

NESA response to the Interim Report of the Reference Group on Welfare Reform: *A New System for Better Employment and Social Outcomes*

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Introduction

Established in 1997 as the peak body for all Australian employment services, NESAs have extensive coverage of Job Services Australia (JSA), Disability Employment Services (DES), the Remote Jobs and Communities Programme (RJCP) as well as other critical complementary employment related programmes such as the Indigenous Employment Programme (IEP), Australian Apprenticeship Centres (AAC), Group Training Organisations (GTO) and New Enterprise Incentives Scheme (NEIS). NESAs' coverage is unique as our membership includes community, not for profit and private sector service delivery organisations.

NESA's focus remains on ensuring we have a vibrant and sustainable employment services industry, and we are dedicated to the development and improvement of employment services and related programmes to ensure that every individual who wants to participate in the world of work can do so.

We are pleased to have the opportunity to provide a submission to the Welfare Reform Reference Group's interim report *A New System for Better Employment and Social Outcomes*. We have consulted NESAs' members in preparation of this submission. We have not attempted to answer every question, but rather have focused on those where employment service providers have the most expertise to provide commentary on.

Background

One of the great challenges ahead is enabling as many Australians as possible to actively participate in our economic growth. This is critical as Australia's working population ages and retires and the tax burden for government services falls upon a shrinking pool of those able and eligible to work.ⁱ

Employment has benefits for the most marginalised of people, with benefits that flow on to the community – both economically and socially. Employment is the route out of disadvantage for the majority of working age people. In 2010, close to two-thirds (63 per cent) of people who were unemployed experienced income poverty. By contrast, less than four per cent of those employed full-time and 17 per cent of part-time employees did so.ⁱⁱ

To achieve the participation rates we need as a country, we must drive further improvements for the estimated 1.3 million Australians not currently in the workforce who would like to work.

Improvements in the use of available labour is forecast to add significantly to Australia's GDP in the longer term as identified across a range of studies:

- Closing the gap between male and female participation rates is estimated to increase Australia's GDP by 13 per cent or \$180 billionⁱⁱⁱ; and/or
- Increasing labour market participation rates and reducing unemployment rates for people with and without disabilities by one-third would result in a cumulative \$43 billion increase in Australia's GDP over the next decade in real dollar terms; and/or^{iv}
- If Australia is able to increase its participation rate to the same level as New Zealand this is estimated to increase Australia's GDP per capita by 1.75 percent.^v

Economic and social participation by individuals is the foundation upon which healthy societies are built. Employment confers many wide ranging benefits including:

- Allowing individuals to feel that they are making a contribution to society and their family;
- Giving structure to days and weeks;
- Financial security; and
- Decreasing the likelihood that individuals will engage in risky behaviours, such as excessive alcohol consumption.^{vi}

The economic and social benefits of work highlight the value of encouraging people into employment, including investing in the services to support increased participation.

Pillar One: Simpler and Sustainable Income Support System

Simpler Architecture

NESA members acknowledge that the current welfare system is complex and would benefit from simplification. However in doing so, it is important that particular groups are not disadvantaged by any future changes. While we understand that the Reference Group will not be advising on payment levels, we believe that 'no disadvantage' is an important principle that should underpin this work.

NESA members broadly support the four pillars articulated in the Interim Report. It is important that a holistic approach is taken to welfare reform, and that any simplification of the welfare system must be accompanied by investment in supports to ensure that individuals have the targeted, tailored assistance they need to support them to participate in work and in their communities.

The experience of NESA members is that early intervention works, and that individuals respond well to tailored supports and wraparound services. Given the benefits of early intervention, there is a case for this approach to be implemented now rather than in the longer term.

Pillar Two: Strengthening individual and family capability

Mutual Obligation

How should participation requirements be better matched to individual circumstances?

The longer an individual is disconnected from the world of work – the higher their chance of becoming long term unemployed and experiencing social, health and economic impacts. Connecting job seekers to active and tailored assistance as early as possible will assist in achieving the fastest possible engagement to the labour market and decrease the risks of long term unemployment.

