



Brotherhood
of St Laurence

Working for an Australia free of poverty

Submission to the Inquiry into Workforce Australia Employment Services

Brotherhood of St. Laurence

March 2023

Brotherhood of St. Laurence
67 Brunswick Street
Fitzroy Vic. 3065

ABN 24 603 467 024
ARBN 100 042 822

Ph. (03) 9483 1183

www.bsl.org.au

For further information or to discuss this submission, please contact:

Professor Shelley Mallett
Director, Social Policy and Research Centre, Brotherhood of St. Laurence, and
Professorial Fellow in Social Policy, University of Melbourne
Email: SMallett@bsl.org.au
Phone: 0438 022 985

Contents

Executive summary.....	4
Introduction.....	13
SECTION 1: Policy objectives that underpin employment services	15
SECTION 2: The best operating structure for employment services	17
SECTION 3: Integration and support for local responses.....	26
SECTION 4: Identifying and responding to the needs of jobseekers	41
SECTION 5: Enabling choice in the types of assistance.....	49
SECTION 6: Helping jobseekers into secure jobs	53
SECTION 7: Meeting employers’ needs	65
SECTION 8: Mutual obligations and activation	69
SECTION 9: Compliance and enforcement	73
SECTION 10: Oversight, quality and assurance.....	74
SECTION 11: Research, evaluation and adaption	76

Executive summary

Quality and secure employment advances the economic security and wellbeing of individuals and their families, contributes productivity and builds capability within communities and local labour markets through economic participation.

Unfortunately, rather than lifting up people who are marginalised in the labour market, Australia's employment and training system traps too many people in poverty and disadvantage. The primary focus of employment services has become regulation of jobseekers' compliance with often punitive conditions linked to social security payments and decreasing their reliance on income support, without a view to their long-term economic security and wellbeing. Employment services are not supporting jobseekers to navigate changing labour market conditions and build the capability and confidence they need to achieve long-term economic security, nor are they working effectively with employers and industry who are facing workforce shortages and are keen to help build employment pathways for workers. Evidence shows that the system is particularly ineffective for jobseekers who face more complex barriers to work.

Together with the Employment White Paper, the establishment of Jobs & Skills Australia, and the work of the Economic Inclusion Advisory Committee and the Women's Economic Equality Taskforce, the Select Committee Inquiry into Workforce Australia Employment Services presents a landmark 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 for individuals, families, businesses and the broader community.

BSL's vision is for an employment system that is designed for a 21st century labour market and builds effective and empowering pathways to quality work and careers for jobseekers, especially those who are most disadvantaged. This submission sets out the key reforms BSL considers necessary to drive a transformative shift in Australia's employment system towards a more **collaborative, people-centred, place-based and industry-focused** approach, as part of a broader plan to prevent and alleviate poverty and intergenerational disadvantage in Australia.

Employment services are not meeting the needs of jobseekers, employers, industry or community

Over time, a consistent objective of Australia's employment services has been to improve labour market outcomes for people experiencing disadvantage, but the system simply doesn't deliver, particularly for those at greatest risk.

The purpose of the employment services system has become distorted by its role in regulating jobseekers' compliance with conditions linked to social security payments, and a competitive procurement process where providers bid to deliver services at low cost. This competitive, compliance-driven approach has led to a standardised, low-cost service with decreasing flexibility to tailor services to people's needs or to local labour markets.

The employment system is delivering poor outcomes for both jobseekers and employers. Success measures incentivise short-term outcomes over job quality and career development, and jobseekers are not equipped to navigate a changing labour market which requires new skills and potentially rapid pivots in response to global climate, health, security and financial issues.

Nor does the system work effectively with employers and industry who want to help build pathways to employment while securing a capable workforce. Most industries are facing significant workforce shortages, particularly in regional areas, yet only a very small percentage of employers engage with government funded employment services.

Arms-length competitive procurement means services have become disconnected from local communities and vary in quality. Together with the proliferation of programs funded by different parts or levels of government, this has created a fragmented, complicated mess of overlapping services in some communities, while in others it has resulted in thin markets and undersupply.

There are no incentives for place-based leadership and collaboration among stakeholders on the ground to harness social capital and co-design employment and training solutions that meet the needs of local jobseekers, employers and industry.

Further, employment services are disconnected from education and training, and from health, social services and other forms of 'social infrastructure' such as housing and transport, all of which have a pivotal role to play in enabling a joined-up service response to the needs of jobseekers with complex barriers to work. On the other hand, the employment system is too tightly enmeshed with the social security system, creating disincentives to work and trapping people in poverty.

Fundamental system redesign is needed

BSL believes that the scale and complexity of the challenges facing Australia's employment and training system call for 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 a transformative shift towards a **collaborative, people-centred, place-based and industry-focused** employment and training system. Within this system, government(s) would play a more active role in co-producing employment services with community partners.

In BSL's view, **four key reform elements** are required to facilitate the transformation of Australia's employment and training system:

1. Investment in people's capability
2. Increased engagement of employers and industry.
3. A more active role for government in co-producing employment services
4. Investment in place-based approaches that leverage community effort and expertise

Investing in people's capability

We need to shift from a deficit-focused welfare approach to employment to an approach that emphasises investing in people's potential and giving them real opportunities to pursue meaningful work. This is more than a strengths-based approach, as it includes a focus on the external factors that enable people to – or constrain them from – making choices they value, and on unlocking the real opportunities available in the community to achieve their goals.

Offering individuals real freedom of choice about the lives they want to live requires a longer-term view that 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. It also requires removing compliance-driven hurdles linked to receipt of income support payments. These hurdles can create barriers to work, rather than building people’s capability to pursue their employment goals.

Pathways towards decent, secure employment and career mobility can take various forms, depending on the needs, circumstances and aspirations of the individual jobseeker, including their education and training needs and other important roles such as caring and work in the community. Employment support needs to be tailored and responsive to this diversity.

Increasing engagement of employers and industry

Increased engagement of employers and industry is critical to improving outcomes for jobseekers who face barriers to employment. Supply-side measures – which focus on equipping jobseekers with the skills and knowledge they need to find a job – are not sufficient to improve their labour market outcomes if their skills do not match those demanded by employers.

A stronger focus on demand-side interventions – which incentivise or activate employers and industries to create work opportunities and include social procurement policies – can deliver ‘win-win’ employment outcomes that both provide decent work and inclusive work environments for workers and build a skilled, adaptable workforce for employers, industry and the community. There is a major opportunity to increase the ambition and scale of both government- and industry-led social procurement at a national level.

A more active role for government in co-producing employment services

With the recent exception of digital services, government is primarily a purchaser of employment services. Government’s role within the current system is largely limited to funding, regulation and contract management, which it undertakes at arm’s length from services, which are commissioned through competitive tender.

To achieve better outcomes for people with high barriers to employment, we need to transition away from the competitive market model to a more collaborative model, where government plays a more active role in shaping the system – partnering with other levels of government, employment services, employers, training providers and others in communities to actively co-design an integrated and flexible system that is able to adapt to individual and community needs.

In this expanded role, government would use the range of levers at its disposal (policy, commissioning, governance, data, etc.) to leverage the collective expertise and effort of everyone who has a stake in achieving better employment outcomes, and build their capability to collectively innovate and adapt solutions. Community leaders, business, employment services, training providers and other stakeholders would play an active role in decision-making and shaping change.

Investing in place-based approaches that leverage community effort and expertise

The opportunities and networks jobseekers need are both enabled and curtailed by the community context in which they live: the local economic conditions and employment opportunities available, the access to training and services like housing and transport, and their social networks.

This means that collaborating with community stakeholders – employers, training providers, social services and jobseekers themselves – who understand the local context and can draw on local resources, is a very effective way to design and deliver employment and training solutions that meet the needs of both jobseekers and employers.

Place-based approaches also offer a focal point for aligning the multiplicity of Commonwealth, state/territory and local government funding streams and programs to deliver more streamlined and responsive employment and training support, so jobseekers and employers no longer need to navigate such a complex system.

But working locally is not enough. Shifting systemic disadvantage requires linking local and national efforts. The most effective place-based approaches facilitate two-way transmission of policy and practice expertise, enabling universal approaches to be adapted to local conditions and populations, while also enabling local expertise to inform and influence state and national policy and service design. Effective mechanisms for local-to-national governance are therefore critical.

Summary of recommendations

SECTION 1: Policy objectives that underpin employment services

1. Redesign Australia’s employment system to meet the demands of a 21st century labour market with the aim of building effective and empowering pathways to quality work and careers for jobseekers, especially those who are most disadvantaged.
2. Reframe the purpose of Australia’s employment system to:
 - a. deliver quality employment and participation outcomes that advance the economic security, social mobility and wellbeing of individuals and their families
 - b. contribute productivity to employers and the economy, and
 - c. build capability within communities.
3. Recognise employment services as part of a broader employment ‘ecosystem’ that also includes skills and training, social services and infrastructure, employers and industry.

SECTION 2: The best operating structure for employment services

1. In place of the current competitive market model for employment services, adopt a collaborative, people-centred, place-based and industry-focused approach to employment policy, implementation and service system design and delivery.
2. Facilitate the transformation of Australia’s employment system by adopting three intersecting enablers:
 - a. Capabilities: Adopt the Capabilities Approach as the conceptual framework for employment services to increase real opportunities for people to pursue meaningful work and careers that support their wellbeing.
 - b. Place: Adopt place-based approaches to employment that leverage community effort and expertise as well as universal Commonwealth funded employment services.

- c. Government co-production and system stewardship: Transform the role of government towards co-production of employment services and more active stewardship of the broader employment ecosystem.
3. Consider opportunities to partner with states and territories in co-production and system stewardship in line with the principle of subsidiarity.

SECTION 3: Integration and support for local responses

1. Adopt collaborative place-based approaches as a critical mechanism for enabling adaptation of universal approaches to local conditions and populations, while also enabling local expertise to inform and influence state and national policy and service design.
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, build practice capability, and connect 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. Support smaller providers to contribute to the design and implementation of local responses and link into employer networks through Enabling Organisations, and through commissioning processes that value the networks, social capital and local expertise that smaller, locally-embedded organisations can bring.
4. Join up government and other relevant data at the population and local levels, and make it accessible to local communities to support for local planning, implementation and evaluation.
5. Use place-based approaches to align effort in employment, education and training, and enable delivery of fit-for-purpose training and employment pathways that are adapted to local economic conditions and to the needs of those starting, building or switching careers
6. Shift to a learner-centred, industry-focused training system that uses a range of training approaches adapted to jobseekers' stage of career development and employers' workforce development needs in community, including expanded opportunities for employment-based and employer-led training.
7. Use place-based approaches to connect and align 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.
8. Commission 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.
9. Scale up effective place-based interventions like the National Youth Employment Body and Tasmanian Regional Jobs Hubs through Commonwealth leadership, supported by top-down/bottom-up governance and using a 'place-to-population' approach.

SECTION 4: Identifying and responding to the needs of jobseekers

1. Introduce a single national employment service that is differentiated by labour market attachment and intensity of support. This service should incorporate:
 - a. Tailored, person-centred practice to address the individual needs and circumstances of all jobseekers
 - b. A dedicated youth service
 - c. Additional service elements to supplement the core service (e.g. pre-vocational support) for some cohorts (e.g. parents, refugees)
 - d. Mechanisms to call on specialist forms of expertise (e.g. in working with participants on humanitarian visas or young people experiencing mental ill-health) where this is critical to addressing participants' individualised needs
 - e. Three service offers that align to people's level of attachment to the labour market: digital; low intensity face-to-face; and higher intensity face-to-face.
2. Support a consistent whole-of-government approach to employment through effective cross-departmental governance at a minimum or, ideally, consolidation of employment policy and programs in a single Commonwealth department.
3. Retain specialist programs (e.g. Youth Transition Support program for refugee young people, programs for people with employment barriers related to mental health, and programs for mature age jobseekers) as an interim solution while the mainstream employment service and practice model is redesigned and workforce capability increased to enable the shift to tailored, person-centred support.
4. Assess jobseekers needs using a transparent assessment tool that: provides clarity and assurance about privacy and how information will be used; assesses for disability and other access issues; and provides the option for the jobseeker to be supported during the assessment.
5. Adopt Capabilities-informed practice, such as Advantaged Thinking and coaching, to identify and address the strengths, barriers and needs of jobseekers.

SECTION 5: Enabling choice in the types of assistance

1. Incorporate core service elements as part of the offer for all jobseekers including: vocational guidance; career planning support; skill-building; exposure to the real world of work; support to access specialised services; and post-placement support, with the mix tailored to respond to the to the jobseeker's particular needs, circumstances and goals.
2. Aim to maximise jobseekers' agency and choice in determining and pursuing their education and employment pathway to build personal investment and achieve more sustainable outcomes.
3. Incorporate outcome measures related to the value and suitability of work according to the person's needs and perceived trajectory within any monitoring framework for employment services.
4. Develop a set of implementation principles that outline how employment services will enable agency and choice against which process and practice can be assessed.

SECTION 6: Helping jobseekers into secure jobs

1. Develop a tailored jobs plan for each jobseeker at the beginning of their journey that recognises their pathway needs and leverages available opportunities so they can achieve their goals
2. Tailor the mix of labour market interventions (supply, demand and bridging) to local conditions and populations
3. Enhance the effectiveness of supply-side interventions, including by adopting a more learner-centred and industry-focused approach to vocational education and training, and using Capabilities-informed service design and practice.
4. Adopt more sophisticated bridging interventions that work with jobseekers and employers to shape employment opportunities, as in BSL's work with the North East Link Tunnel project.
5. 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.
6. Adopt systemic labour market interventions to address complex and interconnected employment barriers and opportunities concurrently through collective action among labour market stakeholders in place.
7. 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.
8. 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
9. Address structural barriers and disincentives to employment by:

- a. Immediately and permanently increasing the base rate of working-age payments to lift people out of poverty and enable them to engage in the labour market
- b. Increasing 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
- c. Addressing high effective marginal tax rates for social security recipients which can act as a disincentive to take on (more) work
- d. Significantly increasing the Liquid Assets threshold to limit the long-term financial consequences of unemployment
- e. Abolishing the Child Care Subsidy activity test
- f. Making participation in employment services voluntary and available to a broader population who would benefit from support to address barriers to employment
- g. As recommended in the Committee's interim report, ceasing the ParentsNext program and replace it with a voluntary or light touch compliance program for low-income parents with young children who want to enter or re-enter the workforce, or access more financially secure employment.
- h. Considering 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.
- i. Extending eligibility for benefits, such as the Pensioner Concession Card for mothers moving off income support, until they are established in employment
- j. Investing in high quality, affordable childcare and early learning to give more children a better start and enable more families to access work
- k. 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

SECTION 7: Meeting employers' needs

1. Activate and 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 their mindsets to recognise the mutual benefits of inclusive employment
 - b. Recruiting employer champions
 - c. Building trusting relationships by being responsive to business needs
 - d. Building their capability to foster inclusive workplaces and practices, and to engage and retain workers who experience barriers to employment, including through post-placement support
 - e. Offering a range of investment opportunities tailored to the motivation, expertise and capacity of employers, especially small to medium businesses

SECTION 8: Mutual obligations and activation

1. 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

SECTION 9: Compliance and enforcement

1. Remove payment penalties, suspensions and cancellations as a consequence for failure to meet any obligations relating to engagement with employment services.
2. Pay greater attention to the structural barriers to work and the role of governments, employers and industry in creating and supporting employment for people facing barriers to employment by adopting enabling, agency-based approaches (grounded in the Capabilities Approach) that build skills and capability and support participants to build strong foundations for economic security.
3. Ensure government and employment services are upholding their ‘mutual’ obligations to jobseekers by providing access to high quality support that offers an intrinsic reward for participation.

