



everyone's family

Review of the future of employment services

Submission to the Department of Jobs and Small Business

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Overview of The Smith Family

The Smith Family is a national charity founded in 1922 to improve the lives of disadvantaged children in Australia. Almost a century on from its founding, it is now the nation's largest children's education charity.

Our vision is a better future for young Australians in need. Our mission is to create opportunities for young Australians in need by providing long-term support for their participation in education. This mission is founded on the belief that every child deserves a chance.

Our mission guides every element of our work, including program development and delivery, research, advocacy and fundraising. The Smith Family delivers programs in each state and territory in Australia, in over 90 communities, including many regional and rural communities.

In 2016-17, The Smith Family supported more than 151,000 children, young people, parents, carers and community professionals through its programs. Over 120,000 children and young people participated in programs run by The Smith Family. This includes almost 39,000 children and young people participating in our largest program, *Learning for Life*.

In 2016-17, The Smith Family's total income was approximately \$100 million. Around 70% of this funding comes from private donations from individual supporters, corporate partners, universities, trusts and foundations, and bequests. There are over 230 partnerships helping to sustain our programs. Only a quarter of The Smith Family's income is sourced from different levels of government.

As part of our leadership and collaborative work in the sector, The Smith Family is a member of a number of organisations and represented on a number of advisory groups and boards. This includes being a member of the Community Council for Australia (CCA), with our Chief Executive Officer, Dr Lisa O'Brien, sitting on their board.

1. Introduction

The Smith Family welcomes this review and thanks the Federal Department of Jobs and Small Business (the Department) for the opportunity to both provide a submission and attend one of the consultation workshops in Sydney. Given the challenges faced by jobseekers in the current labour market, it is particularly pleasing to see the Department taking a longer-term focus on the effectiveness of the employment services system, and seeking to redesign it to be fit-for-purpose.

We share the Department's concern that half of the people in *Jobactive* remain in this service for two years or more, and that those in Stream C stay an average of five years.¹ These figures demonstrate how important it is to get the service redesign right. The Smith Family understands that for a person to have a dignified quality of life, they need decent, secure employment. We also recognise that economic factors, beyond the control of individual jobseekers, makes it difficult for them to find quality work.

To help ease the pressure of these structural challenges, it is crucial that the employment services system provides the best quality assistance to jobseekers.

The Smith Family believes that the Department's Discussion Paper, *The next generation of employment services*, is a promising start in thinking about redesigning service offerings. The Paper offers a solid platform from which to think more deeply about the following issues:

- building a system that can adapt and change with labour market conditions,²
- ensuring the redesigned service is genuinely centred around the jobseeker,³
- delivering better targeted and more tailored services that benefit those who need the services the most,⁴
- providing stronger support for the most disadvantaged jobseekers,⁵ and
- improving the alignment of services with the needs and expectations of employers.⁶

We are encouraged these items were prominent in the consultation workshop that The Smith Family attended in Sydney on 26 July.

¹ Department of Jobs and Small Business, *The next generation of employment services: Discussion Paper*, June 2018, p 4.

² Department of Jobs and Small Business, *The next generation of employment services: Discussion Paper*, June 2018, p 5.

³ Department of Jobs and Small Business, *The next generation of employment services: Discussion Paper*, June 2018, p6-7, 15 and 28.

⁴ Department of Jobs and Small Business, *The next generation of employment services: Discussion Paper*, June 2018, p 5-6.

⁵ Department of Jobs and Small Business, *The next generation of employment services: Discussion Paper*, June 2018, p 20, Chapter 3.

⁶ Department of Jobs and Small Business, *The next generation of employment services: Discussion Paper*, June 2018, p 10, Chapter 5.

