitzroy, Vic.

CASE STUDY 5: 'Flexicurity' – from job security to labour market security

The concept of 'flexicurity' arose in Europe in the 1990s in response to globalisation, changing workforce dynamics and demographic change. It seeks to resolve the often-competing needs of employers and employees:

[Flexicurity] can be broadly understood as an attempt to overcome tensions arising from the flexibility–security nexus by making it easier for business to hire and fire on the one hand, while providing workers with improved unemployment benefits and training and assistance in regaining employment on the other.⁶⁸

Flexicurity broadens the concept of security from *job security* to *employment or labour market security*. Labour market security means that although workers may not stay in a single job for a long period, they will be able to gain employment with relative ease repeatedly across the life-course. This type of security is generated through policies that embrace relatively non-targeted and generous unemployment benefits, alongside comprehensive training programs.⁶⁹ Flexicurity involves tailored, long-term assistance capable of unlocking productive potential.

Both employers and employees have vested interests on both sides of the flexibility–security nexus, which suggests the possibility for balanced policy and a win–win outcome. Research has shown that the right combination of increased flexibility and security:

- has positive effects on unemployment rates and productivity while maintaining equity
- is a powerful consensus-building tool
- makes the economy more adaptable
- improves mental wellbeing⁷⁰

This approach stands in contrast to our highly targeted social security system, low unemployment payment and compliance-focused employment services system.

Recommendations

1. Align industrial relations, employment services, social security and tax policy and reorient effort towards building long-term economic security for people on low incomes or experiencing disadvantage, including by removing poverty 'traps' and enabling people to care, work and learn across the life course
2. Immediately and permanently increase the base rate of working-age payments to lift people out of poverty and enable them to engage in the labour market
3. Increase the amount people on working-age payments can earn from paid work before their income support is affected to reduce the disincentive to work and ensure they remain financially secure and have housing security
4. Significantly increase the Liquid Assets threshold to better support people to limit the long-term financial consequences of unemployment and sustain long-term economic security
5. Abolish the Child Care Subsidy activity test

⁶⁸ Allebone, J 2010, *Flexibility with security: driving a new compact down under?*, Social Policy Working Paper no.11, Brotherhood of St. Laurence & Centre for Public Policy, University of Melbourne, p. 1.

⁶⁹ Allebone 2010, *Flexibility with security*, p. 2

⁷⁰ Funk, L 2008, 'Work employment society', *The International Journal of Comparative Labour Law and Industrial Relations*, vol.24, no. 3, pp. 349–84, cited in Allebone 2010.

6. Replace mutual obligations with reciprocity-based practice – like ‘The Deal’ used in BSL’s practice with young people – which makes clear what each party will commit to doing to achieve the participant’s goals
7. Make participation in employment services voluntary and available to a broader population who would benefit from support to address barriers to employment
8. Cease the ParentsNext program and replace it with a voluntary program for low-income parents with young children who want to enter or re-enter the workforce, or access more financially secure employment.
9. Consider the Sustaining Economic Empowerment and Dignity for Women (SEED) Project being trialled in Seymour, Victoria, as an early example of what a replacement program might look like.
10. Extend eligibility for benefits, such as the Pensioner Concession Card for mothers moving off income support, until they are established in employment
11. Address high effective marginal tax rates for social security recipients which can act as a disincentive to take on (more) work
12. Invest in high quality, affordable childcare and early learning to give more children a better start and enable more families to access work
13. In the medium term, build on the establishment of the Economic Inclusion Advisory Committee by setting up an independent commission to review and monitor the social security system and explore alternative models, such as ‘flexicurity’, in the Australian context
14. Ensure funding and indexation arrangements for organisations delivering social services reflect the true costs of service delivery, including decent wages.

REFORM 3: Provide an inclusive, enabling mainstream employment offer for all jobseekers with support tailored to life stage and need

PROBLEM TO BE SOLVED

The fragmentation of employment services by cohort is not effectively meeting jobseeker needs

As outlined under [Reform 1](#), specialist employment services have been developed over time for priority groups (e.g. young people, parents, people with disability, mature age workers). These services are often unevenly distributed across the system, resulting in either unnecessary duplication or gaps (see [Case study 1](#) and [Read more 3](#)). In addition, jobseekers are 'categorised', for example, as either a young person, a person with disability, a parent or a refugee. In reality, however, a jobseeker may have all of these identities and experiences.

The inconsistent and/or arbitrary assignment of jobseekers into different population-specific programs, means:

- Some jobseekers who would benefit from a specialist service are only eligible for a mainstream service⁷¹
- Some jobseekers are left without a service (or with a service that is not appropriately tailored to their needs) due to service gaps ([Read more 3](#))
- Neither mainstream nor specialist services are equipped to respond to the complex and intersectional nature of people's experiences, meaning they are not genuinely person-centred. Both **the common support needs** shared by people at different life stages or transition points (e.g. as young people or parents) and the **different characteristics and circumstances** of people within these cohorts (e.g. disability, gender) are de-emphasised.
- Cohort-specific expertise is diluted across agencies, and data is dispersed.

The complexities and inefficiencies for jobseekers, employers, providers and government(s) associated with broader system fragmentation outlined under [Reform 1](#) also apply here.

READ MORE 3: Uneven markets and gaps leave some jobseekers without appropriate support

The licensing and distribution of Workforce Australia employment services providers has left gaps for cohorts who require a specialist focus. An analysis of provider licensing shows that:

- The Northern Territory and Tasmania have no specialist providers. Western Australia only has one specialist provider, licensed to work with ex-offenders.
- Regional areas lack specialist providers. In Victoria, outside metropolitan Melbourne, there is only one specialist provider in one region, licenced to work with ex-offenders.
- Specialist services for culturally and linguistically diverse (CALD) jobseekers are only operating in ten regions across NSW and Victoria, with no coverage in other states; and refugee-specific services are only operating in three, all in the Melbourne metropolitan area.

⁷¹ The impact of the introduction of a digital/self-managed program and an enhanced program within Workforce Australia on outcomes for priority cohorts who are not eligible for specialist services is yet to be seen.

Program design and practice models do not enable jobseekers to pursue meaningful jobs and careers

The mental models underpinning employment services' design and practice are:

- **welfare-oriented:** People who are unemployed are not viewed as a potentially capable contributors to the workforce and economy, but passive recipients of welfare. Spending on employment services is seen as necessary to mitigate risk, rather than as an instrument to promote social equity, inclusion and participation,⁷² and a productive investment in individuals, communities and the economy.
- **individualist:** Unemployment is understood to be attributable to individual shortcomings; the onus is therefore on the individual to remedy their situation.
- **compliance-focused and punitive:** It is assumed that jobseekers will not be motivated to work unless they are compelled to do so, and that the only form of productive labour is paid employment.
- **deficit-focused:** Services focus on addressing the limitations of jobseekers experiencing disadvantage, rather than on their untapped talents and aspirations.

Contractual obligations and payment structures incentivise providers to take an approach that is:

- **short-term:** Success measures promote a 'work first' approach, which aims to produce a quick return to the labour market, irrespective of the quality or suitability of the job.
- **transactional:** Services lack capacity and capability to build trusting relationships with jobseekers and establish networks (for example with employers and local support services) that could improve support for jobseekers.
- **inflexible:** Jobseekers are not offered a service that is tailored to their individual employment needs and aspirations or their local context.
- **disempowering:** Jobseekers are offered little choice or autonomy over their training and employment pathways.

REFORM PROPOSED

Employment services should take a life-course perspective

The employment services system should be underpinned by a life-course perspective which recognises that people are shaped by their **life stage** and key **life transition points**.

Many of the structural causes of unemployment/underemployment are **shared by people at the same life stage** (e.g. lack of labour market experience for young people, lack of access to affordable childcare for parents – [Read more 4](#)).⁷³ Accordingly, many of the service elements that these cohorts require are also shared. Rather than duplicating these service elements across a range of thinly spread services targeting different sub-cohorts (for example, young people with a disability), it is more effective and efficient to concentrate these shared elements in core services aligned with the broad organising principles (life stage and transition) of the wider service system (e.g. education and training, social security).

⁷² Mendes, P 2019, *Empowerment and control in the Australian welfare state: a critical analysis of Australian social policy since 1972*, Routledge, London.

⁷³ For example, an extensive body of literature recognises the transition from school to work as a vulnerable point in the life course, characterised by multiple major life changes in a relatively short period: Bowman, D et. al. 2015, *Making sense of youth transitions from education to work*, BSL, Melbourne; Fry, J & Boulton, C 2013, *Prevalence of transition pathways in Australia*, Working Paper, Productivity Commission, Melbourne; Cuervo, H & Wyn, J 2011, *Rethinking youth transitions in Australia: a historical and multidimensional approach*, The University of Melbourne.

This is not to minimise the need to address people’s particular needs. Those issues that pertain to people’s **individual characteristics and circumstances** (e.g. disability, settlement status, sexual and gender identity, mental health) should be addressed through **tailored, person-centred practice**. Similarly, within these life stages and transition points, various life events can shape people’s experiences and circumstances, including relationship breakdown, ill health, death or other trauma. These issues are also best addressed through practice (see [Case study 6](#)).

Employment services should provide flexible, tailored support to all jobseekers

There are broadly **three levels of support** that might be needed by jobseekers who are experiencing disadvantage in the labour market:

Level of support	Examples
1. Generalist employment support	Skill development Job search and application assistance
2. Tailored support determined by the needs of the cohort or individual – this can vary by intensity, length or scope	Assistance with English language development Assistance with low literacy and numeracy Unmet health and wellbeing needs Support to access child care
3. Additional support for people with complex needs	Support for people experiencing homelessness Support for people with complex mental health issues

To address the challenges associated with system fragmentation, BSL proposes that the Commonwealth consider consolidating mainstream and specialist employment services into a **single program** (administered by a single department/agency – see [Reform 1](#)), with **sub-programs reflective of life stage and transition**, that **provides tailored support according to need** and adopts an **inclusive, intersectional practice model**.

The **advantages** of this model include that it:

- reduces the complexity of the system for jobseekers and employers
- lowers the administrative burden associated with managing eligibility for both jobseekers and providers
- ensures specialist support is available to everyone who needs it
- can better respond to local needs in place
- addresses thin markets in regional areas
- supports more effective engagement with employers

Challenges include that it:

- will require additional workforce capability, supported by competitive salaries and professional development
- may reduce the number/diversity of providers

Sub-programs reflective of life stages

In the context of employment, there are **four key life stages** that could benefit from a targeted approach: **young people** (including the transition from school to further education and/or work); **parents**; **working age adults**; and **mature age workers** (who may be in and out of work prior to retirement).

BSL acknowledges that targeted services for sub-cohorts (such as the Youth Transition Support program for young migrants and refugees and disability-specific employment services) may still be required during the transition to life stage-based programs.

Tailored support for all jobseekers

All jobseekers would receive inclusive, individually-tailored support from the employment service. This could include **opt-in digital services** for those who prefer to self-manage.

Jobseekers could access **flexible additional support** as needed. This could vary by:

- **Scope:** Depending on their circumstances, some jobseekers may need additional support such as language tuition or mental health support. This could be provided through a networked approach where the employment provider builds/accesses a network of providers of support services for different populations/needs.
- **Intensity:** Some jobseekers require more intensive assistance due to personal or structural barriers such as workplace discrimination, low literacy or physical or mental health challenges.
- **Duration:** This model would allow flexibility to enable providers to work with some people for longer, for example where they need time to recover from mental ill-health, find housing or learn English.

A model could be developed that **places specialist staff within generalist teams**. These specialist staff could build capability across the service/s and provide secondary consultations. For example, different Work & Learning Centres across Victoria have expertise in working with specific cohorts (e.g. young people, First Nations people and carers) that can be shared across the network.

In addition to support of a longer duration and intensity, participants who have **more complex needs or who are facing multiple barriers** to employment (e.g. family violence, substance (mis)use, homelessness, financial insecurity) may require a coaching approach that facilitates access to personal support as needed. This could be provided in partnership with specialist social services.