NESA members advise that employment services are most effective when job seekers' individual needs are central and there are direct linkages to training and other support services. Service provision for job seekers must be enabled to actively tailor supports and activities specific to their circumstances, effecting access to sustainable employment. Measures to improve participation through increased activity requirements should be accompanied by eligibility to services that meet their needs. This highlights the importance of having the right initial assessment undertaken, which is not always the case under the current arrangements (see discussion on page 15-16).

Employment services providers also need increased flexibility to assess and determine job seeker needs and refer them to appropriate activities. This would lead to more effective outcomes, including a greater likelihood of job seekers being motivated to attend activities.

What is the best way of ensuring that people on income support meet their obligations?

While employment services providers have a contractual requirement to deliver individualised tailored assistance, they do so according to the considerable requirements prescribed in the relevant DEED and guidelines. NESAs have long argued that the level of service prescription and micro process requirements create barriers to genuine flexible and tailored service responses. The resulting rigidity limits the capacity for providers to use their judgement and expertise to make decisions around how participation is defined for individual job seekers. A targeted, tailored approach will be more likely to increase the motivation for job seekers in meeting their mutual obligation and moving towards sustainable employment.

Ideally, the most critical part of any activation policy is the direct line of sight to employment. Ensuring that those required to participate see their participation as leading towards a job increases engagement and ultimately leads to greater outcomes. This is equally true in relation to training as it is to activities such as Work for the Dole.

In relation to Work for the Dole activities, NESAs recommend they are structured in a way that provides participants with the opportunity to develop key employability skills and/or experience that is directly transferrable to future employment, something research on previous models showed was sometimes missing.

Structuring activities like Work for the Dole to be more closely aligned with intermediate labour market programmes are also likely to yield more job seekers with recent and relevant work related experience. This is something we know employers value highly, and would also lead to job seekers seeing the programme as a stepping stone to employment.

Early intervention

How can programmes similar to the New Zealand investment model be adapted and implemented in Australia?

NESA members find the New Zealand investment model a promising approach, and believe that it is worthy of further investigation in the Australian context. Particularly in this fiscally constrained environment, it is important that we consider funding to support participation in employment as an investment not a cost. However, it is also important to ensure that adopting this approach would not result in the removal of support for those who miss out on early intervention opportunities.

Australian research has also demonstrated the direct financial benefit of employment to the public purse. Per Capita research undertaken in *Unlocking the Value of a Job: Market Design in Employment* found that a \$40,000 job for a single childless worker had a total value of \$45,751 of which \$20,550 was public value. An estimated \$19,400 of public value arises from avoided welfare costs and tax receipts for every \$40,000 job while the remainder are savings on health and social impacts related to unemployment and poverty, which could be shared by the Australian and State governments. This equates to a net gain of \$3,813 for every month the worker remains employed and is a cumulative rather than one off value creation.^{vii}

There are also practical examples of how early intervention can improve participation. Demonstration pilots undertaken within the employment services framework to test the success of enhanced servicing arrangements for youth or youth at risk^{viii} have shown that coordinated or enhanced case management services provide increased outcomes and a high return on investment.^{ix} Such models provide a strong and connected support network for the job seeker, something that is often missing in comparison to their peers from non – disadvantaged backgrounds. This approach can bring about a shift in job seeker motivation towards valuing activities and requirements to help get a job and also value the service of employment services providers.

Education and Training

What can be done to improve access to literacy, numeracy and job relevant training for young people at risk of unemployment?

Australia's employment services play a vital role in connecting young job seekers with employers. In the life of the Job Services Australia (JSA) programme, there have been more than 1.7 million placements with more than one in three of those (38 per cent) going to job seekers aged under 21.^x These results closely reflect the JSA customer population age cohort breakdowns, with close to one in three job seekers (30 per cent) aged under 25 years.^{xi}

We note the discontinuation of the Youth Connections programme, and highlight the importance of investment in services to support young people to ensure they engage in education, training or work. While engagement in education or training is clearly the preferred pathway, there are many young people who are at risk of disengaging. For these young people of working age, early connection with employment pathways is critical. The longer an individual is not engaged with the world of work – the higher their chance of becoming long-term unemployed and experiencing the associated social, health and economic impacts of long-term disengagement. A considerable body of research has found that one of the best predictors of an individual's future risk of unemployment is their past history of unemployment.^{xii}

NESA believes that by connecting to vulnerable young people at an earlier juncture and introducing the options of work in combination with education, disconnection from school, further education and employment may be prevented.

