**Submission in response to the Interim Report on Welfare Reform ‘*A New system for Better Employment and Social Outcomes’***

MAX Solutions welcomes the opportunity to provide input to the Reference Group’s interim report and consultation process on future Welfare Reform. Our contribution is outlined below.

**Simpler and sustainable income support system**

Travel/Mobility Supplement

Income support recipients who have a participation requirement should be eligible for a separate mobility or travel supplement to support accessibility to labour market opportunities. Transport is a perennial labour market barrier in many regions of Australia and the current arrangements for supporting transport solutions to access labour market opportunities are inconsistent and inadequate. Eligible job seekers should have access to a supplement separate from the funding available to support job preparation and readiness, the amount of which should be determined by their location (taking into account the transport solutions available locally) and participation requirement. For job seekers with significant transport barriers as well as other vocational and non-vocational barriers, requiring transport solutions to be resourced using job readiness or preparation funds (eg. Employment Pathway Fund or Disability Employment Services funds) can result in limiting access to opportunities or inadequate resources available to address other employment barriers.

The supplement should be able to be used flexibly to support mobility and accessibility to available labour market opportunities. Where public transport is readily available this would ensure individuals have sufficient funding to get to training opportunities, interviews and work in the initial stages of a job before they are paid, and the supplement amount could be relative to the local transport costs and regularity with which a job seeker would need to use this transport.

Where public transport is not readily available the supplement could be used to resource innovative local transport solutions in collaboration with employment services providers and community groups. The value of the supplement could be commensurate with the cost of alternative transport arrangements in these areas. Solutions could include a range of options such as:

* contributing to employer or service provider organised solutions such as car pooling or provision of transport in initial stages of work;
* supporting local volunteer initiatives that help young people access the necessary support to obtain a driver’s licence, which is cost prohibitive for many disadvantaged job seekers under 25 years who are subject to graduated licencing requirements;
* opportunities for job seekers and employment services providers to work with local organisations to develop solutions using existing latent transport infrastructure which could also provide additional skills development, volunteering and work experience opportunities.

**Strengthening individual and family capability**

Better matching participation requirements to individual circumstances

MAX Solutions believes that individual circumstances should be determined using a comprehensive assessment based on functional capacity undertaken by a suitably qualified and experienced third party assessor. There should be a simple, streamlined process available for assessors to update assessments based on information obtained over subsequent appointments with service providers. This is to recognise that many job seekers will not fully disclose at a first appointment and their initial assessment might not result in referral to the most appropriate service. While reassessment is available within the current system the process is cumbersome. In addition, MAX Solutions believes the evidence required from job seekers in certain circumstances to support a changed status is unreasonable and unnecessary. For example, requiring a victim of domestic violence to provide verification by a third party could be replaced in the above scenario with a judgement by the qualified assessor of the legitimacy of claims and impact on employability.

The assessment should inform participation requirements which combine meeting a mutual obligation with improving earning or learning prospects, not meeting mutual obligation alone without focusing on the person’s development. Approved activities for the purposes of meeting a participation requirement or mutual obligation should not be limited to a defined list of activities. This can inadvertently preclude involvement in a locally available or foundation skills development activity with more potential to improve employment, skills or capability development prospects and benefit the community, in lieu of an arbitrary activity that meets the approved activity list. Approved activities for meeting a participation requirement should be based on the circumstances identified by the assessment and meet a set of principles aimed at undertaking a meaningful activity which benefits the community as well as better positioning the participant for employment, training or education. This could include addressing foundational skills such as those outlined in the report relating to life skills and parenting responsibilities.

In addition, the Mutual Obligation framework should be more flexible to allow tailoring and optimal use of activities as a tool or intervention. For example, some job seekers might benefit more from Work for the Dole/work experience immediately in their period of unemployment. This should be available and then credited when their six monthly mutual obligation period comes up, if they are still unemployed, to allow delivery of a supplementary intervention at that time. Similarly short bursts of Work for the Dole/work experience complemented by unpaid work trials, training or other interventions might be more effective for some people than a default six months Work for the Dole placement. The most effective arrangement should be determined based on the individual circumstances identified through a functional capacity assessment.