SECTION 10: Oversight, quality and assurance

1. Measure the success of employment programs/providers based not only on the employment outcomes achieved, but also whether they offer individuals real freedom of choice about the work they want to do and the life they want to live, including through measures of job quality, suitability, agency and choice.
2. Incorporate performance measures for providers that show progress in strengthening labour market attachment, and that reflect their role in creating the conditions necessary to facilitate positive employment outcomes for jobseekers, such as collaboration and community networks.
3. Invest in attracting, training and retaining a professional and qualified workforce and ensure pricing, funding and commissioning arrangements recognise the costs associated with this.

SECTION 11: Research, evaluation and adaption

1. Implement a range of mechanisms for embedding adaptation, innovation and dissemination of best practice within the employment system, including:
 - a. Commissioning for diversity and collaboration
 - b. Incentives and mechanisms for purposeful collaboration and shared learning between providers, including resourcing for Enabling Organisations and Communities of Policy & Practice (COPPs)
 - c. Mechanisms that enable adaptation of the service model to local conditions and population characteristics (e.g. flexible funds)
 - d. Government sharing the financial and performance risks associated with more innovative or experimental approaches to service delivery
 - e. Providing access to government data to inform planning, design and evaluation
 - f. Establishing learning loops in key governance groups

Introduction

The Brotherhood of St. Laurence (BSL) welcomes the opportunity to contribute to the inquiry of the Select Committee into Workforce Australia Employment Services. We believe that, despite the best efforts of public servants, successive reforms to the employment services system have failed to address its most pernicious features, and we are encouraged by the Committee's willingness to undertake a comprehensive, first-principles review.

Together with the Employment White Paper, the establishment of Jobs & Skills Australia, and the work of the Economic Inclusion Advisory Committee and the Women's Economic Equality Taskforce, we see this inquiry as a critical opportunity to refocus our employment and training system on unlocking the talent and potential of those who have been excluded from employment, and to create an employment system capable of addressing 21st century needs and opportunities for jobseekers, employers, governments and communities.

This has the potential to bring wide social and economic benefits for individuals, families, businesses, and the broader community. 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.

We welcome the Committee's interim report, including the recommendation to abolish ParentsNext and replace it with a supportive pre-vocational service for carers of young children, and look forward to participating in the proposed co-design process.

Focus of this submission

It is clear from the submission guide that the Committee has already gained a thorough understanding of the problems facing Australia's employment system through its consultations and work to date. For this reason, rather than extensively canvassing the flaws in the current system, BSL's submission focuses on identifying the reforms necessary to deliver a more effective, enabling system that can support all jobseekers experiencing disadvantage on a pathway towards decent, meaningful employment, career mobility and long-term economic security.

BSL believes the scale and complexity of the challenges facing Australia's employment and training system mean that fundamental system redesign is needed – together with investment in effective implementation – if we are to shift the system towards a collaborative, person-centred, place-based and industry-focused approach.

This submission sets out the key parameters and principles for reform and then addresses the questions raised by the Committee in its submission guide. In some cases, our responses invite reconsideration of the way the Committee has framed or defined the problem(s).

Our submission 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.

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

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.

SECTION 1: Policy objectives that underpin employment services

1.1 Building an employment system that supports jobseekers, business and communities to thrive

As we outline in our forthcoming joint submission with the Centre for Policy Development (CPD) and the University of Melbourne (UoM), improving labour market outcomes for Australians experiencing disadvantage has been a consistent objective of Australia’s employment services over time, but these services simply have not delivered, particularly for those people experiencing complex barriers to employment.

The purpose of employment services has become distorted by their entanglement with the social security system and a competitive procurement process where providers bid to deliver services at low cost. Employment services’ primary role has become regulation of jobseekers’ compliance with often punitive conditions linked to social security payments and decreasing their reliance on income support. Decreasing reliance on income support is a worthy ambition, but only if it is a means to achieving economic security and not an end in itself. When it is cast as an end in itself – or the very purpose of employment services – government and providers focus on achieving this in the quickest way possible, and jobseekers and employers lose out. Success measures within the current system reflect this, incentivising short-term outcomes over job quality and career development.

The competitive, compliance-driven approach to delivering employment support leads neither to sustainable employment outcomes that align with jobseekers’ goals and aspirations nor to the development of capable, adaptable workforces for employers and industry over the long term. Evidence shows that the system is particularly ineffective for jobseekers who face more complex barriers to work¹, and that it has completely failed to deliver outcomes for employers and industry.²

BSL’s vision is an employment ecosystem that is designed for a 21st century labour market – including fewer entry-level positions and continuing growth in service industry work – that builds effective and empowering pathways to quality work and careers for jobseekers, especially those who are most disadvantaged. **The purpose of this system would be to:**

- **deliver quality employment and participation outcomes that advance the economic security, social mobility and wellbeing of individuals and their families**
- **contribute productivity to employers and the economy, and**
- **build capability within communities.**

It is critical to understand employment services as part of a broader employment ‘ecosystem’ that also includes skills and training, social services and infrastructure, employers and industry. All these elements of the ecosystem are essential to enable jobseekers to take up education and employment opportunities and pursue their pathway towards decent, meaningful work and economic security. BSL uses the term ‘employment system’ or ‘employment ecosystem’ to refer to the employment services

¹ O’Sullivan, S, McGann, M, and Considine, C 2021 *Buying and Selling the Poor: Inside Australia’s Privatised Welfare-to-Work Market*, Sydney University Press, Sydney, pp. 41-43; McColl Jones, N with Cull, E, Joldic, E, Brown, D & Mallett, S 2021, *Transition to Work Community of Practice: Practice Guide – revised*, Brotherhood of St. Laurence, Melbourne, p. 13.

² In 2019, it was estimated that less than 5% of employers used *jobactive*, compared with 18% in 2007: Department of Employment, Skills, Small and Family Business 2020, [Evaluation of jobactive: Interim report](#), p. 14.

within their broader context, and we encourage the Committee to consider the future role of employment services within this more expansive frame.

Recommendations

1. Redesign Australia's employment system to meet the demands of a 21st century labour market with the aim of building effective and empowering pathways to quality work and careers for jobseekers, especially those who are most disadvantaged.
2. Reframe the purpose of Australia's employment system to be to:
 - a. deliver quality employment and participation outcomes that advance the economic security, social mobility and wellbeing of individuals and their families
 - b. contribute productivity to employers and the economy, and
 - c. build capability within communities.
3. Recognise employment services as part of a broader employment 'ecosystem' that also includes skills and training, social services and infrastructure, employers and industry.

SECTION 2: The best operating structure for employment services

The optimal operating structure for employment services will systematically address the major shortcomings of the current system while also shaping an ambitious alternative that leads to mutually beneficial employment outcomes for jobseekers and employers.

2.1 The competitive market model is fundamentally flawed

BSL believes that many of the flaws in the current employment system – especially for those most in need of support – are attributable to the failings of the competitive market model and rigid, output-driven contracting arrangements. We need to transition away from this market model to achieve better outcomes for people with high barriers to employment rather than merely making adjustments to the payment models and performance frameworks used by the Commonwealth to steer market behaviour.

The current competitive market model is designed to achieve:

- efficiencies through economies of scale, for example concentration of multiple contracts with providers, leading to a reduction in the number of providers
- effectiveness through competition which is intended to allow for provider innovation and program design that targets services and service intensity to those most in need
- quality through performance measures that value short- to medium-term employment outcomes that are indifferent to the type and quality of employment secured by jobseekers

The introduction of the Workforce Australia licensing model with the prospect of longer contracts is also designed to enhance efficiency, effectiveness and quality, allowing for consolidation of services and staff retention. However, competitive tender processes and prescriptive contract-based delivery have led to a range of negative consequences. They have:

- **incentivised standardised approaches and short-term outcomes** that are indifferent to the evidence base about the essential elements of good service design and practice approaches that lead to quality work and career mobility for jobseekers, and that fail to support people facing complex barriers to employment. Performance measures characterised by outputs and short-term outcomes '[promote] staffing models characterised by large caseloads and low-skilled, low-paid staff' resulting in frontline work that has become 'more standardised and routine, with less and less emphasis on the discretionary tailoring of services and tools to enact customised plans'³ tailored to people's needs and career goals or local labour markets. There is no incentive for providers to invest in improving participants' functioning in domains such as health, housing and education – and in so doing, bring them closer to employment – if this does not deliver payable short-term labour market outcomes.
- **inhibited collaboration and integration of effort in place**, worsening system fragmentation. Competition between providers erodes trust, diminishes local social capital and creates a fragmented, complicated mess of overlapping services and supports, which frequently undermine rather than enhance the capability and wellbeing of the people and communities whose needs they are supposed to meet. In some communities this competition inadvertently results in thin markets and undersupply of services. There are no incentives for place-based leadership and collaboration among key stakeholders on the ground. Any collaboration that occurs between service providers is

³ 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.

ad hoc, requires significant effort, and is not curated by government to achieve sustainable outcomes.

- **resulted in market consolidation**, favouring large providers and disadvantaging smaller providers who are more likely to be embedded in their communities and able to harness local resources for jobseekers' benefit. As the diversity of providers has narrowed, so too have alternative ideas for improving the system.
- **inhibited adaptation and innovation**, by disincentivising providers from sharing best practice and learnings that could deliver improved services for jobseekers. There are no mechanisms for sharing knowledge and expertise across providers.
- **disrupted community networks** through competitive re-tendering, jeopardising the store of social capital as providers enter and exit the market at significant social and economic cost to jobseekers, employers, governments and the community.⁴
- **extracted heavy transaction costs** for jobseekers, providers, government and employers. To remain competitive, employment services markets need to be repeatedly recommissioned, costing hundreds of millions of dollars in terms of the resources spent on preparing requests for tender, evaluating bids, negotiating contracts, developing performance frameworks, etc.
- **diminished the role of government and public sector capability**, reducing efficiency and effectiveness. Commonwealth public servants concentrated in Canberra are overseeing essential service delivery systems, without on-the-ground knowledge or experience of local labour and service market conditions that are shaping outcomes and with little or no capacity to build system-wide service design and leverage best practice across providers. Outsourcing has become the default option, leading to self-perpetuating cycles of procurement and contract renewal, crowding out a more valuable, active role for the public sector in identifying viable alternative policy solutions and programs.

Any solution to the challenge of achieving quality employment outcomes for all jobseekers and employers must involve a departure from this ineffective and inefficient competitive market model.

2.2 Building a collaborative, people-centred and place-based employment system

BSL's vision is for an employment system that is designed for a 21st century labour market and builds effective and empowering pathways to quality work and careers for jobseekers, especially those who are most disadvantaged.

Successive reforms to the employment services system have demonstrated that a top-down, competitive and fragmented system is not able to deliver these outcomes. International agencies such as the International Labour Organisation (ILO)⁵ confirm that transforming the employment system so that it supports jobseekers, business and communities to thrive will require a profound shift towards a **collaborative, people-centred, place-based and industry-focused approach** to policy, implementation

⁴ For example, the transition from the Job Network to the Job Services Australia contracts involved an estimated 320,000 jobseekers having to change provider, while approximately half of the employment services sites in the system were turned over. Even successful providers incurred millions in transition costs, with one larger provider estimating that it alone incurred at least \$7m in costs as a result of the recommissioning of the market. For a detailed discussion of the transaction costs involved in the transition from Job Network to Job Services Australia, see D Finn 2011, *Job Services Australia: design and implementation lessons for the British context*, Department of Work and Pensions, London.

⁵ International Labour Office 2012, *The youth employment crisis: A call for action*, Resolution and conclusions of the 101st Session of the International Labour Conference, ILO, Geneva.

and service system design and delivery. In BSL's view, three intersecting enablers are required to facilitate this transformation:

- **Capabilities:** Adoption of the Capabilities Approach to increase real opportunities for people to pursue meaningful work and careers that support their wellbeing
- **Place:** Adoption of place-based approaches to employment that leverage community effort and expertise
- **Government co-production and system stewardship:** Transformation of the role of government towards co-production of employment services and more active stewardship of the broader employment ecosystem.

Adopting the Capabilities Approach

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'.⁶ **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 facilitates a **shift in mindset** from a deficit-focused welfare approach to an approach that emphasises people's potential. 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. The centrality of individual agency also underlines the importance of centring the **lived expertise** of people with experience of our employment and training system at all levels of the system, including governance.

Within the Capabilities frame, employment support is understood as an **investment** in people's abilities and wellbeing that delivers mutual benefit for employers and industry and the broader community. 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.⁷

⁶ 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.

⁷ 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.

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.

Offering individuals real freedom of choice about their employment pathway and the life they want to live requires a longer-term view that focuses on supporting them to build the foundations for long-term employability, career development and economic security, rather than a short-term, transactional, compliance-focused 'any job will do' approach. Pathways towards decent, secure employment and career mobility can take various forms, depending on the needs, circumstances and aspirations of the individual jobseeker. This is elaborated further in Section 6.

Adopting the Capabilities 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.⁸

Applying the Capabilities Approach requires collaborative effort across multiple sectors

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 also 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.

Capabilities-informed service design and practice

Adopting the Capabilities Approach necessitates a shift from ad hoc delivery approaches to an evidence-informed person-centred service and practice model adapted to place that:

- is **flexible and tailored** to needs, circumstances and life stage of the individual, as well as their **local context**
- builds jobseekers' capability and confidence to pursue **personally meaningful career (and life) goals** and establish strong foundations for economic security
- aims to maximise jobseekers' **agency and choice**

⁸ 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.