This submission offers comment regarding young people entering the workforce from secondary and tertiary education. These jobseekers face extremely difficult conditions. Whilst unemployment is 5.4%, youth unemployment is more than twice as high, at 11.6%.⁷ Even these national youth unemployment figures mask stark locational differences. As at March 2018, some regional hotspots had youth unemployment rates well above 20%.⁸ Southern Highlands and Shoalhaven (NSW), Wide Bay (Qld), Tasmania South East and Murray (NSW) experienced rates between 20 and 30%. National underemployment is approximately 8.5%,⁹ yet in February 2017, youth underemployment was 18%, the highest such rate in forty years.¹⁰ In combination, the youth unemployment and under-employment rates highlight the labour market challenges facing young Australians.

Every day we work with highly disadvantaged young people who directly experience these difficult conditions, and are navigating the transition between school to work, training or further study. During this period they make important decisions about life and career. These young people are also at the greatest risk of being trapped in cycles of poverty and disadvantage where they will struggle to find, secure and sustain decent work. Unless they can break such cycles, their ability to earn a living wage, and accumulate some personal wealth for the future, is severely hampered.

The young people we support on our largest program, *Learning for Life*, face a range of challenges. All are from low income families and four in five of them live in a family where one or more members are experiencing a major health or disability issue. As a consequence, 70% of our students have parents or carers who are not in the labour force. These young people are at significant risk of not being in employment post-school. Yet they have so much to offer potential employers. They are remarkably resilient, have a strong work ethic as well as high aspirations to create a better life for themselves. The key is providing them with the right support at the right time, so they can both complete school and move into work and/or study post-school.

Our submission outlines ways to ensure employment services better cater to these young people, offering the right kind of support to help them navigate the precarious nature of the present labour market. Specifically we make the following points:

- the Department should maintain and strengthen its focus on young people aged 15-24 years old, particularly if current youth-focused programs are rolled into mainstream services.
- an increased focus on disadvantaged jobseekers should mean providing ongoing case management to help each individual become job ready and then find, obtain and keep a job.

⁷ Heath, Mark, '[Australian jobs show weakness even as unemployment rates falls](#)', *Bloomberg News*, June 14 2018; Department of Jobs and Small Business, [Labour Market Information Portal](#), National figures as at July 2018.

⁸ Brotherhood of St Laurence, [An Unfair Australia: mapping youth unemployment hotspots](#), March 2018, p 2.

⁹ Heath, Mark, '[Australian jobs show weakness even as unemployment rates falls](#)', *Bloomberg News*, June 14 2018.

¹⁰ Brotherhood of St Laurence, [Generation stalled: Young, unemployed and living precariously in Australia](#), March 2017, p 2.

- the Department needs to find ways to better collaborate with other relevant Federal departments, as well as relevant state and local government bodies. This will help build more targeted services that respond to local economic conditions, and wherever possible link jobseekers up with other important services.
- the outcomes that the Department measures should not simply be services delivered and job placements provided. Outcomes should include whether individual jobseekers have successfully overcome personal barriers and become job ready, and whether they have developed lasting, transferable skills for ongoing participation in the labour market.
- when setting activity requirements and penalties for non-compliance, the Department should recognise the structural difficulties jobseekers face with present levels of unemployment and underemployment, as well as the precarious nature of entry level positions.
- the Department should not be overly reliant on online service delivery as a way to improve the efficiency and 'value for money' of the system, given disadvantaged jobseekers tend to have limited access to consistent, affordable quality internet provision in their daily lives.

These points are outlined further below.

2. Ensuring a focus on young people in service delivery

It is important that young people aged 15 to 24 years old have access to targeted, high quality employment services in any redesign of the service system. This is because young people transitioning from school, or higher education, to work face a unique set of challenges and are at risk of longer-term detachment from employment unless the right supports are offered during this transition period. Presently, specialist support for young people is available from additional programs like Transition to Work (TTW), rather than the mainstream *Jobactive* service offering.

After school or university, young people are faced with an array of complex challenges about how to best secure their immediate future, such as:¹¹

- adjusting to new institutional and social surroundings as they leave school or university,
- assuming the civic, financial and community responsibilities associated with becoming an adult,
- personal, emotional and psychological journey of moving from late adolescence to early adulthood, and
- adapting and diversifying their strategies for job searching and labour market entry, in line with changing labour market conditions.