To enable this approach, different levels of support (and workforce expertise) would need to be reflected in **unit pricing** and a networked/collaborative approach to support facilitated by the **commissioning model** (see [Reform 9](#)).

READ MORE 4: How tailoring support can assist priority jobseeker cohorts

BSL has deep expertise working with a diversity of jobseekers. Below is a snapshot of some of the challenges facing priority cohorts, and the types of tailored supports and practice approaches required to enable them to gain decent, meaningful employment. We are happy to provide more detailed information to supplement this submission.

It is important to recognise the intersectional barriers each individual jobseeker may face, and provide tailored support that is responsive to their needs.

Common themes across cohorts include the importance of:

- having staff who understand the particular challenges faced by, and the needs of, different groups of jobseekers at different life stages
- addressing stereotypes, discriminatory attitudes and low expectations that lead to jobseekers being overlooked
- addressing structural barriers, such as limited access to transport and housing, low financial means, unmet health needs and limited social capital/networks (see [Reform 8](#)).

Young people

Young people often lack experience of workplace environments, employability skills, and professional networks and contacts. Young people need access to entry level jobs and employers who are willing to invest in and train them, and to provide skills development and workplace experience. Young people transitioning from school to work are often still uncertain about their life direction, vocational aspirations and options and benefit from career guidance and support to build their self-confidence.

Women

Many women have care responsibilities for children or other family members, and need flexible service delivery options (for example, programs delivered online or during school hours) and/or access to childcare for face-to-face activities. In addition to structural barriers shared by other groups, such as lack of access to affordable housing and limited transport options, women are more likely to experience family violence – which may impact their financial security as well as their health and safety. Women who have been out of the labour force for some time, for example due to care responsibilities, may need pre-employment support, such as career guidance and exploration activities, to build their confidence and capability.

People with disability

Individual Placement and Support (IPS) models of employment for people with disability are recognised in Australia as effective for generating positive outcomes by crafting a good fit between a jobseeker's talents and capabilities and the employment opportunity. IPS mechanisms include 'job carving', where an employment service provider works with the employer and the jobseeker to create a job that aligns with the jobseeker's skills and abilities, and making post-placement support available to both employee and employer.⁷⁴

New migrants, refugees and people seeking asylum

Those newly arrived in Australia need specialist employment support as part of a broader community development approach to settlement. This includes a service that is local, culturally safe, supports development of language and cultural knowledge for Australian workplaces, and understands pathways into areas of previous career experience. Building the capacity of employers to understand the advantages of employing diverse staff and increasing their cultural competency, as well as navigating the complexities of visas and work rights, are vital for successful outcomes.

Mature age workers

Mature age workers (usually defined as 45+) are more likely than other groups to become and remain long-term unemployed. BSL's research shows that people of mature age benefit from: longer appointment times; support to identify transferable skills; greater engagement with employers to match them to roles; targeted digital literacy training; and funding to support retraining or upskilling.⁷⁵

Capabilities-based service design and practice

As outlined under [Principle 2](#), taking a Capabilities Approach means aiming to address unemployment by focusing on what people can be, rather than on their limitations or problems. It requires effort both to promote the individual's internal capabilities (for example, through education and training), and provide the external institutional and material conditions that enable them to take up opportunities.⁷⁶

While not all the following elements of employment service design and practice are unique to the Capabilities Approach, they are all encompassed within it:

- **Investment-oriented:** Support is framed as an investment in people's abilities – and by extension in the broader community – rather than assistance to help them manage their problems.
- **Long-term:** By contrast with a 'work first' approach, jobseekers are supported to work towards achieving their long-term goals and aspirations – including, but not limited to, employment – by addressing both personal and structural barriers.
- **Tailored and flexible:** Support is person-centred, flexible and tailored to the individual's needs and circumstances, recognising that people experiencing disadvantage may require support of greater intensity, duration or scope to build sustainable pathways to employment. Implicit in a tailored, person-centred approach is that practice must be **intersectional, gender-responsive, trauma-informed, and culturally safe**.
- **Enabling:** Support aims to build people's capability and confidence to pursue personally meaningful career goals, recognising and addressing both individual challenges (such as job readiness) and structural factors (such as insecure housing or family violence).
- **Agency-enhancing:** Services aim to maximise people's choice and agency to achieve their employment and wellbeing outcomes. This includes supporting the agency of the individual to decide what a good life means to them, and their freedom to make decisions and access the resources they need to work towards realising their aspirations. Agency implies not merely choice, but also voice – the opportunity to have meaningful input into the menu of choices available.
- **Relational and connected to community:** Services build trusting relationships with jobseekers, employers, support services and community, strengthening the connections and social capital that influence an individual's capacity to flourish.
- **Reciprocal:** Support is grounded in recognition (our fundamental need to be seen and treated by others as a valued and valuable person deserving of respect).⁷⁷ This can include non-punitive agreements based on reciprocity and mutual accountability like The Deal that can enable people to make progress with support from staff (see [Case study 4](#)).

74 See Thies, A, Warr, D, Mallett, S & Brown, D 2021, [10 strategies for improving employment outcomes for people with disability](#), Brotherhood of St. Laurence, Fitzroy, Vic; Crosbie, J, Murfitt, K, Hayward, M & Wilson, E 2019, *Literature review: employment and economic participation of people with disability*, Deakin University, Melbourne.

75 Bowman, D, Randrianarisoa, A & Wickramasinghe, S 2018, *Working for everyone?*

76 Nussbaum, M 2011, *Creating capabilities*.

77 Honneth, A 2004, 'Recognition and justice: outline of a plural theory of justice', *Acta Sociologica*, 47(4): 351–64.

A capabilities-based **service offer** must also be designed to promote and build young people’s aspirations, skills and capacities. For example, in the Transition to Work Community of Practice model, a four-phased approach was adopted which included the following components, providing a structured pathway for participants:

- **Phase 1: Vocational guidance and co-designed planning** – Identify strengths and talents, explore career pathways, develop goals and aspirations, and make a plan to achieve them
- **Phase 2: Skill- and capability-building** — Build the personal, social and practical employability skills necessary to achieve their goals, including through group employability workshops, pre-accredited and accredited training, mentoring, and workplace and applied learning
- **Phase 3: Real world opportunities** — Build experience of the world of work through opportunities matched to their career pathway, such as work tasters, work experience placements, volunteering, industry guest speakers
- **Phase 4: Post-placement support** —Gain employment or enrol in education, receive ongoing support to ensure outcome is sustained (for participants); Receive tailored support to ensure their needs are being met (for employers).

To embed the Capabilities Approach in service design and practice, it must be supported by commissioning and investment in workforce capacity (for example through lower caseloads) and capability (for example through Communities of Practice), as well as improved wages and conditions (see [Reform 9](#)).

CASE STUDY 6: Enabling young people with disability to secure mainstream employment through Inclusive Pathways to Employment

Funded by philanthropic partners, BSL's Inclusive Pathways to Employment (IPE) project aims to test whether and how the mainstream youth employment service, Transition to Work (TtW), can be effectively adapted to support young people with disability into employment.

Based on our research and practice expertise,⁷⁸ BSL hypothesises that some young people with disability will achieve better employment outcomes through engagement with a mainstream employment approach, modified to support this cohort. This modification will blend elements of evidence-based practice in disability employment (such as Customised Employment and the *Ticket to Work* approach) and apply it to the TtW model. It will adopt an Advantaged Thinking approach to working with young people with disability, which has been crucial in combating stigmas of negativity and low expectations for young people.⁷⁹

Notably, BSL will act as an Enabling Organisation to train TtW provider partners in the pilot in Advantaged Thinking approaches to working with young people with disability. BSL will also ensure pilot communities have access to capacity-building activities, resources and support to assist young people with disability to achieve their employment goals. In this way, the Enabling Organisation will help develop workforce capability and capacity of mainstream services to be more disability inclusive.

BSL will also undertake policy research to investigate the system level reform(s) necessary to enable a mainstream approach to employment support for young people with disability, including both those who are NDIS participants and those who are not. It will draw on BSL's policy and practice expertise in youth employment, disability employment, and as an NDIS Partner in the Community, as well as the expertise of government agencies, disability peak bodies, TtW and Local Area Coordination (LAC) providers and young people with disability to co-design better system architecture.

⁷⁸ See Thies et al. 2021, *10 strategies*; Brown, D & Mallett S 2021, *Environmental Scan Part 1: Current research and evaluation to promote economic participation of people with disability*, Brotherhood of St. Laurence, Melbourne; Mallett, S, Brown, D & Finnis, J 2021, *Environmental Scan Part 2: Views of experts on effective employment interventions for people with disability*, Brotherhood of St. Laurence, Melbourne.

⁷⁹ Bond, S & Keys, D 2020, *Finding that spark*.

CASE STUDY 7: Delivering flexible, tailored support through Jobs Victoria

The Victorian Government-funded Jobs Victoria Mentors Program is a voluntary employment program that supports Victorians who are unemployed or at risk of long-term unemployment to find and retain secure work. BSL delivers this program in three Melbourne metropolitan regions and uses localised, capabilities-driven approach to engage and support jobseekers.

The individualised and flexible approach of the program allows strong engagement with individuals and communities which supports jobseekers to overcome barriers, build knowledge and skills, and enter and retain employment that aligns with their goals. The program also supports employers to recruit these work-ready candidates and retain them, by providing post-placement support to the employee and the employer. BSL has deliberately located our services in areas of high disadvantage where people face significant barriers to employment.

An independent evaluation of the precursor to the current suite of services offered by Jobs Victoria found that it:

fostered a flexible, client-focussed network of support for disadvantaged job seekers... offering underserved client groups longer lasting support associated with higher rates of employment to 26 weeks ... This has been achieved through creating and building relationships with employers, combining activities with local knowledge and networks, and connecting core [employment services] with ancillary services.⁸⁰

Since June 2021, BSL's program has registered over 2000 participants, of whom 89% come from a culturally and linguistically diverse background, 36% identify as having a refugee or asylum-seeking background, and 61% are women. Over 900 of those registered (more than 45%) have so far found employment through the program.

Early data from BSL's social procurement project with the SPARK consortium for the construction of the North-East Link also indicates that Jobs Victoria's person-centred approach is achieving success in preparing candidates for work (see [Case study 10](#)).

Husna's story

Husna arrived in Australia in 2013. At 54 years old and with very limited English, her first job was as a kitchen hand, but after some years she was unable to continue working due to ill health. She was referred to BSL Jobs Victoria by a community health service. Husna's Employment Mentor Bahareh noticed that she was under financial pressure because she was not eligible for Commonwealth support and her situation was impacting her mental health.

After many job applications, Bahareh and BSL's Employer Engagement Coordinator Horry approached an aged care provider and advocated for Husna to be considered for a Food Service Assistant role. After discussion of her situation and needs, the aged care provider agreed to interview Husna; and Bahareh was present to assist with translation. Bahareh also organised for Husna to get her food handling certificate.

Husna has been working three days a week and is very grateful for the opportunity given to her by the aged care provider and the support she received from Bahareh. Now she is more hopeful and confident about her future and feels empowered to advocate for herself in the face of adversity.

Melody's story

Following a poor experience with Workforce Australia, Melody (introduced in [Case study 3](#)) voluntarily sought support to find employment from BSL's Jobs Victoria Mentor Service. She said her experience with this service has been positive and she would use it again if needed in the future. She said her Employment Mentor:

helped me gain the confidence needed to actively look for work, gain more skills for job interviews and align my job search with my passions and my previous work experience to find a job that aligns with my core values. This differed from Workforce Australia which is more of a 'fend for yourself' service that is more of a points and numbers game instead of a service that helps people find jobs.