- connects to **skills and training** that lead to quality jobs and provide career mobility
- activates and **engages employers** through investment in demand-side and bridging interventions that support them to adapt and create new employment pathways and build inclusive work environments.

BSL's Executive Director, Travers McLeod, has summarised what it would look like to take a Capabilities Approach to employment as follows:

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].⁹

Adopting place-based approaches

Consideration of place is pivotal to the delivery of employment services for both jobseekers and employers. Unemployment has a **strong geographical dimension**, and the opportunities and networks jobseekers need are both enabled and curtailed by community context.¹⁰

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.

Place also offers a focal point for **aligning and leveraging Commonwealth, state/territory and local government funding and programs** to deliver a more streamlined, flexible and responsive employment and training offer for disadvantaged jobseekers and employers that builds individual and community capability.

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

⁹ BSL Executive Director, Travers McLeod, Remarks at the Economic and Social Outlook conference, November 2022
¹⁰ Webb et al. 2015 cited in Monson-Wilbraham et al. [NYEB practice guide](#)

that accommodate regional differences, as well as influencing systemic change to address structural barriers in place

- Build an understanding of workforce demand and supply at local level and enable the right mix of labour market interventions (supply, demand and bridging) for local conditions
- Break down silos between systems in place, connecting training and employment needs and integrating enabling infrastructure (e.g. affordable housing, transport and childcare) into employment pathways
- 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 an essential link between policy design and implementation
- Sustain effort in place across political and 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

It is important to emphasise that place-based approaches to employment are a ‘means’ for maximising the effectiveness of employment policy and programs, recognising the role that places play in creating the conditions that people, their families and communities need to thrive. **We do not see place-based initiatives as an ‘end’ in themselves**, that is, interventions targeted at geographical/spatial units due to markers of disadvantage. Shifting systemic disadvantage involves linking local and national efforts, and the most effective place-based approaches facilitate **two-way transmission of policy and practice expertise**: enabling universal approaches to be adapted to local conditions and populations, while also enabling local expertise to inform and influence state and national policy and service design. Effective mechanisms for **local-to-national governance** are therefore critical.

Place-based approaches also signal a new role for government. Government can steer change by building the capability of people in community, levels of government and business. This requires relationships built on trust rather than top-down accountability. It means going beyond community engagement towards enabling communities to shape systems that serve them.

Effective place-based approaches to employment are explored in more detail in Section 3 of this submission.

A more active role for government as co-producer and system steward

With the exception of digital services for those with less complex needs which it now delivers directly, the Commonwealth is primarily a purchaser of employment services. Its role within the current system is largely limited to funding, regulation and contract management. It is focused on ‘fixing problems’ rather than actively shaping and stewarding an effective service system.

In the future employment system, government would shift from its primary role as an ‘arm’s length’ purchaser of employment services to a more active and expansive role as **co-producer of employment services and steward of the broader employment ecosystem**. Consistent with economist Marianna Mazzucato’s reimagining of government as an ‘entrepreneurial state’ – rallying business and civil society

around big policy ‘missions’¹¹, government would leverage the collective expertise and effort of everyone who has a stake in improving employment outcomes, and all stakeholders – including business, employment services and community – would play an active role in decision-making and shaping change. Evidence from Mazzucato, the OECD and the ILO demonstrates the benefits of government, business, and philanthropic partnerships co-investing for the public good.¹² Combined with a focus on place, a co-production model creates flexibility for governments and community partners to take different approaches in response to differentiated local needs.

Government’s role as co-producer and system steward would include:

- **Defining success** through a shared, evidence-informed service model and practice approach adapted to place and population, and jointly developed quality standards and outcome and impact measures
- **Instituting effective governance arrangements** to:
 - **Align and integrate policy, funding and services** across all government agencies connected to the employment ecosystem (including skills and training, industry, regional policy, social services), as well as with other levels of government and philanthropy, and to
 - **Leverage local knowledge** to inform system-wide policy design and implementation and enable adaptation of the service model to local conditions and populations
- Utilising **relational approaches to commissioning, funding and service delivery** that enable service system development by:
 - **Building a capable, responsive and diverse network of providers**, selected for their ability to collaborate and tailor services locally, engage employers, leverage community effort and collaborate nationally to advance expertise and evidence-informed practice.
 - **Promoting innovation**: actively fostering adaptation and innovation, including by supporting enabling/ backbone organisations to support capability-building, commissioning experimental pilots and promoting Communities of Policy and Practice
- **Funding for success**: Equitable and transparent funding arrangements that cover the real cost of collaborative service delivery and allow flexible use of resources.
- **Undertaking planning** at the system and community/place level to shape effective policy and practice.
- **Using data and evidence to shape policy and service models** by providing access to joined up data at population and local levels and using developmental evaluation to support community-level co-design, planning and implementation.
- Actively **monitoring markets** for sufficiency and diversity. In some cases, government may need to act to prevent market failure or **supplement thin markets**, for example by commissioning specialist services or offering seed funding to encourage new market entrants, especially innovative social enterprises.¹³

11 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.

¹²Mazzucato, M & Semieniuk, G 2017, ‘[Public financing of innovation: new questions](#)’, *Oxford Review of Economic Policy*, 33:1, pp. 24–48; OECD Development Centre 2016, [Strategic Investment Funds: Comparative analysis and lessons learned](#), Policy dialogue on natural resource-based development, Paris; International Labour Organization 2021, [Value chain development for decent work: A systems approach to creating more and better jobs](#), 3rd ed., Geneva.

¹³BSL 2016, *Human Services: Identifying Sectors for Reform, A Response to the Productivity Commission Issues Paper*.

Government is uniquely placed both to authorise collaborative, place-based efforts and to create the social and environmental conditions for their success: for example, by adjusting policy settings, redirecting resource flows, and commissioning services and programs to encourage collaboration across service sectors and between providers, to facilitate practitioner networks and to enable capability-based practice.¹⁴ Importantly government can **share accountability and the financial and performance risks associated with more experimental approaches to service delivery**.¹⁵

Partnership with state, territory and local governments

Reconsideration of the role of government includes attention to the distinct roles of various Commonwealth Government departments and agencies with responsibility for employment services (e.g. DEWR, DSS, NIAA, DHA, DHAC), as well as state and territory governments, especially those like Victoria and Tasmania who operate parallel state-funded employment services to compensate for the limitations of the national program.

A **multi-level governance approach** is critical to reducing the overlap between employment initiatives funded by different levels of government and ensuring that ecosystems of place-based employment supports are responsive to local differences and needs, and aligned around state-based systems of enabling ancillary services in areas such as education, training, health and social services. In keeping with the principle of **subsidiarity**, decision-making should occur as close as possible to the communities and people intended to benefit.

There is an opportunity for the Commonwealth to partner with states and territories in co-production and system stewardship, for example through a National Partnership Agreement. There are a range of options for delineating the respective roles of the Commonwealth and states/territories under such an arrangement, some of which are outlined in BSL's joint submission with CPD and UoM and in BSL's [submission to the Employment White Paper](#) (pp 32-34). Partnerships with local government, especially through their social and economic committees, will also be important to leverage community resources, networks and strategies.

Further detail on the role of government in a future employment system, including commissioning approaches, is provided in our joint submission with UoM and CPD.

Recommendations

1. In place of the current competitive market model for employment services, adopt a collaborative, people-centred, place-based and industry-focused approach to employment policy, implementation and service system design and delivery.
2. Facilitate the transformation of Australia's employment system by adopting three intersecting enablers:
 - a. Capabilities: Adopt the Capabilities Approach as the conceptual framework for employment services to increase real opportunities for people to pursue meaningful work and careers that support their wellbeing.

¹⁴ Mallett, S, James, S, Borlagdan, J, Thornton, D & Brown, D 2022, *Applied Systemic Change: An Implementation Guide for Building Capability in Human Service Systems*, Brotherhood of St. Laurence, Melbourne, p. 14.

¹⁵ Stronger Places Stronger People Backbone Teams with Collaboration for Impact 2022, [Disrupting disadvantage: Early evidence of the impact of community-led change](#).

- b. Place: Adopt place-based approaches to employment that leverage community effort and expertise
 - c. Government co-production and system stewardship: Transform the role of government towards co-production of employment services and more active stewardship of the broader employment ecosystem.
3. Consider opportunities to partner with states and territories in co-production and system stewardship in line with the principle of subsidiarity.

SECTION 3: Integration and support for local responses

3.1 Fragmentation of the employment ecosystem creates complexity and inefficiency

The current employment services ecosystem is fragmented, complex and difficult to navigate for jobseekers, employers and providers. There is little intentional coordination and alignment between the various departments and agencies involved in employment services at different levels of government, and overlap between Commonwealth and state and territory programs. The complexity of the system is compounded by bespoke philanthropic funding of specialist services and models.

As a consequence, jobseekers and employers are less likely to be able to access the support they need, there is a lack of effective policy alignment and dilution of expertise and capability across government departments, agencies and service providers, and governments receive a poor return on their investment. Case study 1 illustrates how fragmentation of employment policy, funding and programs creates duplication and complexity, while Case study 8 (in Section 4) shows how a lack of alignment can also produce gaps in service provision for those most in need of support.

The lack of clarity around the respective roles of the Commonwealth and states and territories, and the lack of integration of employment services with the 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 providers’ ability to find solutions to address complex barriers to employment.

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). It has an above average overall unemployment rate as well as higher rates of unemployment among certain population groups, such as young people.

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.¹⁶

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.

¹⁶ Mowle, A 2022, *Mapping the Hume Jobs and Skills Ecosystem: a snapshot of employment and education supports*, Pathways in Place, Victoria University, Melbourne.

3.2 Place-based interventions can enable a more integrated approach

As outlined in Section 2, place is an essential consideration for 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.¹⁷

A collaborative approach to coordinating local effort in place that aligns and leverages Commonwealth and state/territory funding and is supported by multilevel governance can reduce system fragmentation and complexity, and deliver a streamlined, flexible and responsive employment and training offer for disadvantaged jobseekers and employers that builds individual and community capability.

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.

Collaborative place-based approaches, supported by top-down/bottom-up governance (described below) can deliver tangible benefits for stakeholders on the ground – by harnessing the connections and knowledge of local communities and enabling greater community ownership of locally tailored solutions that meet the needs of jobseekers, employers and industry – while also informing and influencing constructive and creative policy solutions at the state and national levels.

The benefits of place-based approaches are outlined in Section 1 of this submission. As noted in Section 2, BSL sees place-based approaches to employment as a ‘means’ to maximise the effectiveness of employment policy and programs, rather than as an ‘end’ in themselves. Working locally is not enough to shift the dial on employment for people experiencing disadvantage, given that many structural barriers to employment require action at state or national level. However, place-based approaches are a critical mechanism for enabling universal approaches to be adapted to local conditions and populations, while also enabling local expertise to inform and influence state and national policy and service design.

What kind of place-based approach is needed?

In our [submission to the Employment White Paper](#) (pp. 57–59), BSL outlined three approaches to place currently being used in public policy, defined by their governance model as (1) top-down, (2) bottom-up, and (3) top-down/bottom-up.

While all three approaches have their merits in different circumstances, **BSL’s view is that a top-down/bottom-up approach to working in place is most effective for engaging with issues that are driven by complex, intersecting local factors and require a cross-sectoral or long-term response.**

As the category suggests, Top-down/bottom-up governance combines both top down and bottom up insights and authorising capabilities. ‘Bottom-up’ insights reveal how structural problems are impacting local communities while also providing a basis for local leadership to address these issues. ‘Top-down’ approaches combine population level insights with the authority to activate and sustain place-based solutions. They do this by generating the social policy needed to support local solutions and enabling flexible approaches to policy implementation. Top-down/bottom-up governance requires government to share decision-making with community and aims to orient the resources of government and social service

¹⁷ Webb et al. 2015 cited in Monson-Wilbraham et al. [NYEB practice guide](#)

providers around the agenda they co-create with community. The UK organisation, 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’.¹⁸

However, current governance of both the employment and training systems is top-down, with limited consideration of local context. Existing place-based initiatives like the Local Jobs Program do not enable or create enduring mechanisms for genuine collaboration and service innovation at the local level, and are not driven by local leadership. Employment providers delivering Workforce Australia services in the areas BSL works describe an environment that is still highly monitored, scrutinised and compliance-based, including forced ‘collaboration’, such as participation in Local Jobs Program initiatives that have had detrimental impacts on jobseekers and services.

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 that have the capability to drive reform in communities as well as in social policy at state and national levels (explained further below)
3. **Government stewardship supporting community leadership:** Effectively devolving ownership to communities and building enduring governance in place, supported by effective government stewardship designed to build system wide capability, accountability and efficiency
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 – and disrupt – siloed ways of working and drive a collaborative systemic change approach
11. **Consistent practice:** Shared through Communities of Practice driven by data and evidence 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 skills, employment and social infrastructure, and building on and generating evidence about what works (detailed below).

¹⁸ Lawson, N 2019, *45 degree change: transforming society from below and above*, Compass, UK, p. 11.

The role of the Enabling Organisation

Building trusting relationships between disparate stakeholders takes time and effort. For both the NYEB and the Tasmanian Regional Jobs Hubs, BSL plays the role of an independent third party ‘Enabling Organisation’. Enabling Organisations play a critical intermediary role between government and community: coordinating effort, building capability for collaborative action, maintaining the systemic ambition over time, building practice capability, and connecting into government and policy.¹⁹ While the Enabling Organisation has features in common 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 use of a top-down/bottom-up governance model, and intentional local-to-national reach. Like backbone organisations, Enabling Organisations do not have a regulatory or compliance function. This remains a key accountability of government.

Supporting smaller providers

The Enabling Organisation supports a diverse range of organisations – including smaller, community-embedded organisations and employers – to contribute to the design and implementation of local responses. It can link smaller providers to employer networks through governance mechanisms like the NYEB’s Community Investment Committees and the Regional Jobs Hubs Regional Advisory Board and provide training and support to design the most effective service delivery.

Involvement of smaller providers within the employment ecosystem also needs to be supported by commissioning processes, which currently do not value the networks, social capital and local expertise that smaller, locally-embedded organisations can bring.²⁰ Requiring employment providers to deliver a broad spectrum of supports to a wide range of jobseekers tends to privilege larger providers that have state-wide or national reach.