Because of the above challenges, young people generally are identified as a group at risk of long-term marginalisation and detachment from the labour market. Within this cohort, there are certain sub-groups who are at heightened risk, including those:¹²

¹¹ The Smith Family, *Young people's successful transition to work: What are the pre-conditions?*, September 2014, p 1.

¹² The Smith Family, *Young people's successful transition to work: What are the pre-conditions?*, September 2014, p 2.

- from Aboriginal and Torres Strait Islander backgrounds,
- from lower socio-economic backgrounds,
- with disabilities,
- who are newly arrived migrants, and
- with underlying mental health issues.

Difficulty accessing the labour market is compounded when people have multiple, complex needs, for instance being from a low socio-economic background whilst also having a disability. There are many disadvantaged young jobseekers grappling with challenging life circumstances whilst they also enter the workforce for the first time.

Additionally, there has been a narrowing of entry-level opportunities in the labour market, including the range and availability of full-time positions. Young people are disproportionately affected by this. There are four main ways that changes in the patterns of employment in the economy have impacted young people moving from school or higher education to work:¹³

1. employment growth has occurred in sectors that do not have well-developed career structures spanning entry level through to higher roles,
2. employment growth has occurred in sectors characterised by insecure forms of employment,
3. traditional labour market entry point positions in primary and manufacturing industries for young people have been in decline,
4. large organisations have changed their recruitment, appointment and staff management practices.

Given the precarious nature of the labour market for young people, detachment from work or further study risks starting a longer-term pattern of unemployment. This risk is greater for disadvantaged young people, including the particular sub-groups mentioned earlier. Difficulty accessing entry-level positions not only affects those who have left school and not pursued further training or study. Students finishing tertiary education are finding it increasingly difficult to enter their industry of study. For instance, in 2017, 71.8% of undergraduates were in full-time employment four months after completing their degree, a proportion very similar to the 2016 outcomes.¹⁴ This leaves almost three in ten graduates without full-time work.

It is crucial that any redesigned employment services system has specific support tackling the difficulty of the transition to work period for young people, as well as the precarious nature of entry-level work. Employment outcomes for this cohort will be better if the support is tailored. This specialised support could be offered as part of the mainstream services, or delivered via youth-focused programs akin to TTW.

Equally important is ensuring that youth-focused programs are widely accessible, especially for disadvantaged young people, and others at risk of detaching from education or training. It is

¹³ The Smith Family, *Young people's successful transition to work: What are the pre-conditions?*, September 2014, p 2-3.

¹⁴ Social Research Centre, *2017 Graduate Outcomes Survey: National Report*, January 2018, p ii.

important that the eligibility criteria for pre-employment programs such as TTW are not overly strict, potentially cutting off the people who need the service the most.

3. Providing sustained support for jobseekers, especially disadvantaged persons

The Discussion Paper acknowledges the need to do better for disadvantaged jobseekers and to offer them better quality assistance.¹⁵ To achieve this, the Department needs to redesign the system to strongly encourage longer-term case management services for those who need assistance over an extended period of time. Many disadvantaged jobseekers have to overcome multiple personal barriers in order to be ready for work. Yet *Jobactive* sees high caseloads with limited direct support from case workers for the majority of jobseekers, including those in Stream C, as acknowledged by the Department.¹⁶

Increasing the focus on disadvantaged jobseekers requires ensuring that these people have easy access to intensive, ongoing case management to help them firstly become job ready and overcome personal barriers, and then find, obtain and keep a job. This in turn means reducing the pressure of high caseloads, allowing case managers to invest time in clients, building with them a life plan for becoming job ready, and staying with them as they transition into the first stages of employment and beyond. Case managers need also need more flexible access to funds for training and personal development.