Recommendations

1. Consolidate mainstream and specialist employment services into one program, with sub-programs reflective of life stage and transition (potentially for young people, parents, working age adults and mature age workers) that provides tailored support according to need and adopts an inclusive, intersectional practice model
2. Redesign employment services and practice in line with the Capabilities Approach to be: investment-oriented; long-term; tailored, flexible and intersectional; enabling; agency-enhancing; relational; connected to community; and reciprocal.
3. Utilise a capabilities-informed approach to program design that includes four phases:
 - a. Vocational guidance and co-designed planning
 - b. Skill- and capability-building
 - c. Real world opportunities
 - d. Post-placement support
4. Support the implementation of a Capabilities Approach in service design and practice through commissioning practices and investment in workforce capacity and capability.

REFORM 4: Adopt place-based approaches to employment that leverage community effort

PROBLEM TO BE SOLVED

Current place-based approaches to employment are not effectively embedded in community

Partnering with local community stakeholders in place is an effective method for coordinating and aligning employment policy and investment to deliver a more streamlined employment and training offer in a given geography (for example, a local government area, multiple adjacent local government areas, a region or community).

Consideration of place is pivotal to the delivery of employment services for both jobseekers and employers. Unemployment, like other social and economic issues, has a **strong geographical dimension**, and the opportunities and networks jobseekers need are both enabled and curtailed by community context.⁸¹

Place-based approaches can bring together industry, employers, training providers, prospective employees, community networks and government(s) **to co-design training and employment pathways that meet the real needs of local people** seeking work and local businesses and industries seeking staff and expanding their workforces. Community-embedded organisations are best placed to leverage the trust and resources of a local area.⁸²

Place also offers a useful focal point for a **mission-oriented approach**, aligning the contributions of different stakeholders and systems towards a common employment objective.

However, governance of both the employment and training systems is currently top-down, with **limited consideration of local context**. Existing place-based initiatives like the Local Jobs Program do not enable collaboration and service innovation at the local level, and are not driven by local leadership. The competitive commissioning process also **hinders place-based collaboration** between employment services, employers, education and training providers, jobseekers and community to co-design solutions that meet the needs of local jobseekers and employers.

REFORM PROPOSED

Collaborative place-based approaches can harness community resources and networks

A collaborative approach to coordinating local effort in place, drawing on networks that **harness the connections and knowledge of local communities**, can provide a platform to deliver inclusive, quality programs that build people's capabilities, that is, provide opportunities that give people the freedom to make choices about their lives and careers.

Building trusting relationships between disparate stakeholders takes time and effort. **Enabling or backbone organisations** play a critical role in coordinating effort, building capability for collaborative action, maintaining the systemic ambition over time and connecting into government and policy.⁸³

81 Webb et al. 2015 cited in Monson-Wilbraham et al. [NYEB practice guide](#)

82 Borland et al. 2016 cited in Monson-Wilbraham et al. [NYEB practice guide](#)

83 Mallett, S, James, S, Borlagdan, J, Thornton, D & Brown, D 2022 (forthcoming), Applied Systemic Change: An Implementation Guide for Building Capability in Human Service Systems, BSL, Melbourne.

Different approaches to place

Australia has enduring concentrations of cumulative social and economic disadvantage in a relatively small number of localities.⁸⁴ Efforts to remedy these concentrations by working in place have been animated by a wide range of values, objectives, guiding frameworks and methods. For the purposes of this submission, it is pertinent to compare and contrast three approaches to place (Table 1), each of which may be appropriate in different circumstances.

Table 1 Three approaches to place

Governance	Understanding of place ⁸⁵	Decision-making model	Advantages and disadvantages	Employment example
Top-down	Place as a container of disadvantage : 'Place' is the scale at which social services might be better integrated and coordinated, affording more holistic and coherent assistance for people experiencing disadvantage.	The Victorian Government describes this as a 'place-focused' approach , in which government services and infrastructure are planned and adapted to ensure they are meeting local needs. Government listens to community to adapt how it does business, but ultimately retains control over the objectives, scope and implementation.	These policies tend to position local people primarily as social service clients who have needs that might be better met. It doesn't foreground their role as citizens who have voices and their own ideas about what a good life for them might be, nor build or leverage the capability of local actors to shape change. Top-down approaches are useful where improved understanding of local conditions would improve the effectiveness of a planned service response or infrastructure project.	Commonwealth Local Jobs Program

84 Vinson, T & Rawsthorne, T 2015, *Dropping off the edge 2015: persistent communal disadvantage in Australia*, Jesuit Social Services and Catholic Social Services Australia, Melbourne.

85 See Fincher, R 2021, [Interpretations of 'place' in place-based social policy](#), Life Course Centre: Working Paper Series 2021-05, Institute for Social Science Research, The University of Queensland.

Governance	Understanding of place ⁸⁵	Decision-making model	Advantages and disadvantages	Employment example
Bottom-up	<p>Place as a (porous) site of encounter between people in communities:</p> <p>Individuals and the community shape an agenda to address their identified areas of concern. They define the problem and the solution, including the ways services are developed or shaped to meet local needs.</p>	<p>Best described as a community-led approach, government may provide funding, but devolves decision-making authority to community to devise solutions and direct investment.</p>	<p>Bottom-up or community-led approaches may be more empowering of local people, but may struggle to influence change, as the policy levers don't always sit in place.</p> <p>Bottom-up approaches are appropriate in communities where disadvantage is entrenched. They can enable the mobilisation or creation of social capital that will drive change.</p> <p>However, without engagement and authorisation within government and business, community-led approaches risk withering away, rather than leading to transformative, systemic and enduring change.</p>	<p>Collective impact initiatives⁸⁶</p>

⁸⁶ See, for example: www.socialventures.com.au/assets/Funding-community-led-place-based-practice-report.pdf

Governance	Understanding of place ⁸⁵	Decision-making model	Advantages and disadvantages	Employment example
Top-down, bottom-up	<p>Place as a defined site of investment, networks and relationships:</p> <p>Understands place as produced and reproduced by both the daily activities and intersections between people engaging in place and the investment of government and other stakeholders.</p> <p>'Place' is also a space for enabling local leadership as a starting point for change. It could be described as a 'community-embedded' approach: the focus is the community rather than 'place'.</p>	<p>The Victorian Government describes this as a 'place-based approach', targeting the specific circumstances of a place and engaging local people as active participants in development and implementation.</p> <p>This approach requires government to share decision-making. It engages with issues and opportunities that are driven by complex, intersecting local factors and require a cross-sectoral or long-term response.</p> <p>The UK organisation Compass describes this form of collaborative action between government and non-government actors as '45 degree change'. A primary role of government in this model is to 'help join up, scale up, accelerate, replicate and project these emerging forms of collaborative action to ensure they become the predominant form of 'deciding and doing' in the 21st century.'</p>	<p>Priorities for local change are sourced from the people who live (or work) there, and the industries, employers and organisations embedded there.</p> <p>Not only does this approach build the capability of local people to be active participants in the life of their local community and economy, but it aims to orient the resources of government and social service providers around the agenda they co-create.</p> <p>Compass describes this as 'a combinational approach whereby the vertical and hierarchical institutions of the state protect and nurture this emerging horizontal bottom-up change.'</p>	<p>National Youth Employment Body</p> <p>Tasmania's Regional Jobs Hubs</p> <p>Opportunity Wyndham</p> <p>Barkly Regional Deal</p>

Benefits of place-based approaches that are embedded in community

At their best, place-based approaches can:

- Give communities power to make local decisions that make sense for them and a voice in national policy conversations
- Leverage the social and cultural capital that exists in communities to unlock opportunities for disadvantaged jobseekers and employers

- Straddle the productive tension between universal approaches and local solutions. Communities understand the local impacts of systemic problems and can design flexible approaches to investment that accommodate regional differences, as well as influencing systemic change to address structural barriers in place
- Enable the right mix of labour market interventions (supply, demand and bridging) for local conditions (see [Reform 5](#))
- Break down silos between systems in place, connecting training and employment needs (see [Reform 7](#)) and integrating enabling infrastructure (e.g. affordable housing, transport and childcare) into employment pathways (see [Reform 8](#))
- Devise mutually beneficial training and employment solutions that meet the needs of all stakeholders. Local communities think in relationships and networks and know where and when to intervene
- Provide a link between policy design and implementation
- Sustain effort in place across policy cycles and during disruption – local stakeholders are driven by a passion and commitment to community that is not derived from contractual obligations
- Provide a low-cost mechanism to inform and alignment investment coming into a region to ensure it is effective. Uncoordinated investment that does not translate into success can be demoralising for local communities.

Scaling place-based approaches requires top-down/bottom-up governance

Top-down/bottom-up governance is needed to effectively scale place-based approaches that seek to align employment and training policy and investment. Top-down/bottom-up governance combines insights from community into how structural problems are impacting local communities with the ‘top-down’ authority to activate and sustain place-based solutions through flexible approaches to policy implementation.

Key ingredients for success in place

In BSL’s experience, the most effective place-based approaches share twelve common elements:

1. **Long-term ambition:** Holding a long-term view to drive and sustain systemic change
2. **Enabling organisation:** An independent, multidisciplinary team or unit that is resourced to bring together research, policy and practice expertise to seed and cultivate systemic change – motivating and activating relationships and networks to drive reform in communities as well as in social policy at the state and national levels (see [Case study 8](#))
3. **Community leadership:** Effectively devolving ownership to communities and building enduring governance in place
4. **Aligned investment:** Leveraging investment from multiple sources in place
5. **Employer focus:** Maintaining a strong focus on engaging with and activating employers
6. **Industry alignment:** Working with industry to identify workforce, skills and training gaps and solutions
7. **Local champions:** Employer, government and community champions at all levels who can drive change based on shared aspirations
8. **Lived experience:** Involving, respecting and trusting people directly affected by unemployment in the design of training and employment pathways

9. **Joined-up governance:** Creating governance mechanisms that aim to align policy and program investments horizontally (across systems e.g. employment, training, social services) and vertically (local-state-national) to deliver structural and enduring solutions
10. **Capability:** Building capability of champions across sectors to step outside of – and disrupt – siloed ways of working and drive a collaborative systemic change approach
11. **Consistent practice:** Shared through Communities of Practice to learn from and strengthen the method for working in place and enable collaborative community leadership
12. **Data and evidence:** Using real-time local data that links up skills, employment and social infrastructure, and building on and generating evidence about what works (see [Case study 9](#)).

There are existing programs and models that show what is possible when funding and policy is aligned in the interests of jobseekers and employers (see [Case study 2](#) and [Case study 8](#)).

CASE STUDY 8: Aligning the interests of jobseekers and employers in place through the National Youth Employment Body

Many young people want to stay in regional communities, but they need to see a strong future for themselves. The delivery of youth employment pathways in Australia has traditionally suffered from systemic challenges: confusion over the role of government at all three levels; disruptions to service continuity caused by changes of government; a mismatch between supply and demand initiatives; a disconnect between evidence on-the-ground and policy and program design; and a lack of youth-specific approaches that meet the needs of young people. These challenges have resulted in service fragmentation and duplication: regular loss of social capital and knowledge built up in communities, and ultimately a lack of effectiveness in addressing youth unemployment.

The National Youth Employment Body (NYEB) was established by BSL in 2018 to address these challenges through a coherent, multisectoral response that ensures enduring community leadership in place. Its aim is to facilitate collaborative efforts that enable young people to secure decent work while addressing the needs of industry for a diverse and adaptable workforce. Local-to-national governance mechanisms also aim to generate the social policy needed to support local solutions.

Community Investment Committees (CICs) are a core part of the place-based model used by the NYEB. CIC members collaborate to build community-led solutions to youth unemployment, beyond those achieved by programs and agencies working alone. There are currently nine CICs operating in communities around Australia. Each CIC is **employer-led and facilitated by a local youth specialist organisation** (Lead Partner) and brings together local representatives from industry, youth employment services, skills and training, all levels of government, young people and community. The **voices of young people** are central: BSL enables Lead Partners to mobilise local Youth Advisors, who are CIC members. The Youth Advisors also come together as a group to inform and co-design national policy and practice through the NYEB.