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

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

CASE STUDY 2: A collaborative place-based approach to supporting jobseekers and employers through the National Youth Employment Body (NYEB)

The National Youth Employment Body (NYEB) was established by BSL in 2018 to create a coherent, multisectoral response to youth unemployment in Australia that generates enduring community leadership in place. It facilitates collaborative efforts among local stakeholders that enable young people to secure decent work while addressing the needs of local industry and employers for a diverse and adaptable workforce. Local-to-national governance mechanisms 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. CICs are not just transactional local networks. They are nimble, representative committees. Each CIC is **employer-led and facilitated by a local youth specialist organisation** (Lead Partner) and brings together authorised local representatives from industry, youth employment services, skills and training, all levels of government, young people and community. The **voices and agency 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 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.

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’** that brings together research, policy and practice expertise to seed and cultivate systemic change. The Enabling Organisation 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 across the CIC sites, as well as in state and national social policy.

Using a **‘place to population level’ approach**, the NYEB supports community partners to design, implement and share 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.

Fit-for-purpose data

Access to fit-for-purpose, place-to-population level data is essential for communities to drive local employment and training solutions. While there is an abundance of labour market and skills data (or indeed other relevant education, industry and tax data), it is not routinely joined up either at the population level or at the local level in a way which enables local stakeholders to diagnose and address the misalignment between supply and demand. For example, current government-enabled publication of labour market, skills and training and demographic data is spread across multiple platforms, including those of the former National Skills Commission (now Jobs and Skills Australia), the National Centre for Vocational Education Research (NCVER) and the ABS, as well as state clearinghouses and data platforms. None of these offers a single point of access or analysis of the multidimensional data that local stakeholders need..

Multiple types of data are required for planning purposes. These include Commonwealth, state/territory and local government administrative data; bespoke and standardised research data; and local/regional qualitative data derived from local understanding of local conditions impacting on employment pathways. These data need to be joined up and made accessible to local communities to enable optimal employment and training solutions.

BSL is attempting to address some of the gaps in fit-for-purpose data for local communities through our [Youth Opportunity Compass tool](#) (Compass). Co-designed with expert input from local Community Investment Committees (CICs), the Compass puts joined-up cohort and place-specific data – including demographic, labour market, skills, transport and housing 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.

Through the Compass, CICs are able to use evidence and data within a single platform to drive practice and policy reform in education, careers development, skills and employment in real time. Case study 4 demonstrates how the Compass has been used to develop innovative employment-based training and build agricultural careers for unemployed young people in the Warrnambool–Moyne region in Victoria.

While the BSL is evolving and driving access to fit-for-purpose community-level data, we believe that provision of linked administrative data should be a core function of government(s) in their system stewardship role. Enabling, backbone or intermediary organisations can work at the level of community to maximise the utility of this data for local planning, implementation and evaluation, and identify further data gaps.

Promising practice in place-based approaches to employment

BSL has a long history of designing and implementing innovative place-based approaches to employment for jobseekers experiencing disadvantage. Case studies 2 (National Youth Employment Body or NYEB) and 3 (Tasmania's Regional Jobs Hubs) highlight the ways in which place-based approaches can enable local stakeholders to co-design training and employment pathways that meet the needs of both jobseekers and employers, by adopting the 12 ingredients for success outlined on pages 28 of this submission.

CASE STUDY 3: Aligning investment in place through Tasmania’s Regional Jobs Hubs

Tasmania’s Regional Jobs Hubs initiative offers an innovative statewide, community-led model for aligning State, Commonwealth and local investment to better meet the needs of local jobseekers and communities, employers and industry in place. Across the state, seven Regional Jobs Hubs create employment pathways and outcomes for Tasmanians in their local communities, while also addressing workforce shortages in priority industries.

The Hubs work to a common statewide model and practice approach with flexibility to adapt and respond to the specific demographic, labour market and skills profile in their local community.²¹ Each Hub is guided by an established or developing voluntary **Advisory Board** comprising authorised local champions from relevant sectors, including local government, business/industry, education, training and community. It is their role to develop and drive regional employment strategies through the Hubs, and represent regional interests to state government to ensure alignment of local to state effort.

The Hubs work with **young people and working age adults**, 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 actively **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 and partner**. 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.

As part of this vertically aligned model, Jobs Tasmania, the Advisory Boards and the Hubs themselves each have a specified but distinct role in stewardship, policy, practice development, data and evidence, and strategic communications. BSL functions as learning partner for this initiative, supporting Jobs Tasmania and the Hubs to specify, implement and provide real time evaluation of the model.

3.3 Facilitating integration of employment, skills and training in place

The skills and training system has an important role to play in aligning workforce supply and demand so that employers have access to skilled workers and jobseekers can access decent, sustainable work.

However, Australia’s skills and training system is currently failing learners, employers and industry. Learner retention and completion, and conversion of training into sustainable job outcomes, remain core challenges.²² This presents a major obstacle to addressing current skills shortages and building 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.

Place-based approaches can provide an effective mechanism for aligning effort in employment, education and training, and enable delivery of interventions that are adapted to local economic conditions and to the needs of those starting, building or switching careers. Case Study 4 (AgFutures) illustrates how

²¹ Brotherhood of St Laurence (2022), Regional Jobs Hubs Framework, unpublished.

²² See Brotherhood of St. Laurence 2022, [Submission to Employment White Paper](#), p. 78.

sustained partnerships between industry, employers and training providers can lead to innovative training and employment pathways that meet the needs of learners, employers and industry.²³ It highlights the need for a learner-centred, industry-focused training system that uses a range of training approaches adapted to jobseekers' stage of career development and employers' workforce development needs, including expanded opportunities for employment-based and employer-led training.

²³ While this submission focuses on the role of place in connecting the training and employment systems, BSL's [submission to the Employment White Paper](#) includes further recommendations for reform of the skills and training system to better meet the needs of learners, employers and industry (see pp. 78–82).

CASE STUDY 4: Local partnerships building pathways to sustainable agricultural careers in South-West Victoria through AgFutures

Joining up data on supply and demand

In 2021, members of the Warrnambool–Moyne Community Investment Committee (CIC) (part of the NYEB) used the Youth Opportunity 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 granular labour market, training and housing data in the Compass. CIC members also 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, South West TAFE, Food & Fibre Great South Coast and Brophy Family & Youth Services 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.

The co-design took a 360-degree approach, using an Employer Reference Group and Youth Reference Group, who provided advice about what works and collaborated to develop a smoother pathway from pre-employment to employment-based training to ongoing employment, with further training options accessible for specialisation and upskilling. The co-design process was facilitated by the BSL NYEB team using an established system design methodology that has evolved through more than a decade of place-based, youth employment focused work.

The key industry partners, Dairy Australia, Food & Fibre Great South Coast and Skills Impact, were keen to contribute to this co-design approach as their previous efforts to engage young people in the industry had met only limited success.

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

The place-based, cross-sectoral co-design produced a new employment-based training model called a 'Foundational Capability Pathway' that:

- engages employers and young people in the design of a fit-for-purpose, accredited training product that curates existing units of competency from a range of entry level qualifications into a broad-based foundational pathway
- incorporates both pre-employment and in-employment training that meets local needs
- enables young people to gain initial accredited training across agricultural skill domains, keeping the door open to a range of on-farm, agribusiness and food production career pathways
- includes tailored personal 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 work and career development, keeping opportunities for upskilling and specialisation open through existing training, apprenticeship and traineeship options.

With funding from the Victorian Government, the AgFutures project commenced in August 2022 and will enable more than 50 young people and 40 employers to participate in the 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.²⁴

3.4 Facilitating connections with social services in place

In addition to education and training, health and social services (such as child care, mental health services and family violence support) and ‘social infrastructure’ (such as affordable housing and access to transport) are an integral part of the employment ‘ecosystem’. Many jobseekers face multiple challenges: for example, 84% of women who participate in BSL’s Empowerment Pathways Program (see Case Study 6), face significant yet surmountable 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. Lack of access to the social services and social infrastructure necessary to enable people to take up education and employment are common structural barriers faced by jobseekers.

Building people’s capabilities for economic and social participation must proceed from a shared view that with access to the right support, opportunities, networks and resources, all jobseekers have the right and capability to secure decent work. Then, building jobseekers’ economic and social participation necessarily involves collaborative work across sectors. However, siloed policy and program development across employment, education, and health and social services – within 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.²⁵ 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.²⁶

Addressing the structural barriers to employment requires attention at systems, program and practice levels. At a systems level, collaborative place-based approaches offer an opportunity to connect and align employment, training and social services policy and programs (horizontally) at local, state and national levels, and to connect local expertise (vertically) with state and federal government policy and services. At a program and practice level, employment services must be commissioned in a way that reflects the evidence about effective service design and practice and enables and encourages providers to build capability, networks and partnerships to address barriers to employment ‘outside’ the employment sector.

²⁴ Clarke, K. (2022) *AgFutures Program Logic*, Brotherhood of St Laurence, unpublished; Clarke, K. (2022) *Foundational Capabilities Pathway Design and Delivery Framework*, Brotherhood of St Laurence, unpublished.

²⁵ Monson-Wilbraham, L et al. *NYEB practice guide*, p. 5.

²⁶ Monson-Wilbraham, L et al. *NYEB practice guide*, p. 56.

As noted earlier in Section 3, a top-down/bottom-up governance approach is best suited to address structural barriers to employment. Case Studies 5 and 6 show how place-based approaches can address barriers to employment and support economic security in local communities.

CASE STUDY 5: Enabling employment through investment in public transport in Shoalhaven²⁷

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.

As is the case in many regional and rural communities, 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.²⁸

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.²⁹

The Shoalhaven CIC was able to escalate the issue through the NYEB Cross-(Commonwealth) 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.

²⁷ Case study adapted and updated from the NYEB practice guide.

²⁸ Monson-Wilbraham, L et al., NYEB practice guide, p. 29

²⁹ Monson-Wilbraham, L et al., NYEB practice guide, p. 36

CASE STUDY 6: 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 a co-designed community initiative in Seymour, Victoria that commenced in 2020. It is designed to build collective capability in the community to advance positive change to women's economic security and financial wellbeing.

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.

A co-designed Women's Financial Wellbeing Hub provides an access and anchor point to drive this initiative in place, alongside complementary policy development, research and data-gathering designed to advance policy, program and practice alignment at the national level. While developed and trialled in Seymour, this initiative has a larger ambition to scale across the country as a flagship program for fostering women's economic security, especially among those women who face the indignities of economic insecurity and marginal attachment to the paid labour market.

Key elements of the model

- **Place-based:** The model uses a co-design methodology to work with community to identify, design and implement responses to local conditions that act as barriers and enablers to women's economic security and financial wellbeing.
- **Underpinned by the Capabilities Approach and the concept of economic dignity,**³⁰ the SEED model works at multiple levels – individual, community and systems – to foster individual and collective financial capability to increase real opportunities for women.
- **Adopts an intersectional gender lens to economic security and dignity:** The model proceeds from the view that economic security encompasses more than income derived from paid work. As such responses to economic insecurity must 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; a 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, tailored 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

- Early stage 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

Susan is currently experiencing family violence. SEED staff are supporting Susan's pathway to economic security, wellbeing and a positive sense of agency to drive what she wants to be and do by working with her to achieve her two identified goals. First she wants to get a divorce and move away from her husband and then she wants to find employment. To assist Susan to realise these goals, staff are working in a phased approach at multiple levels, aligning available services, resources and opportunities for her in the community. For example, based on a discussion with Susan about her needs and circumstances, staff are supporting her to build her confidence and capability through an Empowerment Pathway Program and Financial Wellbeing Workshops to give her tools that will assist when she has control of her money again. At the same time they are facilitating timely access to a legal 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.

3.5 Scaling up effective place-based approaches through Commonwealth leadership

Top-down place-based initiatives like the Commonwealth Local Jobs Program have had some limited success in matching local people to local jobs, especially in the short term. Any success relies on the individual capability of a limited number of funded staff. However these singular, top-down initiatives are limited in scope, reach and effectiveness, prioritising match-making rather than change-making of the systems that hold employment pathway problems in place.

Worse, they risk a set of unintended consequences by failing to grasp the concept of subsidiarity, which looks to devolve leadership and accountability for collaboration and innovation to local people. Devolution of leadership is designed to create mechanisms for impact in place that can outlast changes to government and short-term government policy and program cycles. An investment in local leadership can unlock local capability, as well as local resources, networks and opportunities in place. Local people want to shape lasting positive change in their communities. They typically invest in change-making when they can play an active part in the change process and withdraw when they can't.

This does not mean that government has no role. Indeed the opposite is true. Government can advance the public good – be it low unemployment, economic security or productivity – by exercising its accountabilities and using levers that only government has at its disposal. The Commonwealth has a critical role to play in enabling place-based approaches that align different employment funding streams and programs, connect different parts of the employment ecosystem, and engage industry and employers in co-design and implementation. The Commonwealth brings a whole-of-population view, and holds industry policy levers that enable industry prioritisation and engagement and incentivising of employment of priority cohorts in industry, as well as skills policy levers that can incentivise learners into priority training.

³⁰ Brown, JT 2020, [Economic dignity and financial capabilities: connecting principles and concepts](#), Brotherhood of St. Laurence, Fitzroy, Vic.

State, territory and local governments may be better placed to steward place-based initiatives on the ground, given their familiarity with regional conditions and their role in delivering social services. State governments such as Tasmania's are already leading the way through initiatives like Regional Jobs Hubs, as are local governments with initiatives like Opportunity Wyndham. A National Agreement could be developed setting high-level policy directions and outcome/impact indicators, with autonomy for states to implement place-based employment initiatives suited to local conditions.

Initiatives like the National Youth Employment Body and Tasmania's Regional Jobs Hubs demonstrate the potential for place-based collaboration among a diverse range of employment services, employers, education and training providers, social services, jobseekers and community to deliver effective training and employment solutions that meet the needs of local jobseekers, employers and industry. With additional investment and the right policy settings, successful place-based initiatives like these are capable of being scaled up. In BSL's view, the 'place to population' approach and top-down/bottom-up governance model are defining features of place-based models that are capable of being scaled.

Recommendations

1. Adopt collaborative place-based approaches as a critical mechanism for enabling adaptation of universal approaches to local conditions and populations, while also enabling local expertise to inform and influence state and national policy and service design.
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, build practice capability, and connect 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. Support smaller providers to contribute to the design and implementation of local responses and link into employer networks through Enabling Organisations, and through commissioning processes that value the networks, social capital and local expertise that smaller, locally-embedded organisations can bring.
4. Join up government and other relevant data at the population and local levels, and make it accessible to local communities to support for local planning, implementation and evaluation.
5. Use place-based approaches to align effort in employment, education and training, and enable delivery of fit-for-purpose training and employment pathways that are adapted to local economic conditions and to the needs of those starting, building or switching careers
6. Shift to a learner-centred, industry-focused training system that uses a range of training approaches adapted to jobseekers' stage of career development and employers' workforce development needs in community, including expanded opportunities for employment-based and employer-led training.
7. Use place-based approaches to connect and align 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.