For instance, in relation to young jobseekers, research demonstrates that they are likely to have a stronger attachment to the labour market if they have stable economic supports, stronger levels of personal support, strong job search skills, knowledge of the labour market, ability to career plan, high generic skills and ability to recognise skills required.¹⁷ For disadvantaged jobseekers, many of these elements need to be accessible via employment and other social services. This is presented in the Figure 1 below.¹⁸

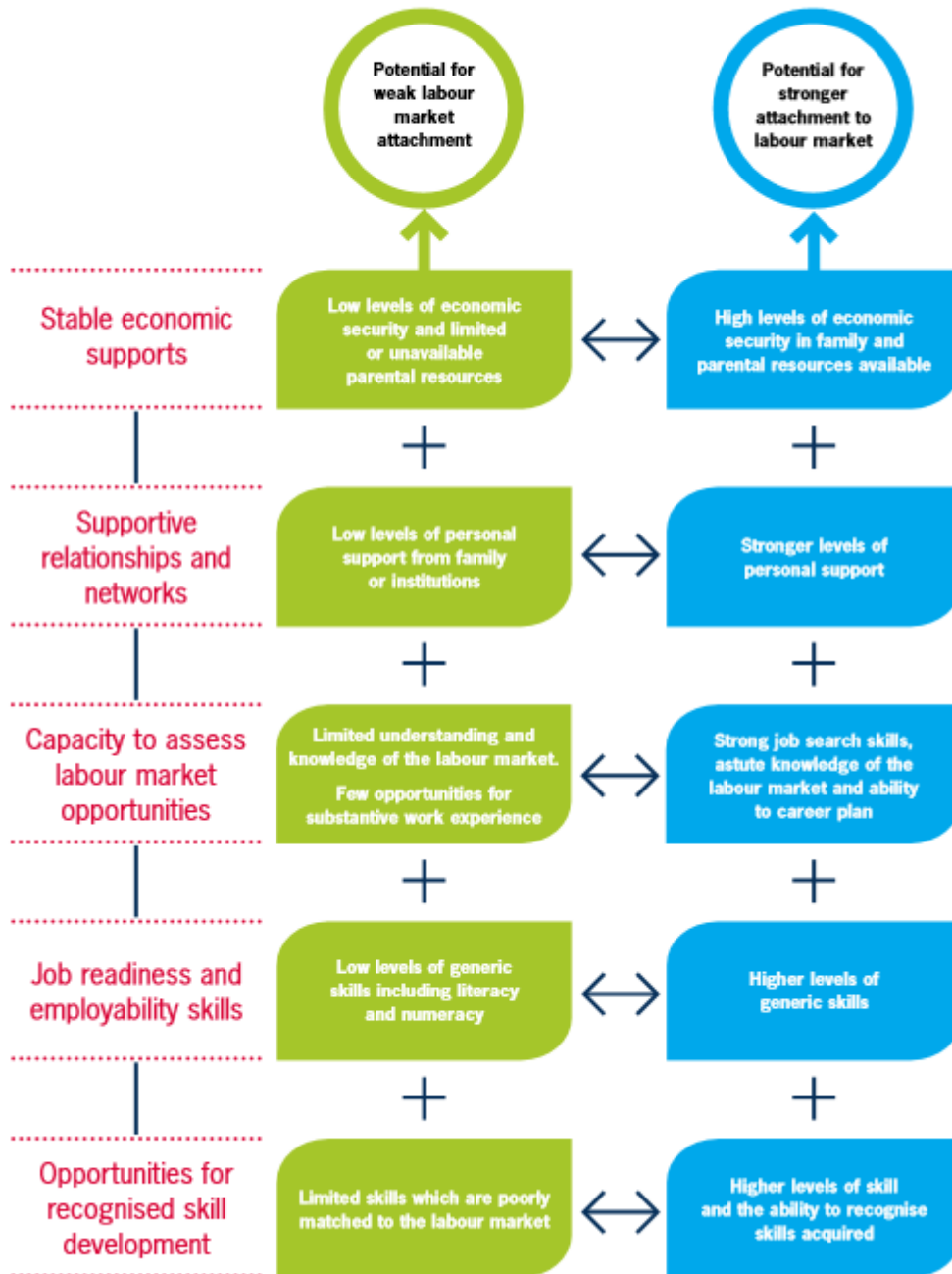
¹⁵ Department of Jobs and Small Business, *The next generation of employment services: Discussion Paper*, June 2018, Chapter 3.