School-based apprenticeships and the VET in Schools programme (VETiS) offer students the opportunity to gain vocational skills and work experience while still within the secondary school environment. Currently however, it has been noted that the success of these programmes in providing sufficient exposure to the actual workplace has been hampered.^{xiii} Through earlier intervention, employment services could provide support and a more direct line of sight to employment and connections to actual work for VETiS and School-based apprenticeships, increasing their success as pathways to future employment of choice.

Targeting more literacy and numeracy supports to young people and embedding them within vocational training will increase transition to work outcomes. While the issue of building literacy and numeracy in young people should fall at the feet of the education system, NESA members advise increasingly young people who have made the transition away from school, struggle with these key employment related skills.

Current data shows that 24% of those utilising the Skills for Employment and Education (SEE) programme are young people.^{xiv} However many of these programmes are still targeted at adult learners and those from non-English speaking backgrounds. Improving the delivery model and including literacy and numeracy training combined with other key foundational and employability skills would better prepare disadvantaged young people to meet employer expectations.

How can early intervention and prevention programmes more effectively improve skills for young people? How can a focus on 'earn or learn' for young Australians be enhanced?

Today's young job seekers are facing the realities of a labour market that has experienced several decades of structural change.^{xv} The opportunity to gain first access to the labour force through entry level positions has been greatly reduced. Fewer entry level opportunities are broadly available across industry in either the public or private sectors.^{xvi} Employers are often less likely to invest time training new recruits and, particularly since the global financial crisis, there have been overall decreases in commencement and in-training numbers for apprentices and trainees.^{xvii} Further, in striving for efficiency and productivity enhancements in an increasingly competitive, globalised market organisational structures have flattened, additionally reducing entry-level opportunities.^{xviii}

Formerly, many young people obtained their first jobs relatively easily upon finishing school.^{xix} In today's environment however, employers place an increasing emphasis on the importance of qualifications as a passport to obtain work, and the acquisition of 'hard' and 'soft' skills as mandatory prerequisites. By the latter part of this decade, it is projected that one out of every three jobs created will require a Bachelor degree or higher qualification.^{xx}

The experience of entering the labour force for many young people therefore, especially for those not engaged in further education and training, has become marked by no employment, spells of long-term unemployment, and cycles of casual or contract employment.^{xxi} For job seekers who do obtain work, many are finding it more difficult to obtain full-time permanent employment, while facing reduced opportunities to access structured or on-the-job training with little investment in future career development.^{xxii}

Young people who may be vulnerable or at risk of leaving school early include young people with disability, Indigenous youth, those from Culturally and Linguistically Diverse backgrounds, or those with clusters of disadvantage including mental health, substance abuse issues and family circumstances that may include intergenerational unemployment.

Employment is often not on the radar for these groups when school is no longer their preferred option, and as a result, they risk falling through the gaps and being lost to education, employment and training opportunities.

To mitigate these risks, NESA recommends investing in expanded eligibility criteria for employment services to enable early intervention. By redefining the eligibility for employment support to young people of legal working age who are currently at school, the support provided could include working with highly disadvantaged young people to gain work outside of school hours, support with school based apprenticeships, and support for transition from school to work for those that need it.

NESA therefore believes there are opportunities to provide greater supports to aid the successful transition to work for disadvantaged young people. Providing more flexibility within employment services programmes and providing funding to better support services such as coordinated case management, mentoring, peer to peer learning and supports, and intensive post placement support would yield more sustainable outcomes.

NESA members note that structural issues between Commonwealth and State services create challenges in delivering joined up services and wrap-around support for young people. There also needs to be clear objectives and an agreed policy framework between Commonwealth and State governments for 'Earn or Learn' policy to be effectively implemented.

Improving individual and family functioning

How can services enhance family functioning to improve employment outcomes?

There is a heightened risk of long term unemployment for those in jobless households, with flow on social and economic impacts. To effectively address intergenerational unemployment, a whole of Government approach is required offering a coordinated mix of primary, secondary and tertiary interventions across portfolios to create long term sustainable change.

At present, while employment services are part of the solution to intergenerational unemployment, programme design limits the extent of our contribution. The current and proposed employment services frameworks are designed to service individual job seekers whereas the most effective models to address intergenerational unemployment adopt a family centred approach.