8. Commission 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.
9. Scale up effective place-based interventions like the National Youth Employment Body and Tasmanian Regional Jobs Hubs through Commonwealth leadership, supported by top-down/bottom-up governance and using a 'place-to-population' approach.

SECTION 4: Identifying and responding to the needs of jobseekers

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

Across Commonwealth departments and agencies, multiple mainstream and specialist employment services have been commissioned for specific cohorts, including young people, parents, people with disability and mature age workers. 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 have varying eligibility requirements (linked, for example, to social security payments or migration/settlement status). Examples of the fragmentation of services for young people and people with disability are provided in Case study 7.

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 some 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.³¹ Importantly, the employment service system fails to take a coherent life-stage approach that recognises the challenges and opportunities that people typically 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.

The fragmentation of services by cohort has the effect that:

- some jobseekers find it difficult to to navigate the complex system
- some jobseekers who would benefit from a specialist service are only eligible for a mainstream service³²
- some jobseekers are left without a service (or with a service that is not appropriately tailored to their needs) due to service gaps (see Case Study 8)
- neither mainstream nor specialist services are equipped to respond to the complex, 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.

Employers are required to navigate multiple cohort-specific services, even though the personal characteristics of the jobseeker (e.g. whether they are young, have a disability etc) are less relevant to the employer than their skills and job readiness.

- cohort-specific expertise is diluted across agencies

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

32 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 administration, data and performance monitoring are duplicated across multiple departments creating inefficiencies and inconsistent expertise.

The complexities and inefficiencies for jobseekers, employers, providers and government(s) associated with broader system fragmentation outlined in Section 3 also apply here.

CASE STUDY 7: 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.³³

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.

³³ Cross, M 2020 [Who gets what where: review of government-funded youth employment programs across Australia](#), Brotherhood of St. Laurence, Fitzroy, Vic.

CASE STUDY 8: 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.

4.2 Employment support should be differentiated by intensity, not cohort

Building an employment system that is responsive to people's diverse needs and capabilities and provides the right type of support at the right time requires a shift away from compliance as the primary focus of employment services towards greater flexibility and responsiveness.

BSL supports the introduction of a single national employment **service, that is differentiated by labour market attachment and intensity of support rather than cohort**. Within this model, people's individual needs and circumstances (e.g. disability, mental health, settlement status) would be addressed through **tailored, person-centred practice**.

The only cohort for whom we believe a specialist employment service is needed is young people (see below). For some cohorts, **additional service elements** might be added to the core offer: for example, some groups may require additional vocational pre-employment support.

The advantages of a single employment service (with a youth-specific sub-program) include that it:

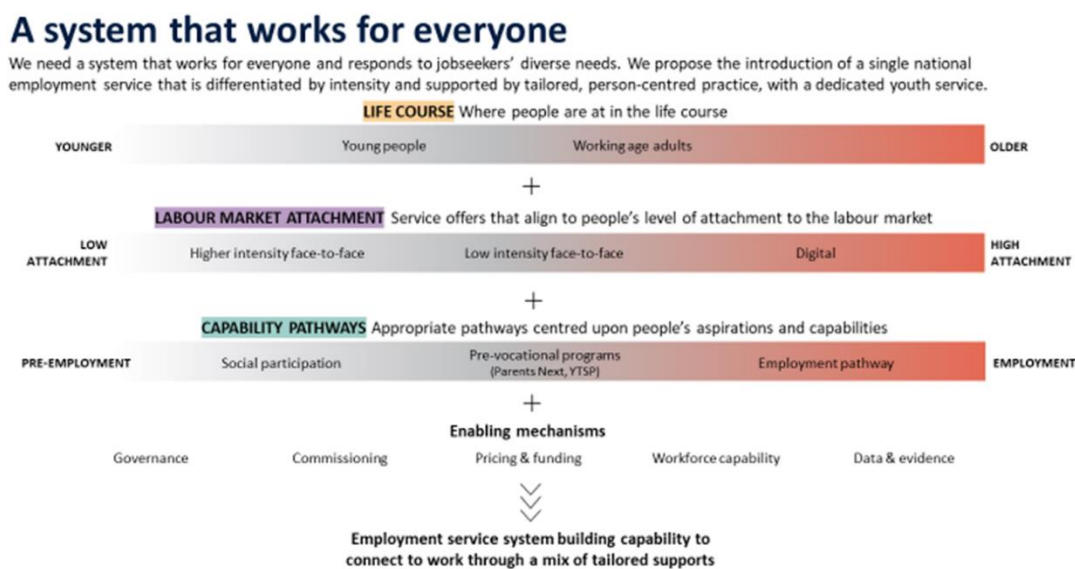
- reduces the complexity of the system for jobseekers and employers
- lowers the administrative burden of managing eligibility for both jobseekers and providers
- ensures specialist support is available to everyone who needs it
- can better respond to local needs in place
- addresses thin markets in regional areas
- is likely to reduce 'pigeonholing' of certain cohorts into specific jobs/industries (based on providers' relationships with particular employers)
- supports more effective engagement with employers, most of whom are looking to employ the right worker for the role rather than a 'young person', 'person with disability', etc.

To facilitate this shift towards greater flexibility and responsiveness to need, services would require capability to:

- assess needs and capabilities at different points on the jobseeker’s journey, including a more comprehensive assessment early in their journey
- respond to changing needs, and
- consider a diversity of outcomes that fit within a broader definition of what it means to be attached to the labour market, recognising that participation in full-time ongoing employment may not be a realistic or desirable outcome for everyone and for some people a social participation outcome or social employment outcome may be the most appropriate option.

To achieve this, **three service offers** are proposed that align to people’s attachment to the labour market: an optimised digital service; a new low intensity face-to-face service; and a new higher intensity face-to-face service (see Figure 1). Each of these services will be described in more detail in the BSL’s joint submission with CPD and UoM. An optimised digital service would provide early assessment of capability and lead to better triage and streaming of participants and identify quickly whether they need a low intensity or higher intensity face-to-face service.

Figure 1 Proposed design for national employment service



The role of specialist services

The case for a specialist youth employment service

For young people transitioning from school to work there is a need for a specialist employment service. There are several reasons for this, including:

- **the unique life stage-related support needs of this cohort:** young people need a safe environment to explore what they want to be and do. A young person’s first job and the early stages of their career is about discovering their real interests and inspiring them to take positive risks to create a pathway from school to work. Young people transitioning from school to work are often still uncertain about their life direction, vocational aspirations and options and so benefit from career guidance and support. Safe environments that encourage exploration and discovery help build self-confidence to navigate the world of work and their place in it.

- **alignment of employment services for young people with youth-specific legislation and policy:** Legislation defines school leaving age and there are eligibility requirements based on age within the vocational education and training (VET) sector. Other wage subsidies and training allowances are made available to young people based on age.
- **the importance of youth systems expertise to guide young people through one of life's most significant transitions:** A range of youth-specific programs and services (Youth Allowance, schools, VET, adolescent health, youth housing) need to come together to support young people into adulthood. Knowledge of how these services interact is essential to align and integrate these supports within a limited period of time. Young people's pathway through school to meaningful work requires a continuum of interconnected program and policy interventions that are age appropriate and address the challenges that may occur to ensure the young person achieves a successful transition to adulthood.
- **young people's preference for a separate service:** Young people themselves have talked about the importance of youth-specific services and spaces and also demonstrate a reluctance to present to generalist all-ages services.

This is not to say that a national employment service should deliver a standardised model of support with no differentiation by cohort needs or participants' personal characteristics other than age. On the contrary, both the youth and working age services must be highly responsive to participants' different needs, and should address these through tailored, person-centred, intersectional practice. Through the Inclusive Pathways to Employment pilot, for example, BSL is currently testing whether young people with disability can be supported into employment through a mainstream youth employment service (see Case study 9).

In some cases, additional service elements may be needed to supplement the core service (for example, refugees and parents re-entering the workforce may need pre-vocational support). In other cases, the national employment service may need to call on specialist expertise (e.g. in working with participants on humanitarian visas or young people experiencing mental ill-health) to address individual needs. However, these different forms of support must be anchored in a broader national employment service framework that is responsive to individual needs rather than segmenting participants into discrete demographic cohorts with differential support based solely on group characteristics.

Employment policy and programs should ideally be consolidated in a single Commonwealth department. Additional programs to address the pre-vocational or specialist needs of select cohorts could be funded and administered by other departments, but should complement rather than duplicate employment services. At a minimum, a consistent whole-of-government approach to employment should be supported by effective cross-departmental governance.

We recognise that the current mainstream service and practice models are inadequate to meet the diverse needs of all jobseekers and that specialist services have emerged, in part, to address these gaps. We recommend therefore that specialist programs (such as the Youth Transition Support program for refugee young people, programs for people with employment barriers related to mental health, and programs for mature age jobseekers) be retained **as an interim solution** while the mainstream employment service and practice model is redesigned and workforce capability increased to enable the shift to tailored, person-centred support.

CASE STUDY 9: 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 expertise³⁴, 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, which has been crucial in combating stigmas of negativity and low expectations for young people.³⁵

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 the 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.

4.3 Assessing jobseekers' needs

People experience a range of challenges and risks that may impact their ability to self manage their job search or may mean they require additional support for a period of time. These challenges are often multifaceted and not experienced uniformly, but rather shaped by a combination of individual, familial, geographic, structural and institutional factors. While many are able to navigate challenges and barriers successfully, some are at risk of being left behind.

BSL's practice experience indicates that use of any assessment tool to identify the 'true' circumstances of jobseekers must be transparent and provide people with:

- a clear explanation and reassurance about the purpose of the assessment, stating potential impacts of disclosures on access to income support
- assurances about privacy of their disclosures
- an option to be supported by a social worker or trusted person when undertaking the assessment
- inclusion of questions about:

³⁴ 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;; 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.

³⁵ Bond, S & Keys, D 2020, [Finding that spark: what works to achieve effective employment services for young people?](#), Brotherhood of St. Laurence, Fitzroy, Vic.

- geographical isolation, social isolation and internet connectivity
- assessment for a disability and additional support.

4.4 Responding to jobseekers' needs

The current system remains inflexible and prescriptive

Employment providers BSL works with report that the new Workforce Australia system remains inflexible and overly prescriptive. For example:

- High KPIs for providers limit their ability to provide individualised and flexible support. Flexibility within the model (e.g. reduced number of activities) is dependent on the willingness of the consultant/provider to grant it.
- The points system has added some flexibility in the types of activity that count, but the amount of activity required to meet the threshold is still high and places pressure on participants.
- Participants are still being required to sign job plans that they don't understand and/or don't align with their needs. Participants sign them to avoid payment suspension but can then be penalised with demerit points for not meeting the requirements of the plan.
- Participants may get a temporary pause or a reduction in their obligations with a medical certificate, but this is short term and often not extended even with a further certificate.

A Capabilities-informed approach to supporting jobseekers

We believe that the adoption of Capabilities-informed practice such as Advantaged Thinking and coaching provides an aspirational way to identify the strengths, barriers and needs of jobseekers (see Section 1 for more information about the Capabilities Approach). Rather than focusing on people's deficits, Advantaged Thinking focuses on people's goals and aspirations and how they can be supported and invested in to achieve these goals, while also looking at barriers that prevent people from setting or achieving goals. In line with the Capabilities Approach and in contrast to strengths-based practice, Advantaged Thinking recognises that people's capability to choose different pathways in life must be matched with actual opportunities and the resources to realise them. By using processes and planning resources designed to develop people's aspirations, skills and capabilities, it supports them to build the foundations for a sustainable livelihood. This approach provides people with agency and choice over decision making.

Recommendations

1. Introduce a single national employment service that is differentiated by labour market attachment and intensity of support. This service should incorporate:
 - a. Tailored, person-centred practice to address the individual needs and circumstances of all jobseekers
 - b. A dedicated youth service
 - c. Additional service elements to supplement the core service (e.g. pre-vocational support) for some cohorts (e.g. parents, refugees)

- d. Mechanisms to call on specialist forms of expertise (e.g. in working with participants on humanitarian visas or young people experiencing mental ill-health) where this is critical to addressing participants' individualised needs
 - e. Three service offers that align to people's level of attachment to the labour market: digital; low intensity face-to-face; and higher intensity face-to-face.
2. Support a consistent whole-of-government approach to employment through effective cross-departmental governance at a minimum or, ideally, consolidation of employment policy and programs in a single Commonwealth department.
 3. Retain specialist programs (e.g. Youth Transition Support program for refugee young people, programs for people with employment barriers related to mental health, and programs for mature age jobseekers) as an interim solution while the mainstream employment service and practice model is redesigned and workforce capability increased to enable the shift to tailored, person-centred support.
 4. Assess jobseekers needs using a transparent assessment tool that: provides clarity and assurance about privacy and how information will be used; assesses for disability and other access issues; and provides the option for the jobseeker to be supported during the assessment.
 5. Adopt Capabilities-informed practice, such as Advantaged Thinking and coaching, to identify and address the strengths, barriers and needs of jobseekers.

SECTION 5: Enabling choice in the types of assistance

5.1 A flexible response with core service elements

Taking a person-centred approach requires flexibility within the service model and practice approach to tailor the mix of services and supports to the needs and circumstances of the individual jobseeker. However, there are core service elements that should be part of the offer for all jobseekers, though the emphasis may vary for different cohorts and individuals.

There is an extensive body of national and international literature focused on what young people need to gain and sustain employment, in the current and future labour market. International policy institutions, including the OECD, ILO and Eurofound, have identified the key characteristics of active labour market programs most likely to have a positive impact on the employment outcomes for young people:³⁶

*The most successful programs directly target disadvantaged young job seekers, providing a comprehensive package of support services, such as literacy and remedial education; vocational and job-readiness training; job search assistance and career guidance and counselling; and social support and workplace training.*³⁷

Based on this evidence, BSL considers the key service design features of effective employment services for young people to be:³⁸

- **vocational guidance:** to provide exposure to, and information about, a wide range of industries and careers, and their education and training requirements, especially for those who may have left school early or who may also lack support from family and networks.
- **career planning support:** to identify career goals, and the concrete actions and responsibilities they must meet to achieve these goals. Enabling young people to develop personal goals provides them with agency and self-direction about their future career and leads to a deeper and more sustained level of engagement in education, training and employment.
- **skill-building activities:** including transferable employability skills (e.g. planning and organising, communication and initiative); language, literacy and numeracy skills; job search skills (e.g. resumé writing, interview prep etc.); and support to access industry-specific skills and qualifications as needed.³⁹
- **exposure to the real world of work:** through work experience in real workplaces, work tasters and connections to employers and industry mentors

³⁶See for example OECD 2016, *Investing in youth: Australia*, OECD Publishing, Paris; O’Higgins, N 2017, *Rising to the youth employment challenge: new evidence on key policy issues*, International Labour Office, Geneva; Hawley, J, Hall, AM & Weber, T 2012, *Effectiveness of policy measures to increase the employment participation of young people*, Eurofound, Dublin.