Supporting Carers to maintain labour market attachment and access employment

MAX Solutions believes that young carers should be supported to stay in education or transition to work depending on their individual circumstances. Many young carers do not identify their caring responsibilities and as a result do not access any support. Vocational counselling, career advice, resilience development and information on community resources for young carers should be actively promoted in schools, community hubs such as churches, and through local media to prevent disengagement, and the services should be readily available to assist young carers in crisis as well as over the long term. Young carers need to be made aware that support is available and that there is no stigma or adverse impact from identifying their circumstances in order to access support. Local schools, community groups or service providers should be encouraged to support young carers to form peer support networks to facilitate sharing experiences and supporting each other.

All working age carers with full time caring responsibilities should be able to access regular respite services to allow them the opportunity to engage in casual or part-time education, training or work. Those who are of working age should be eligible for support from an employment services provider on a more flexible basis than currently available, recognising that caring responsibilities can create unpredictability.

For young carers this would provide support to fully engage in school and optimise their learning outcomes and preparation for transition to employment. For carers who are no longer at school this would provide the opportunity and support to maintain an attachment to and participate in the labour market. Increased respite opportunities would create new jobs in the growing community services sector.

Ensuring that people on income support meet their obligations

MAX Solutions believes that the best way to ensure people on income support meet their obligations is to match their obligations to their individual circumstances, development needs and aspirations. This ensures the obligation is meaningful and continues to improve the participant’s options, which engenders personal commitment by the participant. A stronger volunteer culture should be fostered nationally to support increased commitment to participation and contribution by people of all ages, encouraging participation through volunteering in an area of interest or passion.

Identification of and participation in a meaningful activity should be appropriately assisted by the relevant service with which the participant is registered. This should be supported by sufficient and flexible resources available to the provider, and committed through a jointly signed compact clearly articulating the rights and responsibilities of the participant and provider, which binds the participant to meeting their commitment and the provider to delivering the agreed support. This would provide a level of rigour around the arrangements and support any circumstances where a provider is required to compel a participant to meet their obligation.

Income Management

MAX Solutions considers income management to be a useful support for people who are socio-economically disadvantaged, unable to manage their own income and who volunteer to receive this assistance. Income management should remain a voluntary service and be combined with education to build recipients’ budgeting and financial management capability; and any other interventions to address impacting factors, such as gambling or substance addictions. This would ensure income management would not be used as a long term solution but as a temporary support while recipients’ capacity and capability is addressed.

Adapting and implementing the New Zealand Investment Model

MAX Solutions supports an evidence based targeted investment approach with employment as a primary focus, supported by service design and funding with sufficient flexibility to foster innovation and continuous improvement.

Given the differing size, structure and nature of the New Zealand and Australian labour markets and welfare systems we would consider it prudent to review more comprehensive evaluation of the New Zealand investment model, and analysis of its applicability before forming a view as to its relevance or suitability for adaptation and implementation in Australia.

Improving access to literacy, numeracy and job relevant training for young people at risk of unemployment

MAX Solutions believes there should be a stronger focus on job relevant training, including vocational literacy and numeracy, in the Australian school system. Employers regularly provide feedback that job applicants have inadequate literacy and numeracy along with other employability skills and attributes. There are many examples of local initiatives by individual schools working with their local business communities which deliver industry endorsed transition or preparation pathways but these are sporadic and not widely promulgated. Promotion of and education about better practice approaches to engaging with local industry/businesses could support schools to contextualise learning for the local and wider labour market opportunities students will pursue. This could include activities such as *work inspirations* where employers engage with students at school and provide industry/business orientation and advice on workplace requirements, practices and expectations. Workplace visits are also accepted as being beneficial for connecting schools and businesses and familiarising students with industry and workplaces. Many of these initiatives demonstrate improved learning outcomes by young participants due to the clear practical link between the curriculum and prospective jobs.