¹⁶ Department of Jobs and Small Business, *The next generation of employment services: Discussion Paper*, June 2018, p 20.

¹⁷ The Smith Family, *Young people's successful transition to work: What are the pre-conditions?*, September 2014, p 4-5.

¹⁸ The Smith Family, *Young people's successful transition to work: What are the pre-conditions?*, September 2014, p 5.

The preconditions for labour market attachment



4. Improving collaboration on delivering employment services

Employment services will continue to have limited impact for disadvantaged jobseekers if the system continues to operate as a silo, largely isolated from the other human service portfolios. The Department needs to develop better ways of collaborating with other relevant portfolios if employment services are going to have a longer-lasting, positive impact on the lives of jobseekers. For instance, in the case of young people, better collaboration requires working with the Federal Department of Education and Training, and ideally their state and territory counterparts, on designing and delivering pre-employment programs as mentioned earlier. Similarly, the Department needs to collaborate with relevant state and territory agencies operating in the employment space. Better inter-governmental cooperation will also help deliver better, locally targeted services. For instance, the Department should be collaborating with agencies such as the Jobs Victoria Employment Network, that offers services to particular cohorts of disadvantaged jobseekers. Improved collaboration will ensure resources are deployed to maximum effect, offering a more tailored service offering that will have a bigger, more positive impact on the lives of jobseekers. It is only by leading cross-government collaboration that the Department will become an effective 'steward' of the employment services system.

The employment services system should also facilitate the creation of strong local partnerships in service delivery. Employment programs work better if they are responsive to local economic and labour conditions. To achieve this the Department needs a national framework for helping unemployed people that links to organisations that understand economic and labour conditions in local areas. This includes local employers, chambers of commerce and other business associations, trade unions and other community sector providers. In the case of young people, these types of organisations have employer networks in various industries, knowledge of employment pathways and access to impactful, pre-existing programs.

It is also important, where appropriate, that employment services connects with successful pre-employment programs delivered at the school and tertiary level. At the school level, since 2013 The Smith Family has partnered with other organisations to deliver the *Work Inspiration* program. This program is delivered in schools to students from Years 9 to 12. It offers them a meaningful, practical opportunity to engage with the world of work, across different industries. Students spend time in various workplaces, interacting with employees, and learning more about the skillsets required for the particular industry. It helps create pathways for young Australians within and beyond school. It helps young people in the transition between school work and/or further study, and helps keep them attached to education and the labour force. Current employers involved in the program include Microsoft, SAP, McDonalds, Hilton Hotels, Arup Engineering, DLA Piper, Audi, Kain Foundation and Flight Centre. In 2016, approximately 884 students from Smith Family partner schools participated in *Work Inspiration*.

At the tertiary level, The Smith Family is piloting the *Cadetship to Career* program, a joint initiative with the Business Council of Australia (BCA). This program offers professional cadetship opportunities for around 85 disadvantaged students who are currently part of The Smith Family's Tertiary Scholarship Scheme. A cadetship runs for typically two to four years. During this time, cadets receive eight weeks of paid full-time employment per year with a BCA member company, workforce-focused training and skills development, as well as continuing financial support via the Tertiary Scholarship Scheme. By participating in the program, cadets improve their job readiness,

hone their own career aspirations, develop new professional networks, and potentially access entry-level employment positions. It is a promising example of how charities and business can collaborate and achieve shared outcomes benefitting the community.

5. Developing more sophisticated outcomes to measure service effectiveness

According to the Discussion Paper, one of the main goals for redesigning employment services is to 'maximise job seeker outcomes'. The system needs to help these jobseekers well beyond finding short-term placements and to think about the longer-term employability and resilience of each candidate. The Smith Family strongly encourages the Department to develop a holistic set of outcomes to be measured for each jobseeker, especially disadvantaged persons.