³⁷ Thomas, M & Vandenbroek, P 2016, *Employment—Measuring and improving outcomes for young Australians*, Parliamentary Library brief, Commonwealth of Australia. p. 6.

³⁸ This is a summary of the elements consistently highlighted in literature concerning young people’s employment transitions. See, for example, Card, D et. al. 2015, *What Works? A Meta Analysis of Recent Active Labor Market Program Evaluations*, Working Paper No. 21431, National Bureau of Economic Research, Cambridge; Skattebol, J et. al. 2015, *Unpacking Youth Unemployment*, Social Policy Research Centre, UNSW Australia, Sydney; Sweet, R 2012, *Unemployed and Inactive Youth: What Works?*, Sweet Group, Sydney

³⁹ Blades, R et. al. 2012, *Measuring Employability Skills: A Rapid Review to Inform Development of Tools for Project Evaluation*, National Children’s Bureau, London; Anderson, K et. al. 2010, *Opening the Doors to Apprenticeships: Reaching Young People who are Disadvantaged and Disengaged from Apprenticeships*, The Young Foundation, London.

- **support to access specialised services:** to address life issues that directly and indirectly impact on their capacity to access, engage and attain education, training and work, including health and wellbeing, housing, and social and community connections.
- **post-placement support:** to troubleshoot any issues for the young person and/or employer, and maximise continued on-the-job learning.

In BSL’s experience, these core service elements also reflect what is needed for adults, although there may be a different emphasis or practice approach tailored to life stage (for example, less focus on career planning). Of course, as emphasised throughout this submission, support must be individualised and tailored to respond to the jobseeker’s particular needs, circumstances and goals.

As noted above, jobseekers facing barriers to employment are likely to require access to ‘non-vocational’ supports. These supports should be considered an integral part of the employment ecosystem, rather than ‘complementary services’. Employment services need the relationships and capability to leverage and engage these effectively as part of a package of supports, including through referral to specialist services (see also Section 3.4).

To be effective, these core elements of service design must be supported by system design elements described elsewhere in this submission:

- mechanisms to support collaboration between sectors and service providers⁴⁰ (see Sections 1 and 3)
- clear governance mechanisms that can enable local knowledge to connect to state and federal agendas⁴¹ (see Section 3 and Case studies 2 and 3)
- activation of employers to better understand their skill requirements; facilitate design and delivery of training, placement and on-the-job support; and shift their attitudes to hiring cohorts facing disadvantage⁴² (see Sections 6 and 7)
- investment in employment-based training, co-designed with local stakeholders⁴³ (see Section 3.3 and [BSL’s submission to the Employment White Paper](#)).

BSL has an extensively documented set of conceptual frameworks and practice guides that we are happy to provide upon request.

5.2 Agency is central to wellbeing and achieving meaningful employment outcomes

Theoretical and empirical research shows that agency – which is the ability to exert power in a purposeful way in line with self-established objectives⁴⁴ (and which can include choice, voice, control and

⁴⁰ International Labour Office 2012, *The youth employment crisis: A call for action*.

⁴¹ McColl Jones, N et al. 2021, *Transition to Work Community of Practice: Practice Guide*.

⁴² Bond, S & Keys, D 2020, *Finding that spark*.

⁴³ Longley D & Clarke K 2022, [Unlocking the potential of Australian apprenticeships](#), Brotherhood of St. Laurence, Fitzroy, Vic.

⁴⁴ Kotan, M 2010, ‘Freedom or happiness? Agency and subjective well-being in the capability approach’, *The Journal of Socio-Economics*, vol. 39, pp. 369–370.

empowerment) – is fundamental to people’s sense of wellbeing and can vary independently of people’s access to resources.⁴⁵

Agency and choice are intrinsically motivating. They build personal investment and the confidence required to maintain engagement in education and work. People are more persistent in their pursuit of a goal if they have chosen to pursue it, it is linked to their interests and aspirations, and they can act to achieve it. This in turn leads to higher outcomes and greater sustainability, as well as increased wellbeing and self-confidence, which in turn has a compounding effect on outcomes and productivity.

The adequacy of employment programs (and providers) should be judged against the measure of whether they offer individuals real agency, including freedom of choice about the lives they want to live. This requires attending to the ‘prerequisites’ that will enable people to take responsibility and exercise agency effectively, namely material resources, skills and real opportunities free of barriers. It also requires a longer-term view that 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 does not mean that jobseekers’ choices are wholly unconstrained, or that they are not held accountable – our choices are always constrained by external factors, such as the availability of opportunities in the labour market and our skills and abilities. What it means is that in the face of these constraint individual agency and choice should be maximised. Our focus should be on the right balance of accountability and freedom, underpinned by appropriate investment, so as to build personal investment and achieve more sustainable outcomes.

Shifting towards an approach to employment support that values jobseeker agency and choice will require:

- an adjustment of the mental model/conceptual framework underpinning service design and delivery
- a more flexible service model that enables tailored responses
- practice changes, including to assessment and engagement tools
- access to appropriate information to enable jobseekers to make choices about their employment pathway
- capability-building for frontline practitioners, and
- embedding of lived experience at all levels of the system including governance.

In terms of conceptualising, measuring and assessing the effectiveness of jobseeker agency and choice, BSL recommends that any monitoring framework for employment services incorporate more subjective outcome measures related to the value and suitability of work according to the person’s needs and perceived trajectory, such as:

- work of value to individual
- economic dignity (chosen not coerced)

⁴⁵ See Ibrahim, S & Alkire, S 2007, *Agency and empowerment: a proposal for internationally comparable indicators*, Oxford Poverty & Human Development Initiative, Working paper no. 4, Oxford Department of International Development, pp. 4–5; Hojman, D & Miranda, A 2018, ‘Agency, human dignity and subjective well-being’, *World Development*, vol. 101, pp. 1–15.

- preferred status (casual or set hours)
- desired industry/role or level
- future prospects (horizontal and vertical mobility).

In addition to these outcomes, it is important to consider whether the **process and practice** through which employment is achieved supports individual agency. Deprivation of agency is experienced as powerlessness: if the process and practice through which an employment outcome is achieved does not support individual agency – giving people real choices and the ability to act in relation to their employment pathway(s) – then it can compromise wellbeing.

Monitoring process and practice could be achieved by developing a set of implementation principles that outline how employment services will enable agency and choice, against which they can be assessed. The He Ara Āwhina (Pathways to Support) system monitoring framework developed in Aotearoa/New Zealand to monitor the features of a mental health and addiction system that supports wellbeing provides a useful example.⁴⁶

The importance of maximising agency in employment services is discussed further in Section 8.

Recommendations

1. Incorporate core service elements as part of the offer for all jobseekers, including vocational guidance; career planning support; skill-building; exposure to the real world of work; support to access specialised services; and post-placement support, with the mix tailored to respond to the the jobseeker's particular needs, circumstances and goals.
2. Aim to maximise jobseekers' agency and choice in determining and pursuing their education and employment pathway to build personal investment and achieve more sustainable outcomes.
3. Incorporate outcome measures related to the value and suitability of work according to the person's needs and perceived trajectory within any monitoring framework for employment services.

Develop a set of implementation principles that outline how employment services will enable agency and choice against which processes and practice can be assessed.

⁴⁶ Te Hiringa Mahara Mental Health and Wellbeing Commission 2022, [He Ara Oranqa wellbeing outcomes framework](#).

SECTION 6: Helping jobseekers into secure jobs

6.1 Building an employment pathway

Rather than asking whether the system should focus on short- or long-term outcomes or which forms of employment are suitable for which types of jobseekers, the question should be: what does it take to deliver person-centred support that builds the economic security, social mobility and wellbeing of individuals and their families, and that also meets the workforce needs of employers and industry?

Although decent, secure work is the ultimate objective, employment services are not necessarily expected to deliver jobseekers into their long-term employment and career goals. The outcome that employment services should be aiming to achieve is a *pathway* for jobseekers towards decent employment, career mobility and long-term economic security.

Pathways towards decent, secure employment can take various forms, depending on the individual jobseeker's needs, circumstances and aspirations. A short-term employment outcome – for example, a casual job that provides the jobseeker with relevant work experience and flexibility while they are juggling study or care work – might be suitable provided it is setting the jobseeker up to move towards their long-term goals and aspirations. The work of the employment service begins with developing a tailored jobs plan for each jobseeker that recognises their pathway needs and leverages available opportunities so they can achieve their goals. If a short-term job is not part of a tailored pathway plan, it may have a scarring effect by failing to advance employment and even delaying career progression.

BSL's working definition of quality work incorporates the following elements:

- pays a fair wage, which is sufficient to satisfy needs
- is safe
- provides adequate training and support
- enables work/life balance
- is suited to the individual's skills and abilities
- enables long-term economic security
- enhances future work and career opportunities, in line with aspirations
- provides an accessible and inclusive work environment
- enables the individual to be valued and respected at work.

6.2 The right mix of opportunities and incentives

Providing the right mix of opportunities that is responsive to the needs and circumstances of each jobseeker, including local economic conditions, requires a mix of interventions to be incentivised within the employment ecosystem, including supply-side, demand-side, bridging and systemic labour market interventions.

BSL has developed a typology of labour market interventions to assist policy makers and providers to identify the most suitable employment, education and training policy and program interventions to

improve labour market outcomes for jobseekers and employers in any given context or circumstances (see Figure 2).⁴⁷

Conventional solutions to unemployment have placed an emphasis on supply-side measures – focused on building the skills and employability of jobseekers – and, to a lesser extent, simplistic bridging interventions – focused on information provision and short-term ‘match-making’ between jobseekers and employers. However, providing jobseekers with skills and information is not sufficient to improve their labour market outcomes if their skills do not match those demanded by employers or there are no suitable jobs for jobseekers to be ‘matched’ to.⁴⁸

The mix of labour market interventions should be tailored to local conditions, cohorts 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 for digital skills.

Supply-side approaches and incentives should be enhanced

Supply-side interventions have historically not had line-of-sight to jobseekers’ long-term goals and aspirations, and have not been aligned with workforce demand.

For example, 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 significant challenges.⁴⁹ 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, including expanded forms of employment-based and employer-led training. Place-based approaches that foster sustained partnerships between industry, employers and training providers and enable co-design of fit-for-purpose training and employment pathways are an important mechanism for improving learner and employment outcomes (see Section 3.3 and Case study 4). BSL has provided more detailed recommendations for shifting to a learner-centred training system that addresses industry and employer needs in our [submission to the Employment White Paper](#).

As discussed in Section 6.1 and throughout this submission, there is also a need to shift the focus of supply-side measures to increase their effectiveness, in line with the Capabilities Approach. This means moving away 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, or its contribution to building secure, long-term employment) to more enabling, evidence-informed approaches which support people to build pathways to decent employment, career mobility and long-term economic security. This includes addressing both personal (vocational and non-vocational) and structural barriers to employment.

⁴⁷ The typology focuses on interventions that are ‘close to’ the labour market, including those within the purview of employment services. Importantly, as discussed in Section 3.4, other policy domains can also significantly impact on labour market outcomes (e.g. housing, tax, planning, transport, industry, and care policy). It should be noted that 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. However, the typology remains useful to sharpen analysis of problems and identify the most appropriate solutions.

⁴⁸ 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. 2020, NYEB Practice Guide.

⁴⁹ See Brotherhood of St. Laurence 2022, [Submission to Employment White Paper](#), p. 78.

We need a stronger focus on demand-side interventions and more sophisticated bridging interventions

A stronger focus on demand-side interventions – which incentivise or activate employers and industries to create work opportunities – can deliver ‘win-win’ employment outcomes that both provide decent work and inclusive work environments for workers and build a skilled and adaptable workforce for employers, industry and the community.

Demand-side interventions such as employer activation, social procurement and job creation initiatives (including social enterprise) have demonstrated success in generating pathways into work for those disconnected from the workforce. They are most effective when linked to place and a good understanding of local employers and people seeking employment, since relationships of trust between disparate stakeholders take time and effort to develop.

Bridging interventions can play an important role, but need to move beyond simplistic information and match-making initiatives towards approaches that work intentionally with jobseekers and employers to shape and transform employment opportunities. Effective bridging interventions include creating and shaping job opportunities to accommodate both employee and employer needs, and providing bespoke job readiness support and training tailored to the needs of the jobseeker and role. Case study 10 illustrates the types of effective bridging support provided by BSL’s successful social enterprise, *Given the Chance*, to enable successful social procurement.