Initiatives such as the Family Centred Employment Projects (FCEP) indicate that effective service models require high levels of flexibility and responsiveness not generally available within current employment services programme settings. Employment pathways for young people learning in their senior year and working with parents/carers/relatives have also demonstrated success.

Limited flexibility and high levels of prescription also restrict employment services providers' ability to effectively partner and collaborate with others delivering family centred services. The level and nature of activities prescribed in the employment services framework do not always align with the preferred interventions of community and health professionals which

leads to tensions in the development of collaborative wrap around services. Feedback from providers indicates that such collaboration is more achievable for highly disadvantaged job seekers and extending similar flexibilities across streams would deliver greater contribution to objectives.

It is also the case that many social services do not consider the important role that employment plays and are focused more on social rather than economic improvements in the lives of clients. Embedding a focus on employment in all support services and making better connections to aid wrap-around service models can be expected to improve outcomes.

How can services be improved to achieve employment and social participation for people with complex needs?

Particularly for people with complex needs, again, as outlined above, it is important that servicing is holistic and includes a focus on employment. NESAs members advise that wraparound services, case management and intensive support are important elements of providing support to people with complex needs.

Employment is a complementary aim to social participation, rather than a competing aim. This needs to be reflected in the objectives and indicators of social services.

While job seekers are connected quickly to the Employment Services system once they are eligible for welfare payments, there can often be a substantial delay between job loss and payment eligibility, compounding the effect of disconnection to the labour market.

Providing increased services and support to those that are newly unemployed would increase early re-engagement in work, and reduce longer term benefit dependence and the impacts of unemployment. While increased funding is required, this would need to be supplemented by adequate placement, outcome and performance framework supports.

Evaluating outcomes

How can government funding of programmes developing individual and family capabilities be more effectively evaluated to determine outcomes?

In order to more effectively evaluate outcomes, NESAs members consider that it is important to take into account incremental improvements and progressive outcomes, especially for job seekers with complex needs.

Further, we note the potential of the New Zealand investment model, which includes access to data and measurement to evaluate outcomes. It also includes the use of controlled trials in order to assess the impact of particular interventions.

In the Australian context however, while significant amounts of data are collected, very little is available to providers and researchers in order to evaluate outcomes and share good practice. NESAs recommends that this data becomes more accessible.

Pillar Three: Engaging with employers

Employment focus – making jobs available

How can business-led covenants be developed to generate employment for people with disability and mental health conditions?

Providing access to the right incentives and services to support people into work is only part of the puzzle. Having a job to connect them to remains one of the biggest barriers to employment in the current labour market environment, and even more so for those from disadvantaged backgrounds.

At present there are 4.4 job seekers in Job Services Australia for every available job, and an estimate of just over nine for every likely suitable vacancy.^{xxiii} Further, of the job vacancies advertised every month in Australia, only around 50% of them would be considered suitable^{xxiv} for those transitioning into the world of work for the first time. We need to recognise that job seekers – many of whom face significant disadvantage in the labour market – may have limited opportunities to engage in employment. We also know that lower skilled and entry level positions continue to disappear from the market as employer expectations of the skills and experience of employees continues to rise.^{xxv}

Employment covenants are one approach to generating employment for people with disability and mental health conditions. Covenants encourage and harness employer demand for employing job seekers from particular cohorts. However, it is important that there is a good match between employer demand and job seeker supply. While 62,000 jobs have been identified under the Indigenous Employment Covenant^{xxvi}, NESAs understand that the number of jobs filled is significantly lower. This suggests a mismatch between what employers are looking for and the job seekers being considered for the roles. There may be a risk with covenant style approaches that employers will become disengaged if there is not a good match between the type of job available and the candidate pool. It is therefore important that any initiative of this type is backed by support for candidates to increase their skill level, and for employers to understand and be supported in engaging with disadvantaged job seekers.

There are a variety of other ways NESAs consider that governments and communities can tackle the issue. Increasing support for local job creation, particularly in regional, rural and remote areas not only provides job opportunities, but the ability to reinvigorate areas of the country that have seen significant population and industry decline with the increase of urbanisation.