Local communities are also best placed to understand the systemic barriers to employment for disadvantaged jobseekers on the ground – things like access to affordable housing, child care and public transport. CICs can identify local solutions and, with support from the NYEB, also influence change in national policy settings (see [Case study 13](#)).

CICs were pivotal when there was a change in providers of employment services. During times of disruption, CICs are critical to sustaining initiatives, networks, social capital, and a focus on young people and community. They provide a network and body of learnings for new providers to tap into.

BSL takes the role of an independent, multidisciplinary **‘Enabling Organisation’ (EO)** that brings together research, policy and practice expertise to seed and cultivate systemic change. The EO works in the third space between community and government, and plays a key role in inspiring and activating relationships and networks, and building capability to drive reform in communities as well as in state and national social policy.

Using a **‘place to population level’ approach**, the NYEB supports community partners to design and implement local innovations and build evidence of what works for key population groups, then leverages local to national governance mechanisms to shift mindsets, inform government policy and ultimately impact issues affecting youth unemployment at a systemic level.

While the EO shares common features with the backbone organisation in Collective Impact initiatives, it is distinguished by a focus on a set of guiding ideas (including the Capabilities Approach), adherence to a common practice model, its top-down/bottom-up governance model, and local-to-national reach.

CASE STUDY 9: Joining up data to enable place-based approaches through the Youth Opportunity Compass

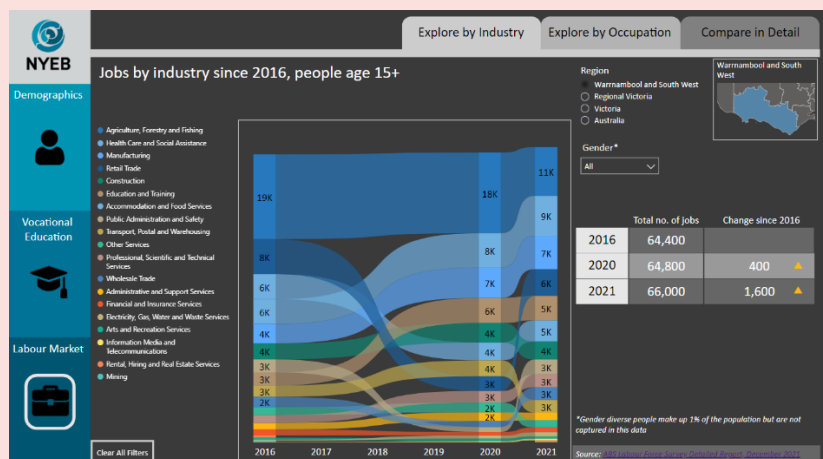
Access to fit-for-purpose, place-to-population level data is essential for communities to drive local employment and training solutions.

While there is no shortage of labour market and skills data, it is not joined up in place in a way which enables local stakeholders to diagnose and address the misalignment between supply and demand. Key challenges with government data sources include:

- Data can be difficult to access
- The quantity of available data increases the work required to find relevant data
- Data literacy and expertise is needed to leverage public data
- Data is often not cohort- or place-specific
- Data is spread across disparate sources

Co-designed with expert input from local Community Investment Committees (CICs), the Youth Opportunity Compass puts joined-up cohort and place-specific data in the hands of key decision-makers. This data enables CICs to understand the structural drivers shaping the labour market and the socio-cultural conditions that influence the way young people transition from school to work. CICs are able to use evidence and data to drive practice and policy reform in real time.

For example, in the Warrnambool–Moyne region of Victoria, the CIC used the Compass to identify misalignments between skills shortages experienced by local agricultural employers and the uptake of agricultural training by young people. Anecdotal reports of housing shortages and lack of training in foundational skills as structural barriers were validated by the labour market, training and housing data in the Compass. Local stakeholders were able to use the data to co-design and deliver a skilled pathway to entry-level farm roles for young people in the local area, supported by a creative accommodation solution.



Screenshot of a page from the Warrnambool–Moyne Youth Opportunity Compass showing change in employment by industry from 2016 to 2020

Funding for the Local Jobs Program should be redirected into a more effective place-based approach

The Local Jobs Program (LJP) was designed as a recovery initiative during COVID-19 and is due to end in 2025. The LJP aims to align effort and avoid duplication in employment services by working in place, but was not designed to create an enduring and mutually beneficial place-based approach to employment.

An evaluation of the LJP by Social Ventures Australia is forthcoming. However, early indications suggest that – unlike the Tasmanian Regional Jobs Hubs ([Case study 2](#)) and NYEB ([Case study 8](#)) – the **top-down governance** model adopted by the LJP neither enables collaboration and service innovation at the local level, nor drives local leadership to shape solutions: DEWR chairs the taskforce, and employer facilitators are not necessarily attuned to jobseeker needs.⁸⁷

The LJP adds to ad hoc rather than strategic and enduring service ecosystem development by focusing on rapid labour market entry: it takes a deficit approach, lacks an equity lens and focuses primarily on supply and bridging initiatives (such as work readiness, pre-employment training and work placements) with less emphasis on demand-side interventions, employer engagement and leadership. The LJP prioritises funding via an independent panel, adding to a competitive local service ecosystem, and lacks a consistent practice model and learning mechanisms for key life stage cohorts, especially young people.

While top-down/bottom-up approaches such as Tasmania's Regional Jobs Hubs and the NYEB aim to shape national and state/territory policymaking by leveraging local practice and policy innovation, the LJP prioritises the matching of local labour supply with demand by connecting local jobseekers to short-term job vacancies.

BSL recommends redirecting funds earmarked for the Local Jobs Program to a more effective place-based approach similar to the Tasmanian Regional Jobs Hubs, NYEB or Community Deals model (developed by the Centre for Policy Development)⁸⁸ that:

- adopts a sustainable place-based **governance model that enables collaboration**, such as Community Investment Committees
- is supported by an **Enabling Organisation** with a focus on capability building, not just coordination
- has a stronger focus on **demand-side interventions**, including job creation, and meeting employer needs
- is underpinned by **consistent practice model** tailored to life stage and informed by the Capabilities Approach
- places **participant voice** at the centre of policy and program design.

Recommendations

1. Adopt a top-down/bottom-up governance model to effectively scale up place-based approaches to employment that bring together local stakeholders in the employment ecosystem to co-design training and employment pathways that meet the needs of local jobseekers, employers and industry
2. Maximise the benefits of place-based approaches to employment by incorporating the twelve evidence-based elements of success, including:
 - a. resourcing Enabling Organisation(s) to coordinate effort, build capability for collaborative action, maintain the systemic ambition, and connecting into government and policy
 - b. enabling Community Leadership that can leverage the trust and resources and networks of local organisations and build enduring governance and leadership in place

⁸⁷ Feedback from NYEB Lead Partners.

⁸⁸ Centre for Policy Development (CPD) 2020, [What are Community Deals?](#)

3. Redirect investment earmarked for the Local Jobs Program into a more effective place-based approach similar to the Tasmanian Regional Jobs Hubs, National Youth Employment Body or Community Deals model that:
 - a. adopts a sustainable place-based governance model that enables collaboration, such as Community Investment Committees
 - b. is supported by an Enabling Organisation(s) with a focus on capability building, not just coordination
 - c. has a stronger focus on demand-side interventions, including job creation, and meeting employer needs
 - d. is underpinned by consistent practice model tailored to life stage and informed by the Capabilities Approach
 - e. centres participant voice in policy and program design.
4. Develop a place-to-population level data platform with place-specific dashboards that integrates government data and data generated from place-based initiatives, and build the capability of stakeholders to use evidence to make strategic decisions and develop evidence-based local solutions.

REFORM 5: Support a mix of labour market interventions tailored to local conditions

PROBLEM TO BE SOLVED

Conventional approaches to unemployment focus on supply-side interventions

Conventional solutions to unemployment have placed an **emphasis on building the skills and employability of jobseekers** – the supply side of the labour market. But providing jobseekers with skills is not sufficient to improve their labour market outcomes if these skills do not match those demanded by employers.⁸⁹

Some **bridging interventions** are offered, but these have mostly been limited to information initiatives and short-term ‘match-making’ between jobseekers and employers.

REFORM PROPOSED

A stronger focus on demand-side interventions can deliver ‘win-win’ employment outcomes

Demand-side interventions **incentivise or activate employers and industries to create work opportunities** that meet industry and employer needs for a skilled workforce and provide decent work and inclusive work environments for jobseekers. Demand-side interventions such as social procurement and job creation initiatives (including social enterprise) have demonstrated success in generating pathways into work for those disconnected from the workforce.

A stronger focus on demand-side interventions – including employer activation, social procurement and job creation – can deliver ‘win-win’ employment outcomes that both provide decent, meaningful work for workers and build a skilled and adaptable workforce for employers, industry and the community.

Demand-side interventions are most effective when **linked to place** and a good understanding of local employers and people seeking employment. Relationships of trust between disparate stakeholders take time and effort to develop. Innovations that include the active involvement of employers as partners in the co-production of employer-oriented solutions also **drive local collaboration** with other sectors, aiding both the supply and demand sides of skills provision and employment.⁹⁰

The mix of labour market interventions should be tailored to local conditions and populations

The mix of labour market interventions – across supply-side, demand-side and bridging – should be **tailored to local conditions and economic context**. A stronger demand-side focus is particularly important in the current context of low unemployment and significant skill and workforce shortages, and to ensure Australia is equipped to respond to the challenges and opportunities of the 21st century, including the shift to a clean economy and the growth in demand for health and social services, and digital skills.

89 OECD & ILO 2014, *Promoting better labour market outcomes for youth: report on youth employment and apprenticeships*, prepared for G20 Labour and Employment Ministerial Meeting, Melbourne, 10–11 September, OECD, Paris, p. 8, cited in Monson-Wilbraham et al, *NYEB Practice Guide*, 2020.

90 Monson-Wilbraham et al. [NYEB practice guide](#).

The nature of labour market interventions across the spectrum may also need to be tailored to **meet the needs of different population groups**. For example, there is an emerging literature examining effective supply, demand and bridging measures tailored to the needs of people with disability.⁹¹

Systemic labour market interventions address complex and interconnected employment barriers and opportunities concurrently through collective action among labour market stakeholders. Specific initiatives will vary in response to local conditions. Tasmania's Regional Jobs Hubs ([Case study 2](#)) and the National Youth Employment Body ([Case study 8](#)) are examples of initiatives involving systemic labour market interventions.

Supply-side and bridging interventions need to take a capabilities-based approach

There is also a need to **shift the focus of supply-side and bridging interventions** to increase their effectiveness, in line with the Capabilities Approach:

- Supply-side interventions need to shift from a 'work first' approach (which aims to produce a quick return to the labour market, irrespective of the quality or suitability of the job) to more **enabling evidence-informed approaches** which support people to access decent, meaningful and sustainable work and careers that recognise their needs and aspirations. This involves both promoting the **individual's internal capabilities** and providing **supportive external institutional and material conditions** to enable people to develop their capabilities for economic and social participation (see [Reform 3](#)).⁹²
- Bridging interventions need to move beyond simplistic information and match-making initiatives towards approaches that work more intentionally with jobseekers and employers to **shape and transform employment opportunities**, for example: creating and shaping job opportunities to accommodate both employee and employer needs, and brokering or providing bespoke job readiness support and training tailored to the needs of the jobseeker and role (see [Case study 10](#)).

91 Kavanagh A, Brown D, Dickinson H, Mallett S, Marck C, Weld-Blundell I. (2021), *Evidence review: Strategies to increase employment and economic participation for people with a cognitive disability*, The University of Melbourne; Brown, D & Mallett S 2021, *Environmental Scan Part 1: Current research and evaluation to promote economic participation of people with disability*, BSL, Melbourne; Mallett, S, Brown, D & Finnis, J 2021, *Environmental Scan Part 2: Views of experts on effective employment interventions for people with disability*, BSL, Melbourne.