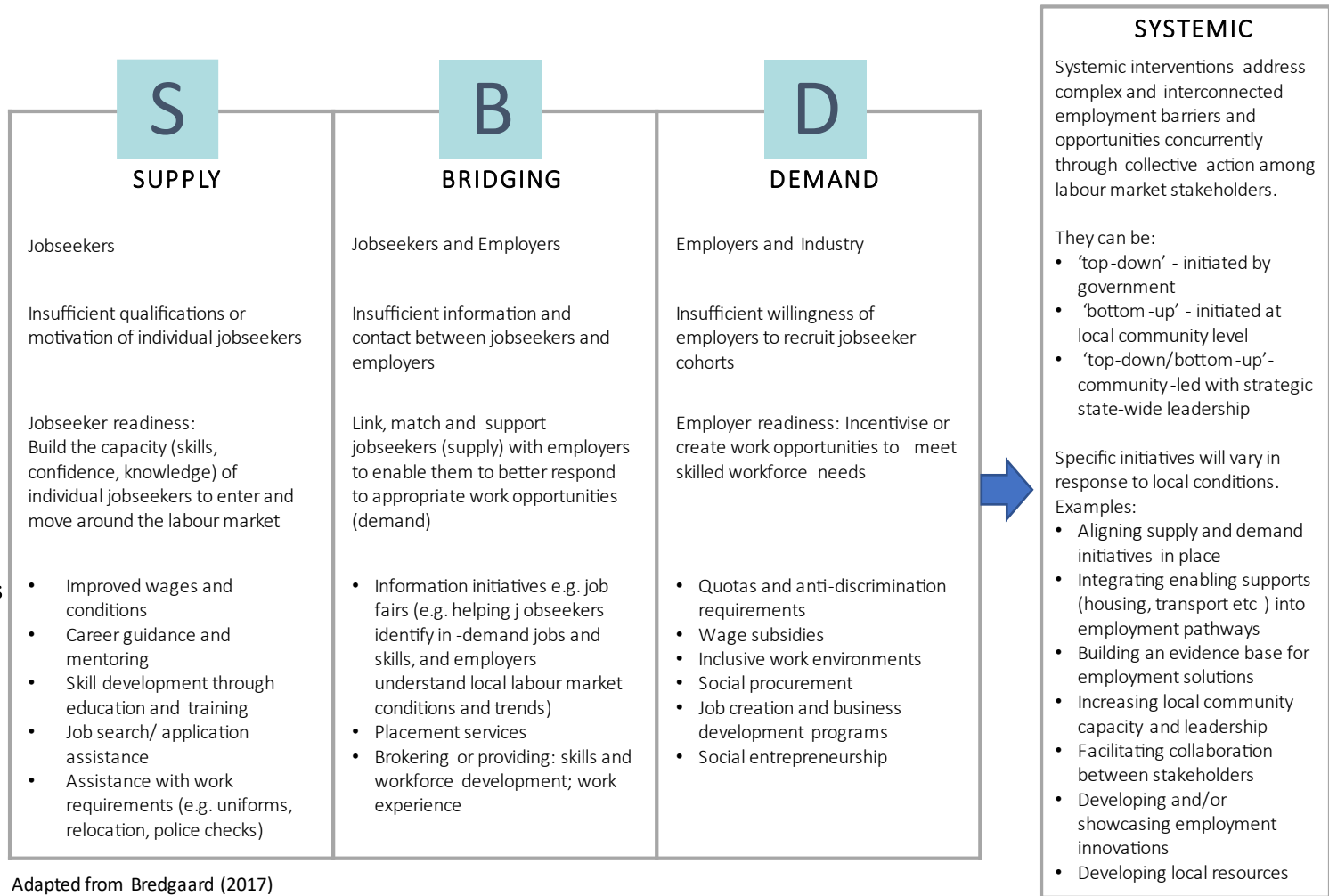
Employment services should not be competing with other job boards, or specialist recruitment and job matching services, though they can complement each other – for example, social purpose labour market intermediaries like *Given the Chance* can aggregate supply from multiple employment services to meet employer and industry needs.

Systemic labour market interventions are needed to address complex employment barriers in place

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. The National Youth Employment Body (Case study 2) and Tasmania’s Regional Jobs Hubs (Case study 3) are examples of initiatives involving systemic labour market interventions.

Figure 2 Typology of labour market interventions

Typology of employment interventions



Adapted from Bredgaard (2017)

Social procurement should be scaled up nationally

Social procurement has been shown to be a successful demand-side mechanism 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 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.⁵⁰ For 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.

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 Tunnel project 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, effectively de-risking the hiring of potentially productive candidates (for example, women returning to work after having children, migrants and refugees) for employers. A team of BSL specialists is seconded/embedded with the employers' people and culture team, and 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, Given the Chance acts as an embedded social purpose labour hire service. Its role 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 and helping to sort and match them
- 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
- providing post-placement support via field support staff, who engage regularly with supervisors and employees.

Since July 2022, this model has resulted in 31 successful placements with the Spark Consortium for the North East Link Tunnel Project. **Retention has been very high, at this stage still at 100%.**

To date, social procurement approaches have been implemented unevenly across the nation, making it a complex field for employers. Mapping of existing social procurement approaches would assist in driving

⁵⁰ Mupanemunda, M 2019, [Social procurement: Creating employment opportunities through purchasing expenditure](#), Brotherhood of St. Laurence, Melbourne, Vic.

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.⁵¹

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) that 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 a narrow focus on economic value
- **ongoing investment in preparation of candidates** through person-centred employment programs like those offered by Jobs Victoria – for example, 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
- **data linkages and transparency** – for example labour market intermediaries would benefit from access to data about the locations, living circumstances, skills and work experience of employment services participants.

To date, social procurement has been focused on large 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.

6.3 Structural disincentives to employment

Low income support payment rates, mutual obligations and various thresholds and eligibility criteria for social security create structural barriers for many people experiencing unemployment, most of whom want to work.

Low social security 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, were living in poverty.⁵² An increasing number of people are stuck on these low income support payments:

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

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

- Many people who receive social security payments are in paid work⁵³, but do not earn enough to exit income support⁵⁴
- The number of people experiencing long-term unemployment continues to increase.⁵⁵ Many of these people face complex challenges and barriers to work.⁵⁶
- Changes to the structure of, and eligibility for, social security payments mean 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 JobSeeker 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.⁵⁷

Poor access to essentials, such as food, medicine, internet, 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.⁵⁸ Low payment rates force victim-survivors of family violence to choose between violence and poverty.⁵⁹

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

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 lengthen periods of unemployment.⁶⁰
- Starting a job and being in paid employment does not necessarily remove mutual obligations for jobseekers.
- 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.⁶¹

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

54 Wages have stagnated and are decreasing in real terms: Cavanough, E, 2022, *Stuck in Neutral: The Policy Architecture Driving Slow Wage Growth in Australia*, the McKell Institute. Paid work has also become more precarious and incomes have become more volatile: Senate Select Committee on Job Security, 2022, *The job insecurity report*, Commonwealth of Australia, Chapter 2.

55 Whiteford, P, 2019, *Are most people on the Newstart unemployment benefit for a short or long time?*, The Conversation, 24 July. 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: <https://data.gov.au/dataset/ds-dga-cff2ae8a-55e4-47db-a66d-e177fe0ac6a0/details?q=>

56 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.

57 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.

58 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.

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

60 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*.

61 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 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. 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 relationship⁶²

- 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 long-term employment, education and training goals, and can exacerbate the scarring effects of unemployment.⁶³
- 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.

The role of mutual obligations in employment services is discussed further in Sections 8 and 9.

Policy settings in the tax and transfer system 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:

- Single people and single parents can face **effective marginal tax rates** (EMTRs) of between 60% and 80% when their income exceeds a certain (low) threshold⁶⁴
- Parents in casual work may not work sufficient hours to meet the **Child Care Activity Test**, which 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 children⁶⁵

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.

62 Bowman, D & Wickramasinghe, S 2020, [Trampolines not traps: enabling economic security for single mothers and their children](#), Brotherhood of St. Laurence, Fitzroy, Vic., p.15.

63 Egdell, 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.

64 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 cameos: effective marginal tax rates, May 2022](#).

65 Bowman, D & Wickramasinghe, S 2020, [Trampolines not traps](#), p. 26.

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 to recover financially from a period of unemployment. This leads to other forms of precarity, especially housing insecurity.

Policy effort and investment should be reoriented towards building long-term economic security

BSL wants to see a better deal 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.

Short-term reforms should include:

- an **immediate, significant 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 14 in Section 8 of this submission)⁶⁶
- making participation in employment services **voluntary** and **available to a broader population** who would benefit from support
- as recommended in the Committee’s interim report, ceasing the **ParentsNext** program and replacing it with a voluntary or light-touch compliance 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 6).
- extending **eligibility for benefits** such as the Pensioner Concession Card for mothers moving off income support (currently 12 weeks) until they are established in employment

⁶⁶ 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.

- investment in high quality, affordable **child care and early learning** to give more children a better start and enable more families to access work.

In the medium term, we recommend an independent commission be established to undertake a **full review of the structure and rates of income support payments and associated conditions**, building on the work of the newly established Economic Inclusion Advisory Committee. The Commission should then monitor the social security system and set rates⁶⁷ on an ongoing basis.

In the longer term, we recommend government **explore alternative models that better integrate social security and employment, such as ‘flexicurity’**, in the Australian context (see Case study 11).

CASE STUDY 11: ‘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.

⁶⁷ Aside from mechanisms to adjust income support payments in line with CPI or wages, there is no existing mechanism to determine the rates of social security payments.

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.

Recommendations

1. Develop a tailored jobs plan for each jobseeker at the beginning of their journey that recognises their pathway needs and leverages available opportunities so they can achieve their goals
2. Tailor the mix of labour market interventions (supply, demand and bridging) to local conditions and populations
3. Enhance the effectiveness of supply-side interventions, including by adopting a more learner-centred and industry-focused approach to vocational education and training, and using Capabilities-informed service design and practice.
4. Adopt more sophisticated bridging interventions that work with jobseekers and employers to shape employment opportunities, as in BSL's work with the North East Link Tunnel project.
5. 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.
6. Adopt systemic labour market interventions to address complex and interconnected employment barriers and opportunities concurrently through collective action among labour market stakeholders in place.
7. 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.
8. 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
9. Address structural barriers and disincentives to employment by:

- a. Immediately and permanently increasing the base rate of working-age payments to lift people out of poverty and enable them to engage in the labour market
- b. Increasing 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
- c. Addressing high effective marginal tax rates for social security recipients which can act as a disincentive to take on (more) work
- d. Significantly increasing the Liquid Assets threshold to limit the long-term financial consequences of unemployment
- e. Abolishing the Child Care Subsidy activity test
- f. Making participation in employment services voluntary and available to a broader population who would benefit from support to address barriers to employment
- g. As recommended in the Committee's interim report, ceasing the ParentsNext program and replace it with a voluntary or light touch compliance program for low-income parents with young children who want to enter or re-enter the workforce, or access more financially secure employment.
- h. Considering 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.
- i. Extending eligibility for benefits, such as the Pensioner Concession Card for mothers moving off income support, until they are established in employment
- j. Investing in high quality, affordable childcare and early learning to give more children a better start and enable more families to access work
- k. 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.

SECTION 7: Meeting employers' needs

Engagement of, and collaboration with, employers and industry is critical to improving outcomes for jobseekers who face barriers to employment. To date, however, employer engagement has not been prioritised by Commonwealth employment services through appropriate provider and employer activation measures.⁷¹ Employers have low trust in, and are disconnected from, the federal employment services system.⁷² A key concern for employers is being flooded with unscreened or poorly matched candidates.⁷³

7.1 Demand-led initiatives can deliver positive employment outcomes for jobseekers experiencing disadvantage

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.

Both large and small-scale demand-driven initiatives can deliver positive employment outcomes for jobseekers experiencing disadvantage. The North-East Link project is an example of a large, demand-driven project providing employment for up to around 900 jobseekers experiencing disadvantage. As highlighted in Case study 10, BSL's social purpose labour hire model has resulted in 31 successful placements with the North-East Link project since July 2022, with 100% retention to date. Case study 12 (Building Youth Pathways) shows how small-scale initiatives can also deliver positive outcomes for jobseekers.

⁷¹ See for example, Bowman, D & Randrianarisoa, A 2018, *Missing the mark*; Bond, S 2023 forthcoming, *Mutual investment for mutual benefit: activating employers to shift young people's career trajectories*, Brotherhood of St. Laurence, Fitzroy, Vic.

⁷² In 2019, it was estimated that less than 5% of employers used *jobactive*, compared with 18% in 2007: 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.

⁷³ See for example Bowman, D & Randrianarisoa, A 2018, *Missing the mark*; Bond, S. 2023 forthcoming, *Mutual investment for mutual benefit: Activating employers to shift young people's career trajectories*, Brotherhood of St Laurence, Fitzroy, Vic.

CASE STUDY 12: Mutual investment for mutual benefit – Building Youth Pathways in Frankston

Through the Building Youth Pathways program, funded by the Victorian Government, BSL has worked collaboratively with a large caravan supplier to create a supportive training and employment program for young people that meets needs of both the young people and the employer.

The employer had many vacancies at any one time (between 120 and 140) and had experienced challenges retaining employees with around 80% not lasting more than six months. A recruitment program with the Local Jobs Taskforce had failed to get traction. The caravan business connected with BSL to design employment strategies and find alternative streams for entry level employees to join their business.

On the demand side, BSL worked with the employer to co-design a training, recruitment, and supportive onboarding process for entry level jobseekers. On the supply side, BSL provided young people with pre-employment soft skills training and accredited certificates, ensuring they were well placed to thrive in the workplace and continuously upskill once in the roles.

Six participants initially engaged in the co-designed program, and five successfully completed the training. The training comprised eight sessions which covered employability skills, a Manual Handling certificate, a White Card certificate, a site visit, practical experience on site (safety induction, tools testing, trade tasters, plumbing, wiring, welding and cabinet making) and a job interview at the company.

As a result of the program, five young people who attended the program were offered manufacturing or welding roles within the business. The employer is keen to continue to run the program once a month with up to 10 young people each round, anticipating five placements per month.

The business is now open to new ideas and being creative to improve their recruitment. For example, they have implemented a successful innovation where they are providing a flexible four-hour workday for mums with school kids.

7.2 Activating employers and building their capability can create new employment pathways

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 **shifting employer mindsets** so they see the benefits, and in **building their capability** to provide inclusive workplaces. **Partnering** with employers and industry to co-design job pathways that deliver **mutual benefit** for both jobseekers and employers is essential. A **differentiated approach** may be needed for working with small and medium size employers.

Place-based approaches are important **because it** is important to understand the labour market dynamics in the local area; and building relationships with employers takes time. This can include **industry compacts** (where industry associations partner with specific employers, training institutions and employment services providers in regions to identify and respond to local workforce needs), as is occurring in Tasmania for the salmon and tourism industries.

Shifting mindsets and engaging employers

BSL's research suggests that four strategies are important for shifting employer mindsets towards a 'mutual investment for mutual benefit' paradigm and engaging them in offering career opportunities for people facing barriers to employment:

- highlighting the **benefits of inclusive employment** for employers (see BSL’s submission to the Employment White Paper, p. 74)
- recruiting **employer champions**
- building **trusting relationships** by learning about and responding to business needs
- offering a broad **range of investment opportunities** tailored to the motivation, expertise and capacity of employers.⁷⁴

Building employer capability

Building the capability of employers to engage and retain workers who may experience barriers to employment is essential. Capability-building can include:

- **practices, policies, training and resources** that help employers build the knowledge, skills and confidence to employ people who are disadvantaged in the labour market and foster inclusive workplaces, like the Gold Coast CIC’s [Youth Employer Champion Toolkit](#) co-designed by local employers and young people⁷⁵
 - **employer liaison roles** (individual or institutional – for example in the form of labour market intermediaries – see Case studies 10 and 13) **who ‘matchmake’ for mutual benefit**, seeking to align employer staffing needs and roles with candidate interests and skills
- access to expertise to navigate system supports for employers** of disadvantaged jobseekers, such as government subsidies like JobAccess
- **pre-employment support** for both employers and employees to streamline onboarding and smooth transition into work
 - **post-placement support** or ‘after care’ for both employers and employees to troubleshoot issues (see Case study 13).