Bringing people together to look at community needs, area demographics, economic development opportunities and skills for the future can lead to the creation of not only jobs, but ongoing new business and industries that can create vibrant and sustainable growth. By ensuring that the discussion includes a focus on entry-level positions and lifelong workforce skilling, positions can be created which are suitable for people entering or re-entering the workforce. There is a key role within these models for employment services to help support linkages and support the connection of job seeker supply to new employer demand.

Incentives and supports provided to existing business to support entry-level positions within their business structures could also be revisited. While wage subsidies have shown to be a factor in influencing employer decisions and continue to be available, further discussion is needed about more efficient and effective ways to support employers.

How can successful demand-led employment initiatives be replicated, such as those of social enterprises?

There are many excellent examples of social enterprise that provide work experience and job opportunities for job seekers. Particularly in areas where there are limited labour market opportunities, NESAs believe that opportunities which seek to develop the local economy, such as micro-enterprise, self-employment and social firms, can lead to job creation activities. Many local economies would benefit from assistance measures to identify potential economic growth opportunities, feasibility studies of identified opportunities, and facilitation of the establishment of such ventures.

NESA also contends that there is also a role for intermediary labour market models to support the development of employment related hard and soft skills and to assist disadvantaged job seekers in their transition to work. Such models have proven to be highly successful, for example some of the most disadvantaged and disaffected young people^{xxvii} have yielded good ongoing employment outcomes. Critically, these are models which by design also provide significant community and social outputs and are therefore well placed to assist in meeting local community and economic development objectives.

NESA supports the application of policy that encourages the public sector at all levels of government to engage with employment services providers when seeking to recruit new staff. It is important that government leads from the front in terms of increasing the opportunities for economic participation for disadvantaged job seekers. We note for example that Government has experienced a decline in the retention and recruitment of people with disability.^{xxviii} There is also a case for government agencies to enhance workforce participation through the provision of work experience opportunities.

As discussed below, NESAs believe that support for microenterprise creation should be considered within the policy solutions targeted at job seekers struggling to find employment, and therefore NEIS remains a critical element of the employment services framework.

NESA members report that some of the strategies that support successful outcomes include experiential learning, for example combining vocational training as well as work experience, and also group workshops that incorporate goal setting and strategies to improve communication. Mentoring approaches, and building strong relationships between employment consultants and trainers have also been suggested as important.

Examples like the 'Just add one' campaign initiated in the US to address the issue of growing long term unemployment should be considered. This initiative calls on employers' corporate citizenship and asks them to do their part in supporting job creation by offering just one unemployed person a job. Improving workplace inclusion and participation delivers benefits to everyone, and strengthens a healthy climate in which business and industry also prosper.

Improving pathways to employment

How can transition pathways for disadvantaged job seekers, including young people, be enhanced?

NESA believes there are opportunities to provide greater supports to aid the successful transition to work for disadvantaged job seekers, including young people. Providing more flexibility within employment services programmes and providing funding to better support services such as coordinated case management, mentoring, peer to peer learning and supports, and intensive post placement support would yield more sustainable outcomes.

There are currently 13 organisations that provide specialist services to youth or youth at risk job seekers across 98 sites nationally. These organisations are generally heavily embedded within their local communities and provide specific and tailored support to the job seekers they are able to work with. However they do not provide service in every area with a high youth unemployment level. While generalist services have national coverage and provide important services to disadvantaged young people, this cohort faces particular barriers to employment which are often better supported by youth specific expertise, particularly in areas with high rates of youth unemployment.

As already noted, there have been overall decreases in commencement and in-training numbers for apprentices and trainees.^{xxix} This highlights the important role of incentivising employer participation in transition pathways such as apprenticeships and traineeships. Targeting more literacy and numeracy supports to young people and embedding them within vocational training will also increase transition to work outcomes.

As noted below, the relationship between employment service providers and Registered Training Organisations (RTOs) is important in enhancing transition pathways for disadvantaged job-seekers.

How can vocational education and training into real jobs be better targeted?

It is important that employment services providers and Registered Training Organisations (RTOs) work together to ensure the training provided is relevant to employer needs, and that the client attends and completes training. This highlights the importance of collaboration with employers to match skills development to employer needs through a partnership approach at the local level.