92 Nussbaum, M 2011.

BSL's typology of labour market interventions

The ability of policy makers and providers to identify the most suitable policies and programs to improve labour market outcomes for jobseekers and employers in any context or circumstances has been hampered by a lack of clarity, consistency and shared language for describing the range of labour market interventions. This lack of clarity also makes it more difficult to compare and share key learnings from these interventions within and across different jurisdictions or places.

BSL has developed a typology of labour market interventions to clarify the employment, education and training policy and program interventions that can promote mutually beneficial labour market outcomes for jobseekers – particularly jobseekers experiencing disadvantage – industries and employers. The typology focuses on interventions that are 'close to' the labour market, including those within the purview of employment services. Importantly, as discussed under [Reform 2](#) and [Reform 8](#)), other policy domains can also significantly impact on labour market outcomes (e.g. housing, tax, planning, transport, industry, and care policy).

It is not possible to neatly classify all labour market interventions. Some target multiple objectives and traverse categories, and interventions are rarely used in isolation. It is more often a question of emphasis. The typology remains useful to sharpen analysis of problems and identify the most appropriate solutions.

Typology of employment interventions

	S SUPPLY	B BRIDGING	D DEMAND
Target group	Jobseekers	Jobseekers and Employers	Employers and Industry
Problem understanding	Insufficient qualifications or motivation of individual jobseekers	Insufficient information and contact between jobseekers and employers	Insufficient willingness of employers to recruit jobseeker cohorts
Objective	Jobseeker readiness: Build the capacity (skills, confidence, knowledge) of individual jobseekers to enter and move around the labour market	Link, match and support jobseekers (supply) with employers to enable them to better respond to appropriate work opportunities (demand)	Employer readiness: Incentivise or create work opportunities to meet skilled workforce needs
Examples	<ul style="list-style-type: none"> • Improved wages and conditions • Career guidance and mentoring • Skill development through education and training • Job search/ application assistance • Assistance with work requirements (e.g. uniforms, relocation, police checks) 	<ul style="list-style-type: none"> • Information initiatives e.g. job fairs (e.g. helping jobseekers identify in-demand jobs and skills, and employers understand local labour market conditions and trends) • Placement services • Brokering or providing: skills and workforce development; work experience 	<ul style="list-style-type: none"> • Quotas and anti-discrimination requirements • Wage subsidies • Inclusive work environments • Social procurement • Job creation and business development programs • Social entrepreneurship

Adapted from Bredgaard (2017)

SYSTEMIC

Systemic interventions address complex and interconnected employment barriers and opportunities concurrently through collective action among labour market stakeholders.

They can be:

- 'top-down' - initiated by government
- 'bottom-up' - initiated at local community level
- 'top-down/bottom-up' - community-led with strategic state-wide leadership

Specific initiatives will vary in response to local conditions.

Examples:

- Aligning supply and demand initiatives in place
- Integrating enabling supports (housing, transport etc) into employment pathways
- Building an evidence base for employment solutions
- Increasing local community capacity and leadership
- Facilitating collaboration between stakeholders
- Developing and/or showcasing employment innovations
- Developing local resources

Recommendations

1. Strengthen the focus on demand-side interventions, including employer activation, social procurement and job creation – to deliver ‘win-win’ employment outcomes that both provide decent, meaningful work for workers and build a skilled and adaptable workforce for employers, industry and the community
2. Tailor the mix of labour market interventions to local conditions and populations
3. Adopt systemic labour market interventions to address complex and interconnected employment barriers and opportunities concurrently through collective action among labour market stakeholders in place
4. In line with the Capabilities Approach:
 - a. Shift the focus of supply-side interventions from a ‘work first’ approach to a longer term, capabilities-based approach that enables people to access decent, meaningful and sustainable work and careers that recognise their needs and aspirations
 - b. Shift the focus of bridging interventions towards approaches that work more intentionally with jobseekers and employers to shape and transform employment opportunities to accommodate both employee and employer needs.

REFORM 6: Work with employers to shape demand-side and bridging interventions

PROBLEM TO BE SOLVED

Employers are not effectively engaged in demand-side interventions

Employers are a critical part of BSL's vision for improving outcomes for jobseekers who face barriers to employment:

- Recognising employment and economic security as a **shared social investment** means shifting employer mindsets so they see themselves as active contributors to, and investors in, positive social and economic outcomes, from which they and their communities will benefit
- Adopting the **Capabilities Approach** means both building individuals' social capital, including their connections with employers, and building employers' capability to realise their own aspirations, for example to reflect the diversity of their customers and communities
- Creating job pathways that deliver **mutual benefit** must involve co-design with employers to ensure their workforce needs are understood and addressed.

To date, however, insufficient recognition has been given to the **benefits of engaging employers** in addressing employment challenges:

- While Commonwealth employment services recognise the importance of employer engagement, it is **not prioritised** through appropriate provider and employer activation measures⁹³
- Employers have **low trust in**, and are **disconnected from**, the federal employment services system.

93 See for example, Bowman, D & Randrianarisoa, A 2018, *Missing the mark*.

READ MORE 5: Employers are frustrated with, and disconnected from, the employment services system

In 2019, it was estimated that less than 5% of employers used *jobactive*, compared with 18% in 2007.⁹⁴

BSL research into mature age jobseekers found that employers were reluctant to take on workers referred by *jobactive*:

*Employers were found to be wary of candidates referred by public employment services—especially mature age jobseekers, worrying they would be poorly matched. Industry informants said there is a risk that *jobactive* overpromises and underdelivers to both employers and jobseekers.*⁹⁵

In another BSL study examining employer engagement in the context of youth unemployment, employers reported being flooded with unscreened job applications from Workforce Australia that were not aligned with their business need. They felt that employment services were not providing job-relevant training for the industry they were directing candidates into.⁹⁶

For example, the owner of a dog grooming business expressed frustration at being sent candidates whose key qualifications were barista and Responsible Service of Alcohol training:

Screen if someone is an animal lover. Send them to do a \$35 RSPCA Pet First Aid course. Do something that's related to the industry that they're actually interested in.

REFORM PROPOSED

Activating employers and building their capability can create new employment pathways

Activating employers

Employer activation is critical for developing career pathways for jobseekers experiencing disadvantage in a way that addresses current and future workforce needs. The challenge is in enabling employers to recognise and take on this role, and building their capability to provide inclusive workplaces.

Shifting employers' role in employment of people who are disadvantaged in the labour market requires:

1. A change in paradigms motivating the development of young or disadvantaged jobseekers – from individual and social responsibility to **mutual investment for mutual benefit**.
2. Practices, policies and resources to **build employer capability** to create new employment pathways and foster inclusive workplaces and work practices
3. A **differentiated approach** for small and medium size employers
4. System design that **leverages employer insight** and integrates it with that of jobseekers, training providers, government, and community to build joined-up place-based solutions (see [Reform 4](#), [Case study 8](#), [Case study 11](#)).

94 The Hon Kelly O'Dwyer MP, *jobactive* CEO Forum, Melbourne 20 March 2019, page 3, cited in O'Neil, M et al. 2019, Evaluation of Jobs Victoria Employment Network, p.15; Department of Employment, Skills, Small and Family Business, 2020, [Evaluation of *jobactive*: Interim report](#), p. 14.

95 Bowman, D & Randrianarisoa, A 2018, *Missing the mark*.

96 Bond, S. 2023 forthcoming, *Mutual investment for mutual benefit: Activating employers to shift young people's career trajectories*, Brotherhood of St Laurence, Fitzroy, Vic.

Reframing the narrative towards mutual investment for mutual benefit

'**Mutual investment for mutual benefit**' replaces the dominant deficit narrative (i.e. that people don't want to work) with an investment frame: if you invest in people's development, they will become valuable assets to your organisation.

BSL's research into inclusive employment for young people has identified **four strategies** to shift employers' mindsets toward a mutual investment paradigm and engage them in offering career opportunities for young people, which are also likely to be applicable to other population groups:

1. **Develop a 'campaign'** to effect the shift away from deficits thinking and champion mutual investment by demonstrating young people's value and presenting them as assets to employers, highlighting the benefits for employers ([Read more 6](#)).
2. **Recruit employer champions** to champion the mutual investment paradigm, lead the 'campaign', and recruit and mentor other employers
3. **Build trusting relationships** by learning about and responding to business needs and establishing the value proposition that drives engagement. Mutual investment starts with understanding employer and jobseeker motivations and needs and identifying common goals.
4. **Offer a broad range of investment opportunities** tailored to the motivation, expertise and capacity of employers. For example:
 - the offer from an employer **motivated** by corporate social responsibility may be restricted to job tasters, work experience or potential work for one jobseeker, whereas an employer motivated by demand/workforce shortages will be eager to match the right employee to the job.
 - Employer ambition is often related to the **size of the business**: small employers may have a short-term outlook focused on employing a single jobseeker; large employers may have the motivation and capacity to engage on an ongoing basis to regularly place jobseekers.

Building employer capability

Building the capability of employers to engage and retain workers who may experience barriers to employment is essential. BSL has identified **five enablers** that build the capability of employers to invest in young people:

1. **Employer liaison roles** (individual or institutional – for example in the form of labour market intermediaries – see [Case study 10](#))
2. **Access to expertise to navigate system supports for employers** of disadvantaged jobseekers, such as government subsidies like JobAccess
3. **Matchmaking for mutual benefit**: employer liaisons seek to align employer staffing needs and roles with candidate interests and skills
4. **Pre-employment support** for both employers and employees to streamline onboarding and smooth transition into work
5. **Post-placement support** or 'after care' for both employers and employees to troubleshoot issues.

Training and resources can also assist employers to build the knowledge, skills and confidence to employ people who are disadvantaged in the labour market. For example:

- The Gold Coast NYEB Community Investment Committee has created a Youth Employer Champion Toolkit⁹⁷ that was co-designed by employers and young people working together, to help local

⁹⁷ <https://gcmemployertoolkit.com/>

employers recruit and retain young people in meaningful employment. The place-based **process of development and implementation**, as much as the finished toolkit, was critical to shifting employers' mindsets and practice, and has built committed local networks across sectors that are leading the implementation.

- BSL's *Building Bridges* training helps managers develop skills to assist employees' integration into the workplace and provides practical tools and information to help navigate cultural differences.

READ MORE 6: The benefits of inclusive employment

At BSL, our employment services are working with around 130 employers. These employers, like ANZ, Arup, Scalzo Foods and the North-East Link in Victoria, want to build pathways for young people, those with disability, people exiting the criminal justice system, and people from migrant and refugee backgrounds whose talents we underutilise.

Employers tell us some of the benefits of giving people who are disadvantaged in the labour market a chance include:

- **Workforce diversity:** Their organisations look more like and support the communities they serve.
- **Customer/client focus:** Young workers and workers from diverse cultural and linguistic backgrounds bring perspectives, energy and ability to connect with their clientele.
- **Workforce engagement:** The loyalty, commitment and productivity of these employees is a reward for investing in their development. Engagement of existing staff may also be enhanced by increased values alignment with the organisation.
- **Organisational and workforce capability:** Employing a diverse workforce can:
 - build the leadership and other skills of existing staff
 - increase the nimbleness of the organisation and its capacity to change
 - build HR capability.
- **Future-proofing the workforce:** With current shortages and an ageing workforce in sectors like social services, investing in young people and people with diverse backgrounds and experiences is a future-proofing strategy.
- **Reduced recruitment costs**
- **Increased productivity** as a result of the factors above

I find young people are really good. You train them from scratch so they don't necessarily have bad habits ... [You] hold them accountable and they do it at an efficient rate because they're young and fit ... I do find as long as you've got a good culture and really good values and rules and you sort of hold them accountable to those, they are really responsive to that.