It is an insufficient test of the effectiveness of the system if the items measured are solely job placements and type of services delivered. Part of the measurable outcomes should also be whether individual jobseekers have become job ready through participation in employment services. This would include whether jobseekers have overcome personal barriers preventing employment, whether they now have a meaningful and achievable career plan, and whether they have transferable vocational skills. Additionally, measuring job placements should include whether the candidate was able to sustain employment over the medium to longer-term. In focusing on outcomes, reasons for termination should also be measured, such as the individual's performance, the employer's approach, and the impact of broader economic conditions.

If services are redesigned to achieve these types of outcomes, over time it will help ensure that jobseekers are more resilient, skilled and adaptable to changing labour market conditions, particularly with stubborn rates of unemployment and underemployment, and better able to sustain employment over longer periods of time.

6. Accounting for structural factors and disadvantage in activity and compliance requirements

The Discussion Paper identifies 'encouraging self-sufficiency and personal responsibility' as an important goal in the system redesign.¹⁹ What must be actively acknowledged in any system redesign is the fact that structural economic and labour market factors, outside the control of individual jobseekers, influence their ability to find work. This includes the level of unemployment and underemployment. As at February 2017, 659,000 young people were under-utilised in the labour market, being either unemployed or not employed with sufficient hours.²⁰ As mentioned earlier, certain regions of Australia are grappling with youth unemployment hotspots where the rate of unemployment is over 20%. Other factors include the changing nature of work to become more insecure and flexible. This is manifested, for instance, in the precarious nature of entry-level positions for young people.

¹⁹ Department of Jobs and Small Business, *The next generation of employment services: Discussion Paper*, June 2018, p 10.

²⁰ Brotherhood of St Laurence, *Generation stalled: Young, unemployed and living precariously in Australia*, March 2017, p 3.

The Discussion Paper acknowledges that 'it can be hard to find a job without help', and that on average an employer receives 17 applicants for every advertised vacancy.²¹ The Department should give serious consideration to the present dynamics of the labour market as it determines activity and compliance requirements for individual jobseekers. Requirements that are constructed in isolation from general economic conditions that do not take into account the structural difficulty in finding work - factors that lie outside the control of individual jobseekers - will place an undue burden on them.

As mentioned earlier, disadvantaged jobseekers need sustained, ongoing support from service providers to become job ready. Their activity requirement should not simply be jobs applied for, and instead incorporate into the compliance process the longer-timeframe and pathway they require in order to find work, and the steps they need to take on that journey.

7. Moderating the reliance on digital service delivery

The Discussion Paper examines how to improve the efficiency and agility of the service system with increased use of digital platforms.²² Whilst The Smith Family commends the Department for thinking about how to use technology to improve service delivery, we caution the Department from unduly relying on it to 'improve' the system. Many disadvantaged Australians have limited or no ongoing access to the internet in their daily lives. This affects young people as well. In The Smith Family's *Learning for Life* program, three in ten students do not have a computer or other device connected to the internet at home. An over-reliance on digital services in a redesigned system will leave many disadvantaged jobseekers behind, especially as they require face-to-face, sustained case management support as mentioned earlier.

8. Conclusion

Helping Australians become job ready, secure decent work and achieve a dignified quality of life remains a core economic and social priority for government. The Smith Family commends the Department for actively thinking about how to systematically improve employment services, for learning the lessons from the delivery of *Jobactive* and its complementary programs, and for explicitly examining the key barriers preventing better service delivery to disadvantaged jobseekers, and young people in particular. Given the challenging nature of the labour market it is imperative that we modernise employment service delivery to fit the times, and to get the right type of assistance to those who need it the most. The Smith Family would welcome the chance to discuss this submission further with the Department in the near future as part of the broader consultations around service redesign.

²¹ Department of Jobs and Small Business, *The next generation of employment services: Discussion Paper*, June 2018, p 14.

²² Department of Jobs and Small Business, *The next generation of employment services: Discussion Paper*, June 2018, p Chapter 4.