There should also be a stronger focus on and resourcing of alternative pathways for young people who are at risk of disengaging or have already disengaged from school. Some young people are not suited to an academic learning style or environment and their interest and motivation needs to be harnessed through alternative pathways prior to disengaging from the system. There are a range of options that can be considered including alternative schools; engagement programmes such as the now defunct Youth Connections programme; and individualised approaches such as early engagement (including prior to leaving school) with employment services to access employment, with ongoing skills development and training delivered subsequent to placement in a job.

Early intervention and prevention programmes to more effectively improve skills for young people

MAX Solutions believes that observed numbers of youth at risk of early disengagement from secondary education can be reduced by providing access to identification, assessment and additional support for young people demonstrating behavioural and academic challenges at a young age. The early detection and intervention in problems including learning deficiencies, developmental disorders, and neglect and abuse, could be achieved through training and empowering primary school educators to identify flags for such issues. Appropriately qualified professionals could assess and build intervention plans collaboratively with children, educators and families. Such plans could include links to community and school based social and academic supports and should improve academic and social engagement for young people from an early age. This would lead to durable social and academic outcomes for a broader demographic of students than is currently observed. The failure to provide such support at an early age contributes to the academic disengagement, poor literacy and numeracy, interpersonal, psycho-social and behavioural problems which characterise youth at risk of unemployment.

As outlined above, MAX Solutions supports increased focus by schools on contextualising education and delivering practical skills relevant to work as well as more initiatives to engage with local industry and businesses. This ensures the skills being developed by young people will assist them to transition to work, engenders more commitment from employers to engage with local labour supply and illustrates to young people the practical benefit of successful learning.

Other areas where early intervention and prevention programmes improve training or employment outcomes relate to working with people with complex support needs. Addressing non-vocational barriers such as health and homelessness, where early stabilisation of, and development of a management plan for, conditions or circumstances substantially improves the capacity of people to focus on and perform in their vocational pursuits. MAX Solutions favours employment as a primary intervention supported by integrated servicing, particularly for people with a disability, injury or medical condition, to optimise social and economic participation outcomes. However, flexibility is required for those with more complex needs or barriers to allow pre-employment interventions that support a more sustainable employment outcome.

Enhancing the focus on ‘earn or learn’ for young Australians

Max Solutions believes that engagement in meaningful employment or education could be facilitated by the implementation of an outsourced vocational counselling service within schools which is provided by organisations with demonstrated success in working with local industry, communities and young people. One approach could offer evidence based assessment of job-person fit for each student and link them to opportunities to experience roles associated with their assessed job-person fit profile. This would be supplemented by engaging with local employers and training providers to collaborate with schools and ensure locally relevant pathways to real jobs and ongoing education in the community.

Enhancing family functioning to improve employment outcomes

MAX Solutions believes there are circumstances where an employment solution for an individual requires services to be delivered to an entire family unit. In particular this applies in cases of intergenerational unemployment or cultural influences which impact on an individual’s employability or job seeking practices. More research and analysis in this area is required to build an evidence base to inform effective policies to address foundational issues such as family functioning to improve employment outcomes. MAX Solutions would welcome the release of pilot evaluations and studies previously conducted which would help to inform policy development in this area.

Improving services to achieve employment and social participation for people with complex needs

MAX Solutions believes the most effective outcomes for people with complex needs often result from collaboration between employment and other support services such as those provided by community based organisations. We support the Local Connections to Work model that was recently trialled in a number of locations where co-location and joint servicing between providers was encouraged and facilitated to streamline and improve servicing for job seekers. Improved collaboration leading to better outcomes for people with complex needs would be supported by including in the employment services contractual arrangements recognition for collaborating and delivering suitable interventions in complex cases.

More effectively evaluating government funding programmes developing individual and family capabilities

MAX Solutions supports trialling, evaluating and continuously improving initiatives to optimise outcomes. It is not clear how previous pilots and trials such as the *Family Centred Employment Project* and other initiatives have been evaluated to date. MAX Solutions would support the release of evaluations such as this and place based initiatives recently trialled. It is difficult to identify how they could be more effectively evaluated to determine outcomes without knowing the current evaluation methodology or findings.