– Car wash operator, Far North Queensland

READ MORE 7: What young people say they need in a job

These elements of what constitutes a good job, employer and workplace are drawn from the reflections of Youth Advisors and employers involved in the NYEB Community of Policy and Practice.⁹⁸

- Being welcomed and feeling like part of the team
- Being well prepared for the job – knowing who to talk to, where to go for breaks
- Being able to get to work
- Not being stereotyped, an open-minded employer
- Being valued and appreciated
- A sense of purpose, feeling like they're part of something
- Having enough hours/long enough shifts to sustain themselves
- A healthy workplace, with support for mental health and wellbeing
- Ongoing training and development
- Being listened to and having what they say taken on board

Social procurement should be scaled up nationally

Social procurement has been shown to be successful demand-side mechanisms for generating pathways into work for people who are disadvantaged. For government, social procurement presents an avenue through which to align economic, environmental and social policy agendas, effectively using existing procurement resources to achieve multiple social impacts. For large institutions in the private sector, social procurement is one pathway through which to achieve the goals set out in organisational corporate social responsibility frameworks. Most significantly, social procurement enables government to create employment opportunities for marginalised jobseeker cohorts, reducing expenditure on social services, often at no extra cost to ordinary procurement procedures.⁹⁹ Within employers, it can leave a broader legacy of corporate Diversity and HR practitioners who are skilled and committed to more inclusive, flexible approaches to sourcing untapped talent in the labour market.

⁹⁸ Drawn from discussion at the National Youth Employment Body Community of Policy & Practice (COPP), 9 November 2022.

⁹⁹ Mupanemunda, M 2019, [Social procurement: Creating employment opportunities through purchasing expenditure](#), Brotherhood of St. Laurence, Melbourne, Vic.

CASE STUDY 10: Harnessing the benefits of social procurement in the North-East Link project

BSL is working with the SPARK consortium on a large-scale social procurement project providing a workforce for the North East Link in Victoria. We are working to secure jobs for over 900 disadvantaged jobseekers (in a projected workforce of 8000) to show how a coordinated, aggregated approach to social procurement can better provide opportunities for people experiencing disadvantage in the labour market.

As part of this partnership, BSL (through its Given the Chance social enterprise) acts as an intermediary and aggregator of the supply of and demand for candidates, including candidates to be employed by supply chain contractors. We undertake bespoke, industry-specific recruitment and job matching, working with jobseekers, employment providers and employers to prepare and support jobseekers into appropriate roles. In effect, we act as an embedded not-for-profit recruitment and job placement service. This includes:

- providing advice and suggestions to employers on how to adapt, reasonably adjust, or create roles which are more suitable for jobseekers experiencing disadvantage
- identifying and aggregating candidates for roles from the caseloads of both federal and Victorian employment services providers
- referring to or providing the skills training and information needed by candidates
- collaborating with specialist community services to create referral and support pathways for candidates and employers that meet the unique needs of different cohorts: for example, in terms of workplace modification, induction and support requirements.

To date, social procurement approaches have been implemented unevenly across the nation making it complex for employers. Mapping of existing social procurement approaches would assist in driving consistency and increasing ambition and scale, and ultimately support greater participation by employers. This could build on the work on jurisdictions such as Victoria where social procurement policy and practice is more advanced.¹⁰⁰

To scale up social procurement at a national level, we also need:

- **Ambitious government targets** for employment of priority jobseekers (with a clear purpose/definition of priority groups) supported by incentives and/or obligations for employers (for example through government procurement criteria)
- Strong networks between employers and **intermediary organisations/social benefit suppliers** (like BSL's *Given the Chance* social enterprise) who can support industry-specific recruitment and job matching models and aggregate labour supply and demand when required
- **Capacity building for the social enterprise sector** to ensure these businesses are ready and able to fulfil procurement demand, and for **public and private sector procurement staff** to shift organisational cultures beyond economic value
- **Ongoing investment in preparation of candidates** through person-centred employment programs like those offered by Jobs Victoria – in the first 8 months of recruitment for the North-East Link project, 88 participants were referred from Jobs Victoria Mentors Program compared with only 19 referrals from Workforce Australia providers
- **Support to navigate complex social procurement tenders**, especially for small to medium enterprises

¹⁰⁰ See [Social procurement – Victorian Government approach](#) and complementary policies like the [Building Equality Policy](#)

- **Data linkages and transparency** – for example labour market intermediaries would benefit from access to the skills profiles of employment services participants.

To date, social procurement has been focused on large scale infrastructure projects, but there is an opportunity to **explore its potential to expand beyond construction to other industries and beyond large corporations to small and medium enterprises.**

Recommendations

1. Use demand-side measures to activate employers and industries to create employment opportunities that provide decent work and inclusive work environments for jobseekers, and meet industry and employer needs for a skilled workforce
2. Enable employers to recognise and take up their role in creating work and career opportunities for people who are disadvantaged in the labour market by:
 - a. Shifting the paradigm motivating employers from individual and social responsibility to mutual investment for mutual benefit
 - b. Building employer capability to foster inclusive workplaces and work practices, and to engage and retain workers who experience barriers to employment
 - c. Offering a range of investment opportunities tailored to the motivation, expertise and capacity of employers, especially small to medium businesses
 - d. Actively involving employers as partners in the co-production of employer-oriented solutions in place
3. Scale up social procurement at a national level by:
 - a. Setting ambitious government targets for employment of priority jobseekers supported by incentives and/or obligations for employers
 - b. Resourcing intermediary organisations to support industry-specific recruitment and job matching models and aggregate labour supply and demand when required
 - c. Capacity-building for the social enterprise sector to ensure these businesses are ready and able to fulfil procurement demand, and for the private and public sectors to enable them to shift organisational culture
 - d. Ongoing investment in preparation of candidates through person-centred employment programs like those offered by Jobs Victoria
 - e. Strengthening data linkages and transparency to better enable labour market intermediaries to appropriately match jobseekers and jobs
 - f. Exploring the potential to expand social procurement beyond construction to other industries, and beyond large corporations to small and medium enterprises, working with the Council of Small Business Organisations Australia and industry associations.

REFORM 7: Shift to a learner-centred training system that addresses industry and employer needs

PROBLEM TO BE SOLVED

The skills and training system is failing learners, employers and industry, with implications for Australia's productivity

BSL has significant concerns about the state of Australia's skills system. It is not delivering effective outcomes for learners, employers or industry and is in urgent need of an overhaul. While there has been substantial policy emphasis on addressing the financial barriers to accessing training (for example, investment in free TAFE), learner retention and conversion of training into sustainable job outcomes remain core challenges.

In terms of the return on public and private investment in training, Australia is falling behind other OECD and advanced economies:

- **Completion rates remain low:** Less than 50% of learners in vocational education and training (VET) complete their training and only just over half of learners undertaking apprenticeships and traineeships complete their training.
- **Labour market outcomes from training are weak and inconsistent:** For 40% of learners who complete training, it does not help them get a job or improve their job conditions. Less than half of young people who were unemployed before training have a job after training. Only a quarter of people who complete a qualification are employed in the same occupation as their qualification.
- **Women and Australians of migrant background are excluded from employment-based training:** Only a quarter of people commencing apprenticeships and traineeships are women and less than 10% are from language backgrounds other than English.

This presents a **major challenge for Australia's ability to address current skills shortages and build the future workforce** for new and growing industries – such as clean energy, health and social services – and the skilled workforce that can **adapt to the climate and digital transitions**. These challenges are particularly acute in some regions. In the context of a precarious labour market, we also need a skills and training system that can provide **life-long learning opportunities** as people transition in and out of jobs and careers. Without an **equity lens on skills and training**, there is a risk that people who are disadvantaged in the labour market will be left behind, at a cost to individuals, communities and the broader economy.

BSL's systems change work with leaders and stakeholders across the skills and training system suggests that the main drivers of poor skills and training outcomes relate to:

- **Training content:** Training products are misaligned with labour market needs and with the ways jobseekers move in and out of the training system as they build experience and careers. As a result, more investment and participation in education and training are not leading to labour market security for learners and jobseekers. In particular:
 - entry-level qualifications are too narrow and task-specific to meet the needs of employers
 - centralised training product development limits responsiveness to the needs of local labour markets
- **Modes of training:** Employment-based training has better completion and conversion rates than other VET and can provide substantial financial benefits to students, employers and the wider community. However, models of employment-based training remain largely limited to apprenticeships and traineeships and are only taken up by small numbers of jobseekers in a limited number of occupations.

- **Inflexible training pathways:** Training pathways assume linear movement from training to work within narrow occupational streams and are not aligned to how jobseekers, particularly at the beginning of their careers, move in and out of training as they build experience and skills.
- **Support for learners:** Substantial training subsidies have not been complemented by sufficient investment in support for learners to stay in and complete their training, particularly those previously underrepresented in training (such as early school leavers, learners with a disability, learners with low literacy and numeracy). VET completion rates of training have stagnated and remain well below comparative international rates.
- **System fragmentation:** Careers education, adult community education, tertiary education and employment service systems are not lined up in ways that support smooth transitions for jobseekers and learners. Policy efforts aimed at strengthening transferable and foundation skills are fragmented, so training graduates aren't job ready.
- **Inclusiveness:** There is an absence of policy focus on the (in)equity of the VET system.

REFORM PROPOSED

The skills and training system can play a key role in strengthening alignment between workforce supply and demand

The skills and training system has an important role to play in aligning workforce supply and demand so employers have access to skilled workers and jobseekers can access decent and sustainable work. To meet both learner and employer needs, we need a **learner-centred training system** that uses a **range of training approaches** adapted to jobseekers' stage of career development and employers' workforce development needs in community.

BSL has worked closely with system, industry, training provider and community leaders through the NYEB Skills & Training Strategy Group to generate a set of policy directions to strengthen Australia's skills and training system. These include:

- a fit-for-purpose **initial VET offer** for learners at the beginning of their employment lives/careers that provides a broad introduction to core skills and knowledge within an industry and is not conflated with occupation-specific upskilling or the continuing VET offer for existing workers
- a **joined-up policy effort** that aligns employment, training and education efforts, enables delivery of fit-for-purpose interventions **in place** (in line with best practice outlined under [Reform 4](#)), and is **adapted to those starting careers, building careers and switching careers**
- a renewed and **intersectional focus on equity** in the skills system to ensure it is inclusive and safe for all learners. This should include tracking and reporting on the access, completion and outcomes of marginalised groups (e.g. First Nations learners, learners with disabilities, rural/remote learners, early school leavers, older aged learners with low educational attainment) and enabling evidence-informed, wrap-around support for learners at points of need
- institutional and systemic **accountability for training outcomes** and the employability of training graduates, through public reporting of institutional completion and employment rates
- **expanding employment-based** and employer-led training opportunities as part of meaningful workforce solutions
- future-proofing and increasing the agility and flexibility of the training system through **longer term strategic planning**.

To put these policy directions into action, BSL recommends:

- the next National Agreement on Skills and Workforce Development include:
 - an agreement to **develop and pilot an initial VET offer in each jurisdiction** in an appropriate subset of high-demand industries
 - re-establishment of **national and subnational equity targets** for participation, completion and conversion.
- ongoing qualifications reform and innovation of training packages and products to include:
 - **ongoing evaluation** of skills reforms to ensure they are having the intended impact
 - **transparency on completions and non-completions**, through data publication across all training providers within the interoperable tertiary system.
- building capability and collaboration for expanding employment-based and employer-led training by:
 - investing in **local governance mechanisms** that enable sustained partnerships between industry, employers and training providers (see [Case study 11](#))
 - ensuring **employer capability and readiness** to play a role in both workplace-based training (as skilled workplace mentors) and institutional training (as trainers) by introducing readiness criteria for employers accessing subsidies to employ people from marginalised or priority groups, and – where employers are not yet ready – investing in the design and delivery of workplace training capability short courses and microcredentials to support them to train and employ these workers
 - re-introducing a **workforce training specialist scheme** that deploys industry-specific training experts to work directly with small to medium enterprises to support ongoing training and development of staff after they have completed training and transitioned to employment.
- building capability in the training and higher education sectors for innovative training design and delivery that reflect cross-cutting needs in priority industries, including:
 - workforce needs associated with enabling clean energy and circular economy transitions
 - digital capability across all occupations, and
 - the changing needs of place-based labour market ecosystems adapting to short-term demand peaks associated with infrastructure builds that will taper off in the medium term.