While employment services providers are paid largely on outcomes, payments for RTOs are focused on the commencement of training. A way to incentivise collaboration is an incremental payment system or a bonus when the trainee has been in employment for a certain period of time. These incentives may result in more RTOs being incentivised to work with employment services providers.

NESA supports better alignment of incentives for employment services providers to work with RTOs to provide training to disadvantaged job seekers that is more flexible, fit for purpose and more closely linked to job outcomes.

How can approaches like Individual Placement and Support that combine vocational rehabilitation and personal support for people with mental health conditions be adapted and expanded?

There is significant evidence of the health and well-being benefits of work. However people with mental illness are more likely to be out of work. People whose disability is psychological have the lowest participation rate (29%) of all people with a disability, and the highest unemployment rate (19%).^{xxx}

Direct health expenditure in Australia is estimated at over \$13.8 billion per year, plus direct non-health expenditure of at least \$14.8 billion per year).^{xxxi} Research commissioned by Beyond Blue reported that more than 6 million working days are lost per year as a result of depression, that each worker whose depression is untreated costs their employer \$9660 and that the overall cost of unmanaged or mismanaged mental health in the Australian workplace is \$13 billion.^{xxxii}

Work can make a significant contribution to maintaining mental health and promote the recovery of those who have experienced mental ill health. As the OECD^{xxxiii} note:

Unemployment can lead to mental illness, and those who are mentally ill are often unable to work. People with severe mental health conditions are 6-7 times more likely to be unemployed than people with no mental health condition. Those with a mild-to-moderate condition are 2-3 times more likely to be unemployed. The longer people are unemployed, the more damaging the consequences for their mental health. Greater economic losses are also incurred.

This highlights the importance of effective strategies to transition people with mental illness into work and to help them stay there. NESAs estimate that well over 50% of their clients experience mental ill health during the course of their participation. These barriers are diverse and are not restricted to those related to their condition.

International literature suggests critical success factors for employment success for people with mental illness include: partnerships including co-location models, client centred case management and employer support, particularly at the supervisory level.

NESA members broadly support approaches such as the Individual Placement and Support model, and believe that there is benefit to expanding this approach. However it is also important to recognise that there are already models in place that provide a combination of vocational rehabilitation and personal support currently operating in employment services. There are also other core initiatives in place such as Personal Helpers and Mentors (PHaMs) and Partners in Recovery (PiR) that show great promise and are worthy of closer consideration.

How can an employment focus be embedded across all employment and support services?

Not working for six months or more has been found to be an equivalent health risk factor to smoking 10 packets of cigarettes each day.^{xxxiv} Long-term unemployment is considered to be one of the most significant public health risk factors.^{xxxv} On the balance of evidence, unemployment causes, contributes to or accentuates a wide range of negative health impacts at a significant cost to individuals, families and society.^{xxxvi}

This highlights the importance of work, and the value of embedding an employment focus across all employment and support services. Within employment services, this includes improving employer engagement. Mechanisms to achieve this include through the incentives and performance framework of employment services, reducing the administrative burden on employers and appointing an independent national facilitator to enhance opportunities for job seekers in large organisations.

For other social services, it is important that there is a shared understanding of the value of employment. This could be enhanced through an employment focus – and collaboration with employment services providers – to be reflected in the objectives and indicators of social services.

How can the job services system be improved to enhance job matching and effective assessment of income support recipients?

Job Matching

Consultation with employers, business and industry stakeholders indicates that there is limited awareness of employment services programmes – and that most became aware only through direct approaches by providers. This is in stark comparison to the establishment of the Job Network when the then Government invested significantly in an employer awareness campaign. The lack of information provided to employers about the services provided can also lead to a misunderstanding about the job seeker client base that employment services provides.

NESA recommends that a Government-led campaign be developed in consultation with industry to promote awareness of Australian employment services and the benefits of workplace diversity.

This campaign could point the benefits to employers of engaging with the system, as well as the broader benefit to Australia of having as many people participating in work as possible. It would also need to be transparent around the role of the system in supporting disadvantaged job seekers, so that expectations are managed appropriately.

Specifically in relation to people with disability, there is often a lack of understanding and awareness of supports and services available to assist and lack of exposure to disability often compound the issues people with disability have when trying to engage in the workforce. A key component of increasing employer engagement relates to producing disability confident businesses and employers that feel comfortable in their ability to support a person with disability in their workforce. There has been much work done by organisations such as the Australian Chamber of Commerce and Industry (ACCI) to promote the benefits of workforce diversity and employment of people with disability.