⁷⁴ These four strategies come from BSL research into inclusive employment for young people, but they are also likely to be applicable to other population groups: for more detail, see [BSL submission to the Employment White Paper](#), pp. 72–75.

⁷⁵ 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.

CASE STUDY 13: Post-placement support through Given the Chance

Within BSL's Given the Chance social purpose labour hire model, field support staff can leverage BSL's role as the legal employer to ensure a full understanding of the rights and responsibilities of both the employee and employer. Given the Chance Field Officers engage regularly with supervisors and participants, with full onsite access as a contractor to the employer, establishing workplans with clear and achievable goals, ensuring new employees understand OHS systems on site, and supporting them through accredited training in traineeships, and any induction training required by host employers. Given the Chance also provides employer training for supervisors and allocates buddies for participants.

Field Officers sometimes advocate for changes to hours or start and finish times to accommodate family pressures and caring requirements, and also help broker services which can support the placement, such as access to suitable clothing, child care, occupational therapists via Job Access, and community mentoring for English language or skills enhancement.

Employers work with Field Officers to establish performance benchmarks as a basis for ongoing direct employment, working in a three-way arrangement to help the participant reach an appropriate level of performance.

Employees utilise Field Officers as a trusted ally in understanding how to communicate with their employer, balance the requirements of teamwork and hierarchy in the workplace, show their capacity for learning, accept and give feedback, forge connections with colleagues and overcome workplace culture – related barriers.

Given the Chance achieves excellent results. In 2022, 72% of participants completed their placement and, of those that completed, 78% gained ongoing direct employment with the host employer, or a new employer in the same industry.

Recommendations

1. Activate and 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 their mindsets to recognise the mutual benefits of inclusive employment
 - b. Recruiting employer champions
 - c. Building trusting relationships by being responsive to business needs
 - d. Building their capability to foster inclusive workplaces and work practices, and to engage and retain workers who experience barriers to employment, including through post-placement support
 - e. Offering a range of investment opportunities tailored to the motivation, expertise and capacity of employers, especially small to medium businesses.

SECTION 8: Mutual obligations and activation

The concept of ‘activation’ is a key feature of active labour market programs both in Australia and around the world. It is underpinned by the notion of individual responsibility, primarily through ‘work-first’ approaches which require job seekers to take any job as quickly as possible, with the idea that this will improve their employability and wellbeing.⁷⁶

Over time, Australia’s employment services system has become characterised by increasing conditionality, including stronger mutual obligation requirements (and non-compliance penalties) for jobseekers,⁷⁷ 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.

There is an extensive body of literature detailing the problematic nature of a work-first approach to activation, particularly in the UK and US where the work-first style Active Labour Market Programs were first implemented. This literature highlights the disempowering effect of this approach, the negative impact on job seekers’ motivation and the ‘churn’ that results from a focus on securing short-term labour market outcomes for individuals rather than decent medium- to long-term work.⁷⁸ 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.⁷⁹

Further, 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 years⁸⁰

During this time, recipients experienced better physical and mental health and were able to focus on working towards a sustainable future rather than day-to-day survival.⁸¹

⁷⁶ Egdell, V & McQuaid, R 2014, ‘Supporting Disadvantaged Young People into Work: Insights from the Capability Approach’, *Social Policy and Administration*.

⁷⁷ Thornton, D, Bowman, D & Mallett, S 2020, [Safety net to poverty trap? The twentieth-century origins of Australia’s uneven social security system](#)

⁷⁸ Bowman, D & Randrianarisoa, A 2018, *Missing the mark: employer perspectives on employment services and mature age jobseekers in Australia*, Brotherhood of St Laurence, Melbourne; Egdell, V & McQuaid, R, ‘Supporting Disadvantaged Young People into Work’.

⁷⁹ Egdell, 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.

⁸⁰ Klein et al. 2021, *Social security and time use during COVID-19*, p 20.

⁸¹ Klein et al. 2021, *Social security and time use during COVID-19*.

Increasingly, experts are looking to the Capabilities Approach as an alternative to work-first and punitive activation measures, with a focus on agency and accountability to build motivation and achieve sustainability.⁸² As outlined in Section 5, giving people agency and choice is intrinsically motivating. It builds personal investment and the confidence required to maintain engagement in education and work. People are more persistent in their pursuit of a goal if they have chosen to pursue it, and if it is something linked to their interests and aspirations. This in turn leads to higher outcomes and greater sustainability, as well as increased wellbeing and self-confidence, which in turn has a compounding effect on outcomes and productivity. Our focus should be on the right balance of accountability and freedom, underpinned by appropriate investment, so as to build personal investment and achieve more sustainable outcomes.

Through BSL's delivery of the Transition to Work (TtW) National Community of Practice model, we have seen the efficacy of this agency-based approach to activation. While it permeates the whole of program delivery, the approach is most clearly realised in the first phase, called Guidance and Exploration, which lays the foundation for the young person's journey through the service by building motivation, engagement and a strong sense of self. This critical component of our model was enabled by the time-based activation approach of TtW, and the exemption from the compliance framework (including the Demerit-point system). This maximised agency and choice, balanced with the reasonable requirements of 25 hours of activity.

Under BSL's Advantaged Thinking practice approach, we use reciprocity-based practice rather than 'mutual obligations'. We do this through The Deal, which all young people sign up to when they enter the TtW service (see Case study 14). The Deal is non-punitive and expresses value by holding high expectations for young people to foster in them a sense that they are valued members of society with something to contribute. It is designed to prepare young people for the real world and the expectations associated with sustaining an independent livelihood. It does this by fostering a culture of reciprocity – the service must also deliver on its side of the bargain – and expressing shared ownership of the TtW service. While BSL has used The Deal with young people, this way of working could be customised to other cohorts and individuals.

⁸² Egdell, V & McQuaid, R, 'Supporting Disadvantaged Young People into Work'; Orton, M 2011, 'Flourishing lives: the capabilities approach as a framework for new thinking about employment, work and welfare in the 21 st century', *Work, Employment & Society*, vol. 25, no. 2, pp. 352–360; Bonvin, JM 2008, 'Activation Policies, New Modes of Governance and the Issue of Responsibility', *Social Policy & Society*, vol. 7, no. 3, pp. 367–377.

CASE STUDY 14: 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.

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.⁸³

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)
- 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.⁸⁴

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

Recommendations

1. 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.

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

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

SECTION 9: Compliance and enforcement

Considering employment services and income support in terms of ‘reward’ and ‘punishment’ reflects a flawed assumption that jobseekers are passive recipients of welfare, who are partially, if not wholly, responsible for their unemployment, and for whom punitive measures are necessary to motivate them into work.

As outlined in Sections 6 and 8, punitive approaches to motivating jobseekers have been shown to be counterproductive and, in some cases, harmful. Service and practice models grounded in agency and accountability, on the other hand, are intrinsically motivating. Further, people have a right to an adequate income, which should be unconditional. Failure to meet obligations relating to engagement with employment services should never result in payment suspension or cancellation.

People experiencing unemployment should be viewed as potentially capable contributors to the workforce, and employment support as an investment in people’s abilities – and by extension in the broader community. Greater attention needs to be paid to the structural barriers to work and the role of governments, employers and industry in creating and supporting employment for people facing barriers to employment by adopting enabling approaches (grounded in the Capabilities Approach) that build skills and capability and support participants to build strong foundations for economic security.

As noted in Section 8, BSL supports replacement of mutual obligations with a voluntary practice-based accountability mechanism, similar to The Deal used by BSL in its work with young people, that makes clear what each party will commit to doing to achieve the participant’s goals (see Case study 14). As part of government’s and employment services’ ‘mutual’ accountability, engagement with employment services should offer an intrinsic reward in access to high quality support and opportunities jobseekers might not otherwise have.

Recommendations

1. Remove payment penalties, suspensions and cancellations as a consequence for failure to meet any obligations relating to engagement with employment services.
2. Pay greater attention to the structural barriers to work and the role of governments, employers and industry in creating and supporting employment for people facing barriers to employment by adopting enabling, agency-based approaches (grounded in the Capabilities Approach) that build skills and capability and support participants to build strong foundations for economic security.
3. Ensure government and employment services are upholding their ‘mutual’ obligations to jobseekers by providing access to high quality support that offers an intrinsic reward for participation.

SECTION 10: Oversight, quality and assurance

10.1 Measuring the quality and effectiveness of services

The ILO provides a useful guide to assessing employment and training outcome measures. These include employment opportunities, adequate earnings, access to training, stability and security of work, decent working time, equal treatment at work, and a safe work environment, and social protections including social security and worker representation.⁸⁵

However, as noted in Section 5, the adequacy of employment programs (and providers) should be judged not only on the basis of the employment outcome achieved, but also against the measure of whether they offer individuals real freedom of choice about the work they want to do and the life they want to live. There are still gaps in the ILO framework when it comes to measuring employment 'quality', especially in terms of suitability, agency and choice. BSL has outlined its working definition of quality employment on page 53 of this submission, which could be used as a basis for developing relevant measures. We also recommend incorporating measures that signal participant agency and choice.

Enabling jobseekers to pursue meaningful education and employment goals will require a more flexible funding model which rewards improvement over a longer period. Different performance measures will be needed to show progress achieved in bringing those facing barriers to employment into different versions of labour market attachment, for example: work; train and work; work and care; train and social employment. Recognising the role of employment services providers in helping to shape a *pathway* to quality employment and long-term economic security for jobseekers, outcome indicators for providers should include:

- measures of progress towards employment, recognising the importance of finding the right fit to help promote sustainable outcomes
- both short and long-term outcomes
- education and training outcomes, including participation and progress measures
- jobseeker and employer satisfaction measures
- recognition of contextual factors affecting outcomes, including local labour market conditions.

Outcome indicators for providers should also include consideration of their role in creating the conditions necessary to facilitate positive employment outcomes for jobseekers, through efforts such as:

- establishment of enhanced community networks
- collaboration with key stakeholders and other providers and sharing of best practice.

10.2 Minimum staffing and training requirements

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.

⁸⁵ International Labour Office 2013, *Decent work indicators: guidelines for producers and users of statistical and legal framework indicators*, ILO manual: second version, ILO, Geneva.

However, employment services commissioning currently lacks a requirement for skilled and qualified staff, and funding levels inhibit recruitment of such staff capable of providing the supports people need.

An effective employment services system requires a workforce that:

- is professional and qualified – these attributes could come from formal qualifications and/or relevant industry experience. 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
- 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
- has access to high quality training provided by government and in-house by employment services.

Core knowledge and capabilities should include:

- an understanding of and ability to respond to the structural and personal challenges faced by a particular cohort or at a particular life stage
- an understanding of and ability to respond to the risks and opportunities for relevant cohorts 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).

Pricing, funding and commissioning arrangements need to recognise the cost of attracting, training and retaining a high-quality workforce including through:

- dedicated funding for professional development in the program budget
- competitive salaries and manageable caseloads for frontline staff.

As noted in our joint submission with CPD and UoM, the enhanced role of government that we have recommended – as a co-producer of employment services and an active steward of the employment system – will also require government to invest in public sector capability, including through collaboration with researchers, not-for-profits and independent institutes who can provide expertise on relational contracting and more collaborative approaches to service commissioning.

Recommendations

1. Measure the success of employment programs/providers based not only on the employment outcomes achieved, but also whether they offer individuals real freedom of choice about the work they want to do and the life they want to live, including through measures of job quality, suitability, agency and choice.
2. Incorporate performance measures for providers that show progress in strengthening labour market attachment, and that reflect their role in creating the conditions necessary to facilitate positive employment outcomes for jobseekers, such as collaboration and community networks.
3. Invest in attracting, training and retaining a professional and qualified workforce and ensure pricing, funding and commissioning arrangements recognise the costs associated with this.

SECTION 11: Research, evaluation and adaption

11.1 Embedding flexibility, adaptation and innovation

Throughout this submission we have highlighted the importance of embedding flexibility and adaptability within the employment ecosystem to achieve effective outcomes for jobseekers and employers. But innovation, adaptation and – most importantly – mutual learning about what works (and what doesn't) for whom, is extremely difficult to achieve under competitive contracting conditions because:

- providers bear almost all the risks and costs of 'risky innovations', which may lead to short-term declines in results for the sake of prolonged uplifts in performance over more sustained periods
- where contracts, client shares and payments are allocated on a competitive basis, providers are actively discouraged from sharing any expertise or knowledge they acquire from experimenting with new approaches.

A Capabilities-informed, place-based approach calls for flexibility, adaptation and collaboration to be embedded at the practice, service design, and policy and system levels. At a systems level, the key mechanisms for embedding adaptation, innovation and dissemination of best practice include:

- commissioning that encourages and supports a diversity of providers
- commissioning those providers who are committed to collaboration, co-design of effective employment solutions with participants and other stakeholders, and driving effective performance through analysing data and evidence
- resourcing Enabling Organisations to build practice capability, build capability for collaborative action, activate relationships and networks that can drive reform in communities, support smaller community-embedded organisations to contribute to design and implementation of local responses, and connect local stakeholders into government and policy
- government sharing the financial and performance risks associated with more innovative or experimental approaches to service delivery
- local-to-national governance to enable local innovations to be supported and scaled and inform system-wide policy design and implementation
- incentives and mechanisms for purposeful collaboration and shared learning between providers, such as Communities of Policy & Practice (COPPs), which can ensure fidelity to best practice as well as continuous improvement
- mechanisms that enable adaptation of the service model to local conditions and population characteristics (e.g. flexible funds)
- resources to support local adaptation and innovation (e.g. digital materials)
- access to government data to inform planning, design and evaluation (see Section 3)
- establishing learning loops in key governance groups, bringing together researchers, service development officers and practitioners, to drive continuous improvement and help to refine and scale models and approaches.

Recommendations

1. Implement a range of mechanisms for embedding adaptation, innovation and dissemination of best practice within the employment system, including:
 - a. Commissioning for diversity and collaboration
 - b. Incentives and mechanisms for purposeful collaboration and shared learning between providers, including resourcing for Enabling Organisations and Communities of Policy & Practice (COPPs)
 - c. Mechanisms that enable adaptation of the service model to local conditions and population characteristics (e.g. flexible funds)
 - d. Government sharing the financial and performance risks associated with more innovative or experimental approaches to service delivery
 - e. Providing access to government data to inform planning, design and evaluation
 - f. Establishing learning loops in key governance groups.