CASE STUDY 11: Local partnerships building pathways to sustainable agricultural careers in South-West Victoria through *AgFutures*

Structural barriers identified by the Community Investment Committee

Throughout 2021, members of the Warrnambool–Moyne Community Investment Committee (CIC) (part of the NYEB) emphasised the skills shortages facing local agricultural employers. Members consulted with young people to identify why agricultural careers were unappealing or not being taken up. Young people reported uncertainty about what long-term careers in the sector look like and a lack of training pathways that include workplace-based opportunities.

Cross-sectoral co-design of employment-based training

Seeking to line up abundant employment opportunities with better entry-level training pathways, agricultural employer representatives from the CIC worked in partnership with Dairy Australia, Skills Impact and South West TAFE over six months to co-design a two-year employment-based pathway that would enable young people to upskill in core entry-level agricultural skills while gaining valuable experience on local farms.

A place-based partnership innovating employment-based training and building agricultural careers for unemployed young people

Cross-sectoral co-design produced a new ‘Foundational Capability Pathway’ model that:

- engages employers and young people in the design of training and a model of delivery that meets local needs
- enables young people to gain initial accredited training across a breadth of agricultural skill domains, keeping the door open to a range of on-farm, agribusiness and food production career pathways
- includes wrap-around support for young people and employers to enable completion and success
- offers a new form of paid, employment-based training that sets young people up for ongoing training and/or apprenticeships/traineeships.

A funding application to the Victorian Government was awarded more than \$1 million in July 2022 and the *AgFutures* project began in August 2022. It will enable more than 50 young people and 40 employers to participate in the co-design of a fit-for-purpose employment-based pathway to sustainable agricultural careers.

The Foundational Capability Pathway model is under consideration in several other regions across Australia for adaptation to other high-demand sectors, including care, hospitality and manufacturing.

Recommendations

1. Align employment, education and training policy to enable design and delivery of employment pathways that are tailored to local conditions and adapted to those starting careers, building careers and switching careers
2. Pilot an initial VET offer that provides a broad introduction to a breadth of core skills and knowledge within an industry in a subset of high demand industries in each jurisdiction
3. Re-establish national and subnational equity targets for participation, completion and conversion
4. Increase transparency on completions and non-completions by publishing data across training providers
5. Expand employment-based and employer-led training opportunities by:

- a. Investing in local governance mechanisms that enable sustained partnerships between industry, employers and training providers
 - b. Ensuring employer capability to employ jobseekers who are marginalised by introducing readiness criteria to access subsidies and training for employers who are not yet ready
 - c. Re-introducing a workforce training specialist scheme
6. Future-proof and increase the agility and flexibility of the training system through longer term strategic planning.

REFORM 8: Integrate social infrastructure into employment pathways

PROBLEM TO BE SOLVED

Employment services are disconnected from the social infrastructure needed to enable employment

Applying a Capabilities Approach to employment means attending to **both the individual and structural factors that create barriers to employment** for people who are disadvantaged in the labour market. In addition to the disconnection between the employment, education and training systems (see [Reform 7](#)), structural barriers commonly faced by jobseekers include a lack of ‘social infrastructure’ necessary to enable access to employment. BSL’s *Inclusive work and economic security framework* gives examples of the types of social infrastructure necessary to facilitate employment and economic security:

- flexible care policies and services
- accessible transport and civic services
- affordable housing
- equitable health services.¹⁰¹

As highlighted under [Principle 2](#), building people’s capabilities for economic and social participation necessarily involves collaborative work across sectors. However, ‘**siloed**’ **policy development** across different portfolios such as employment, education and social services – and across all levels of government – has created a disconnected employment ‘system’ which is not able to understand and respond to specific experiences in place or the interconnected factors that grow or hinder people’s economic and social inclusion in place.¹⁰²

Further, **employment program design and commissioning** at the Commonwealth level has not equipped employment services with – nor encouraged them to build – the capability, networks and partnerships needed to address barriers to employment ‘located’ in other sectors/systems.

*[E]mployment is not only about employment, and ... the issue of youth unemployment cannot be reduced to, or solved by, easily identifiable single factors, individuals, sectors, or government portfolios. Sustainable and meaningful employment is about the health of the entire system, and how its different parts interconnect to support a young person’s access to opportunities.*¹⁰³

101 Bowman, D & van Kooy, J 2016, *Inclusive work and economic security: a framework*, Brotherhood of St. Laurence, Fitzroy, Vic. From a capabilities perspective, social infrastructure might be considered a ‘conversion factor’ that enables a jobseeker to convert a ‘resource’ such as a skill or qualification into capability to take up employment.

102 Monson-Wilbraham, L et al. *NYEB practice guide*, p. 5.

103 Monson-Wilbraham, L et al. *NYEB practice guide*, p. 56.

CASE STUDY 12: Experiencing the disconnection between employment services and social infrastructure

BSL's research into the experiences of low-income single mothers highlights the multiple barriers they face when trying to make ends meet, limiting their choices and opportunities.¹⁰⁴ For example:

Ella's story: Lack of flexible child care

They expect you to pick up your child before 6. I don't have anyone else on this side of town who could come and pick her up. Her dad's not really in the picture – it's even a struggle – morning drop-off and pick-up is difficult. Timing is a big thing, being a sole parent of a child. Yes, there is childcare out there, but the hours don't work.

– Ella, 20-something mother of a seven-year-old, who had escaped a violent partner

Judith's story: Lack of affordable housing

This is the only place I could get a rental at the time and I hate it here. I really don't feel safe here. I don't want my kids growing up around here. My kids go to school [in nearby town]. Everything's there. So I drive there two, three times a day, like it's just – yeah, it's costly and hard. It's stressful and it's wearing me out.

– Judith, a mother of three children aged 2, 7 and 15

REFORM PROPOSED

Employment, training and social services should be aligned in place

Addressing the structural barriers to employment requires attention at **systems, program and practice levels**.

While local communities are best placed to understand the systemic barriers to employment for disadvantaged jobseekers on the ground, they cannot on their own address the structural and institutional issues that influence employment.

At a systems level, collaborative, **place-based approaches** offer an opportunity to connect employment, training and social services policy and programs (horizontally) at the local, state and national levels, and to connect local level expertise (vertically) with state and federal government policy and services. Consistent with a mission-oriented approach, these approaches can leverage the contributions of a broad range of sectors and stakeholders towards a collective outcome. A **top-down/bottom-up governance model** (see [Reform 4](#)) ensures local experience can inform government policy.

At a program and practice level, employment services must be **commissioned** in a way that enables and encourages providers to build capability, networks and partnerships to address barriers to employment 'outside' the employment sector.

104 Bowman, D & Wickramasinghe, S 2020, *Trampolines not traps*.

CASE STUDY 13: Enabling employment through investment in public transport in Shoalhaven¹⁰⁵

In the Shoalhaven Community Investment Committee's (CIC's) early conversations with local stakeholders, transport was consistently identified as a major barrier to young people entering and retaining work, or gaining skills and training opportunities, especially for those in satellite towns.

The Shoalhaven region had very limited public transport options, and it was difficult for young people experiencing disadvantage to access finance, or the time of parents or others for driving lessons needed to gain their licence.

I went on a doorknock one day and spoke to 80 people, and I think it was like 55 or 60% of people said that transport was their biggest issue in the Shoalhaven ... I harp on about transport, but it's a big thing. Like [CIC member] said yesterday, it cost us \$7,000 from start to finish for someone to get their licence.¹⁰⁶

The onus is on the young person to access the [employment] service ... logistically just getting there, in our region, that could be quite problematic ... If they're relying on public transport, an appointment's been made and they've got to make that appointment, they may not be able to get there because of public transport.¹⁰⁷

The Shoalhaven CIC was able to escalate the issue through the NYEB Cross-Government Community of Interest, highlighting the impact and effectiveness of national investments and programs at a local level.

Expanding their thinking beyond short-term solutions (such as helping individuals get their drivers licence), the Shoalhaven CIC engaged in sustained lobbying that resulted in 120 extra bus services and alignment of the bus timetable with the train timetable. This has significantly improved access to places of employment and training for young people. Through the NYEB, the lessons from Shoalhaven have been shared nationally, informing co-design of employment solutions in other regions.

105 Case study adapted and updated from the NYEB practice guide.

106 Monson-Wilbraham, L et al., NYEB practice guide, p. 29

107 Monson-Wilbraham, L et al., NYEB practice guide, p. 36

CASE STUDY 14: Empowering women and connecting them to local supports in Seymour through the SEED Project

Funded by ANZ, SEED (Sustaining Empowerment and Economic Dignity for women) is designed to respond to local conditions and increase collective capability to tackle barriers to women's economic security and financial wellbeing, promoting positive change from a local to national level. SEED currently operates in Seymour, Victoria.

Women in Seymour have limited local employment opportunities – even though there are jobs available – due to factors including excessive wait lists for local childcare, insufficiently flexible work and childcare options, limited public transport, poor quality employment services, limited support services based in town, limited outreach services, family violence and insecure housing. Of the women who participate in the Empowerment Pathways Program (used in SEED), 84% face significant and multiple barriers to economic and social inclusion such as having limited English, chronic health issues, disability, experiencing family violence, being a single parent and living out of town.

Key elements of the model

- **Place-based:** The model is designed to respond to local conditions and increase collective capability to tackle barriers to women's economic security and financial wellbeing and create positive change.
- **Underpinned by the Capabilities Approach and the concept of economic dignity,** the SEED model works at multiple levels – individual, community and systems – to foster individual and collective financial capability to increase real opportunities for women.
- **Adopting an intersectional gender lens,** the model recognises that employment is a means to women's economic security and financial wellbeing, not an end in itself. It seeks to address the intersecting barriers that undermine women's financial wellbeing such as lack of childcare and transport; punitive rather than enabling employment services; lack of access to relevant training and education; shortage of quality housing; lack of family violence support and adequate social security.

Research-informed and based on evidenced practice approaches.

Since early 2020, the SEED Project has developed and piloted a new approach, based on the concepts of economic dignity and empowerment. It centres on a Women's Financial Wellbeing Hub and provides:

- a 6-week Empowerment Pathways Program
- mentoring, leadership opportunities, wrap-around personal and economic support, and referrals to other relevant services
- a Community Investment Committee (CIC) to tackle locally identified barriers such as a lack of childcare or insufficient flexible work opportunities
- ongoing research and policy analysis relating to women's economic security and financial wellbeing
- rigorous monitoring and evaluation frameworks to enable tracking of multidimensional needs and outcomes at an individual and local level
- development of a National Community of Policy and Practice to unite local CICs (service providers and stakeholders) in a collaborative effort to support effective practice and campaigning for change.

Susan's story*

SEED program staff are currently working with Susan who is experiencing family violence and has identified two goals: first, to get a divorce and move away from her husband and, second, to find employment. Based on a discussion with Susan about her needs and circumstances, staff are supporting her through an Empowerment Pathway Program to build her confidence, and Financial Wellbeing Workshops to give her

tools that will assist when she has control of her money again, as well as providing referrals to a firm for legal advice and The Orange Door for family violence support. Staff will continue to meet with Susan as needed and will help her to look for suitable employment once other supports are in place.

*Name has been changed.

Recommendations

1. Address the structural factors that create barriers to employment for people who are disadvantaged in the labour market, including the lack of 'social infrastructure' necessary to enable access to employment, such as care, transport, housing and health services, through:
 - a. connecting employment, training and social services policy and programs (horizontally) at the local, state and national levels, and connecting local level expertise (vertically) with state and federal government policy and services
 - b. commissioning employment services in a way that enables and encourages providers to build capability, networks and partnerships to address barriers to employment 'outside' the employment sector.