**Engaging with employers**

Developing business-led covenants to generate employment for people with disability and mental health conditions

MAX Solutions supports the concept of business-led covenants where they work in collaboration with existing labour market intermediary networks to optimise suitable candidate development and matching, and suitable support is provided to employers and candidates involved. A covenant to generate employment for people with disability and mental health conditions could be developed by a credible business or alliance of businesses which can advocate the benefits of employing people with disability; obtain commitments from the wider business community; and engage with relevant support services.

For any covenant to be effective it is important to have the appropriate services and assistance available to support candidates into the pledged jobs and to implement a collaborative arrangement between the pledging employers and these services. Significant time to plan and prepare suitable candidates for pledged jobs which require a high level of skill would also optimise the success of a covenant. This would require businesses signing up to the covenant to have workforce planning and development capacity and to be prepared to pledge future jobs as well as those immediately available. It would also require the covenant to be a medium to longer term initiative rather than a short term initiative.

Replicating successful demand-led employment initiatives such as social enterprises

MAX Solutions believes there is a role for governments and the private sector to enable an environment that supports the growth of intermediate labour market based social enterprises. A greater focus on social procurement in government infrastructure projects and services purchasing (eg. catering, events etc) and private sector major projects would increase opportunities for social enterprises, creating more supported job opportunities for disadvantaged job seekers to transition through to employment in the open labour market.

Embedding an employment focus across all employment and support services

MAX Solutions believes that all employment and support services should operate with the core service delivery principle of employment as a primary intervention, supplemented by other support to meet the needs of each individual. A strong focus on employer engagement and servicing is critical to succeed in this approach. The employment services model could better facilitate effective engagement with and servicing of employers by recognising and rewarding providers for meeting the needs of employers, rather than focusing on direct engagement with employers. The preferred arrangements of employers vary and it is crucial to respond to their preferences for effective service delivery. Where this requires working through an intermediary or working collaboratively as a network with one point of contact, to facilitate successful engagement and servicing the contract should not (deliberately or inadvertently) penalise the partners which are not the interface, or incentivise competition for this role. This leads to provider activity which is not responsive to the needs of the employer but to the perverse incentive embedded in the contractual arrangements. Contractual arrangements should facilitate providers working with a range of intermediaries as well as directly with employers to ensure providers are informed about and focused on addressing employer needs and preferences.

Enhancing job matching and effective assessment of income support recipients

MAX Solutions welcomes any efforts by the Government to enhance the tools available to service providers to support effective delivery of services. Comments relating to assessment are outlined earlier in this document. Improved job matching could be facilitated by an improved search facility to extract key information which can be matched against a position description or job requirements. In addition, given the job seeker’s profile is accessible by the provider and the job seeker, a facility to alert both to changes to the profile would support improved monitoring of the quality of information uploaded into the profile. Another useful facility would be a quarterly alert to job seekers to update their profiles to ensure information is current.

Another system issue in relation to job matching is that often vacancies on Australian Job Search are not closed and providers and job seekers waste time pursuing opportunities that are not current. It is suggested that any vacancy not closed within three months is automatically closed and should be re-lodged if it remains current. An alert should be triggered to ensure the lodging employer or provider is aware of the closure of the vacancy. It is also proposed that vacancies can be created on ESS and matched against internal job seekers by service providers before being updated automatically to Australian Job Search 24 hours later if not filled in this time.

Reducing the administrative burden on employers and job service providers

MAX Solutions welcomes the initiative and actions the Australian Government has already taken to address this issue. We would support a mechanism for ongoing identification of potential improvements in this area as well as information on how the current red tape reduction activities will be measured to gauge effectiveness and maintain integrity and quality of services.

**Building community capacity**

MAX Solutions supports initiatives to increase the collaboration between the private sector, philanthropic investors and the community sector to drive innovative solutions for disadvantaged communities and grow social enterprises and micro businesses. We recognise that growth of social enterprises and micro businesses increases employment opportunities, including supported and transitional opportunities. Flexible financing arrangements should be made available to support initiatives and enterprises and support should be provided to promulgate social innovation models and projects. MAX Solutions supports increased exploration of social impact bonds, micro finance loans and other assistance, particularly for regional and remote communities.