REFORM 9: Adopt a collaborative commissioning model with active stewardship by government

PROBLEM TO BE SOLVED

Current commissioning and contract management processes are flawed

Current commissioning and contract management processes for employment services have two key flaws:

- Services are commissioned through **competitive** tendering, which compromises jobseeker outcomes by worsening system fragmentation, disincentivising providers from working together to innovate, and disadvantaging smaller providers who are more likely to be embedded in their communities and able to harness local resources for jobseekers' benefit.
- Contract management is **compliance-driven**. They prioritise top-down accountability at the expense of responsiveness. They involve prescriptive contract management and rigid, output-driven reporting requirements. Workforce crap. This can be efficient where services purchased are transactional, but may be less effective where outcomes depend on relationships, local networks and deep expertise.

REFORM PROPOSED

Commissioning of employment services should foster collaboration, diversity, social capital and workforce capability

Collaborative governance and policy-making can be supported by moving away from competitive tendering and compliance-driven contract management, towards collaboration with non-government networks and more flexible, though still contestable, funding arrangements in which accountability is based on trust. Smarter 'fit-for-purpose' commissioning creates incentives for providers to work together towards a mutual goal, share best practice and learnings, and foster networks within the wider community to leverage opportunities, rather than compelling them to compete for scarce resources.¹⁰⁸

From the perspective of collaborative governance, the locus of public policy formation is not so much what the government can and should do, but what kinds of collaborative efforts need to be in place to resolve the problem and how these efforts can be effectively fostered.¹⁰⁹

Collaboration

Collaborative commissioning creates value for governments by enlisting the knowledge, experience and expertise of the community services sector. Its advantages include:

- **improved outcomes for individuals:** Providers are united by a common interest in improving the wellbeing of people who use their services, especially the most vulnerable, not working against one another in the pursuit of market share
- **increased cost-effectiveness** through the sharing of expertise, networks and in some cases even built facilities, all of which reduce duplication and multiply the social value produced for every dollar spent.

108 BSL 2016, [Human Services: Identifying Sectors for Reform, A Response to the Productivity Commission Issues Paper](#), BSL, Fitzroy.

109 Lam, W 2015, ['In collaborative governance, policy matters to everyone and everyone matters in policy'](#), South China Morning Post, 6 September, p. 2.

- **greater innovation** in service delivery by creating opportunities to share ideas and experiment with new approaches.¹¹⁰

The benefits of a more collaborative approach to commissioning have already been demonstrated through Transition to Work.

Diversity

A diversity of providers is necessary to deliver choice and responsiveness to jobseekers and employers. But smaller organisations, especially those embedded in local communities, are disadvantaged by the increasing preference of government for contracting to fewer, larger agencies. For example, analysis by the National Employment Services Association (NESA) indicates that the recent recommissioning of Transition to Work (TtW) providers resulted in a 30% increase in the number of regions with only one provider.¹¹¹

Yet it is this embeddedness –the strength and duration of their relationships, the richness and reach of their networks— that enables these providers to understand the needs of the community they serve and harness local effort to find solutions.¹¹²

Social capital

Substantial social capital is invested in human relationships and networks between community-based providers, the people who use their services and the local community. Commissioning processes that disrupt these relationships – displacing community networks in the name of market efficiency – jeopardise this store of social capital at significant social and economic cost to jobseekers, employers, governments and the community.

For example, NESA’s analysis indicates that the recent recommissioning of TtW providers resulted in a change of provider in 80% of employment regions, with 71% of regions having a complete turnover of providers. 51% of previously contracted providers (who collectively held 34% of all previous TtW contracts) did not secure a contract in the recent tender process.¹¹³

Workforce capability

The quality and capability of the employment services workforce is critical to achieving meaningful and sustainable employment outcomes, particularly when working with people experiencing disadvantage and with priority cohorts (such as young people, newly arrived and culturally and linguistically diverse groups, Aboriginal and Torres Strait Islander people and service-connected groups). It is also critical to ensuring the wellbeing and dignity of these cohorts.

A quality workforce is one that understands and can respond to:

- the structural and personal challenges faced by a particular life stage or cohort
- the risks and opportunities for that cohort in the labour market and the nature of employment pathway support required
- knowledge of the system of services required to assist people to address non-vocational challenges (e.g. education, health, housing and settlement services).

110 BSL 2017 *Reforms to human services: Response to the Productivity Commission*; BSL 2016, *Human Services: Identifying Sectors for Reform, A Response to the Productivity Commission Issues Paper*.

111 NESA 2022, ‘Transforming the youth employment landscape’, Presentation to NYEB, 24 May.

112 See for example Arashiro, Z & Pagan, A 2018, *Too valuable to lose: assessing the value of small community service organisations*, BSL, Fitzroy, Vic.

113 NESA 2022, ‘Transforming the youth employment landscape’, Presentation to NYEB, 24 May; NESA correspondence, 24 March 2022.

However, employment services commissioning lacks a requirement for qualified staff, and funding levels inhibit recruitment of skilled and highly qualified staff capable of providing the supports people need. While caseloads have been capped at 80 people per consultant, this is still too high to provide quality support to people experiencing barriers to work.

Research by Considine et al. indicates that the employment services workforce has been progressively de-professionalised and de-skilled. They conclude that outcomes-based contracting ‘promotes staffing models characterised by large caseloads and low-skilled, low-paid staff’ and that, over time, frontline work has become ‘more standardised and routine, with less and less emphasis on the discretionary tailoring of services and tools to enact customised plans’. They note that ‘this runs contrary to the goal of substantively personalised employment support, which depends on case managers’ professional expertise and capability of working with clients in a holistic way’.¹¹⁴

Government needs to take on a more expansive role as system steward

A collaborative approach to commissioning requires government to take on a more expansive role as **system steward**, as outlined in [Principle 1](#) and [Reform 1](#). This role would encompass:

- actively promoting **innovation** and the **dissemination of evidence-informed best practice** within job services sector/markets, by commissioning experimental pilots and promoting communities of practice
- providing citizens with clear, accessible and up-to-date **information** about the quality and performance of providers to enable them to exercise informed choice
- providing **linkage and referral services** to support decision-making
- actively **monitoring** markets to ensure that there are sufficient providers to deliver benefits for jobseekers, and incentives to improve quality and responsiveness, for example guarding against monopolies or monopsonies;
- acting to **supplement ‘thin’ markets** either by commissioning specialist services or offering seed funding to encourage new market entrants, especially innovative social enterprises.¹¹⁵

This enhanced role will require the government to **invest in public service infrastructure and capability**.

As noted under [Reform 1](#), consideration could be given to reintroduction of a **public provider** to facilitate standard-setting and benchmarking.

All aspects of employment services commissioning should serve policy goals

Governments should **commission for purpose**, ensuring program design, provider selection, quality and innovation, accountability mechanisms, and implementation all serve policy goals.

Program design

Government should aim to set up a **collaboration-focused employment services market**, which:

- encourages and supports a **diversity of providers**
- creates incentives for providers to **collaborate and foster networks** with employers, local industry and the wider community
- creates opportunities for **participants to co-design effective employment solutions**, including investing in peer-led networks to facilitate co-production

114 Considine, M, O’Sullivan, S, Nguyen, P, McGann, M & Lewis, JM 2020, [Proposed Licensing System for the New Employment Services Model – response to discussion paper](#). The Policy Lab, The University of Melbourne, pp. 11, 13.

115 BSL 2016, *Human Services: Identifying Sectors for Reform, A Response to the Productivity Commission Issues Paper*.

- recognises the significant **investment of time and other resources** required for effective collaboration, including through **funding Enabling Organisations** to build the capacity of local community providers, as demonstrated by the National Youth Employment Body

Provider selection

Commissioning should specify the necessary capabilities and expertise of providers, including that they:

- are committed to the **Capabilities Approach**
- are committed to **collaboration** and embedded in their community, with a demonstrated ability to **leverage local community effort**, for example through **partnerships** with:
 - local employers and industry
 - local education and training providers, including TAFEs and schools
 - support services funded by local, state and federal governments (including statutory services, as well as health and mental health, homelessness, alcohol and other drug, family violence, youth justice and other community services) to ensure that they can effectively integrate supports for people with complex non-vocational barriers
- staffed by a **workforce** that reflects the diversity of program participants, and has the capability to respond to the needs and experiences of the relevant cohort(s), including staff with lived experience and/or peer mentors
- are committed to, and have demonstrated processes for, amplifying the **voices and agency of service participants**
- drive effective performance through analysing **data and evidence**.

Quality and innovation

Governments should seek and commission for demonstrated quality and innovation by:

- specifying the **core evidence-informed service elements and practice**
- establishing mechanisms (e.g. flexible funds) that **enable adaptation** of the service model to local conditions and population characteristics
- funding development of a **high-quality workforce** through:
 - dedicated funding for professional development in the program budget
 - competitive salaries and manageable caseloads for frontline staff
- funding embedding mechanisms for **purposeful collaboration and shared learning** between providers, such as Communities of Practice, to ensure fidelity to best practice and continuous improvement

Accountability

Commissioning should support effective service delivery and continuous improvement through appropriate performance monitoring systems oriented around accountability, service improvement and frontline productivity. This means:

- establishing **results or impact-based accountability mechanisms** or performance indicators (rather than output- or compliance-based measures) that enable collaboration, adaptation and innovation to deliver on shared objectives
- identifying and measuring performance based on **short, medium and long-term results**

- ensuring data collection mechanisms are **not administratively burdensome**, diverting time and resources from front-line assistance to the detriment of staff productivity and participant outcomes.¹¹⁶

Implementation

Performance indicators, caseloads and unit pricing must all take account of:

- the time and processes required to achieve employment outcomes for jobseekers who are deeply socially excluded – as noted under [Reform 3](#), some jobseekers may require support of greater intensity, duration or scope
- the nature of local labour markets and related social and economic infrastructure (e.g. transport), which may also influence the scope, duration or intensity of support required, both for jobseekers and employers/industry

These factors should be reflected through **reduced caseloads** and **adjusted unit pricing**.

Prices could be established for a series of **core offers** based on employment objective (e.g. pre-employment, employment, training) with **pricing adjusted for cohort-specific and complex needs** (see [Reform 3](#)).

As noted above, unit pricing also needs to reflect the cost of **providing quality support** to jobseekers (and employers), such as competitive salaries for frontline staff and professional development.

Government should encourage providers to employ staff **with relevant qualifications**. However, it will be important to design for thick and thin markets, recognising the scarcity of potential staff in regional areas, for example, by setting timelines for on-the-job upskilling of staff

Recommendations

1. Reshape commissioning of employment services to set up a more collaborative, diverse, networked and capable employment services system.
2. Invest in public service infrastructure and capability to support government's expanded role as system steward.
3. Commission for purpose, ensuring program design, provide selection, systems for promoting quality and innovation, accountability mechanisms, and implementation all serve policy goals.
4. Specify the necessary capabilities and expertise of providers, including demonstrate embedded knowledge of and access to relevant opportunities, resources, networks and services in their communities
5. Commission for demonstrated quality and innovation, including by funding development of a high-quality workforce and embedding mechanisms for collaboration and information-sharing.
6. Support effective service delivery and continuous improvement through appropriate performance monitoring systems oriented around accountability, service improvement and frontline productivity.
7. Ensure performance indicators, caseloads and unit pricing all reflect the time and processes required to achieve employment outcomes for jobseekers with more complex needs, as well as local labour market conditions and social and economic infrastructure.
8. Ensure unit pricing reflects the cost of providing quality support to jobseekers and employers, including competitive frontline salaries and professional development.

¹¹⁶ Research suggests that frontline staff spend between a quarter and a third of their total time each week on compliance and administration activities. This heavy compliance burden reduces the time that they can spend working one-on-one with clients: Considine, M et al 2020, Proposed licensing system, p. 13.