To build on these positive developments, policy targeted at better equipping employers, and businesses generally, to work with people with barriers to participation is essential. The more employers are exposed to the supports and assistance available to them to aid the employment of people with disability, the less daunting situations involving disability in the workplace will become. This is not only good for their business, but for anyone they may come into contact with that experiences disability, reducing stigma and future barriers to participation as a result. Additionally, being able to ensure people can better negotiate barriers as they arise while they are in work and access required supports to help them stay in work makes economic and social policy sense, particularly when this is supported by their employer.

Effective Assessment

The current Job Seeker Classification Instrument (JSCI) tool is based on an assessment of relative disadvantage and is not an absolute assessment tool. This means that while the impact of barriers on the individual and their ability to engage in work may be significant, the tool will only assess how this might relate to others in the programme, which is skewed by the higher number of job seekers with significant barriers to employment now participating in services.

It is also a tool which is initially often conducted by phone when the job seeker first applies for payment and therefore may not be comfortable divulging intimate details of possible barriers to employment. Once these barriers come to light during the course of servicing by the provider, the JSCI setting and policy surrounding review of job seeker circumstances make it very hard to achieve greater service support for the job seeker – even when evidence supports the existence of significant barriers to employment. Providers also highlight that job seekers are more open when they are engaged in the assessment process.

Previous reviews of the JSCI have recommended greater input from providers, a longer period of time to collect evidence and conduct assessments, and better alignment of assessment outcomes to individual job seeker needs. NESAs continue to agree with these recommendations.

The other core component of the assessment process involves the Employment Services Assessment (ESAt). If up-streaming mechanisms were to become more readily available within the employment services framework through access to Change of Circumstance ESAt provisions, it is important for these assessments to be conducted in a more holistic way that

takes into account information from the employment services provider about the job seeker and their barriers to employment.

How can the administrative burden on employers and job service providers be reduced?

NESA members report that under Job Services Australia, upwards of half of front-line staff time was spent on administrative tasks. There have been a number of welcome developments in recent months to reduce red tape, most notably the removal of the requirement for providers to collect documentary evidence from employers or job seekers to verify a person's employment. NESA recommends that these steps are also taken to reduce the administrative burden facing Disability Employment Services providers. This is important as red tape is a significant barrier to effective relationships with employers and supporting job seekers.

It is also paramount that a lower administrative burden is at the heart of the new employment services model that will be in place from 1 July 2015. While there are encouraging signs, providers have expressed some concerns that new requirements – such as providers managing Restart wage subsidy payments over two years without payment – are at risk of adding to the administrative burden.

Another significant area of red tape is the implementation of compliance measures. NESA believes that Government should reduce red tape by moving to a risk management approach to contract management that is focussed on ensuring providers have accredited quality management systems in place rather than a focus on compliance or 'catching providers doing the wrong thing'. Accreditation to a recognised quality management system requires the provider to have efficient and effective systems in place to manage and continuously improve all aspects of their business. The implementation of quality standards should focus on continuous improvement and striving for business excellence.

At the commencement of the Job Services Australia contract, an Employment Services Charter of Contract Management was put in place with the objective of creating a new way for the then Department of Education, Employment and Workplace Relations (DEEWR) to work in a 'cooperative, collegiate, strategic partnering relationship with providers to achieve our mutual goals'. The Charter has fallen out of use during the contract period, and NESA believes it is essential that a refreshed Charter forms a central part of the management of the next contract.

Pillar Four: Building community capacity

Role of civil society

How can disadvantaged job seekers be encouraged to participate in their community to improve their employment outcomes?

NESA contends that there is a role for intermediate labour market models to support the development of employment related hard and soft skills and to assist disadvantaged job seekers in their transition to work. Such models have proven to be highly successful with some of the most disadvantaged and disaffected young people^{xxxvii} and have yielded good ongoing

employment outcomes. Critically, these are models which by design also provide significant community and social outputs and are therefore well placed to assist in meeting local community and economic development objectives.

Capacity building projects can also play an important role in encouraging participation of disadvantaged job seekers. In 2013 the Australian government embarked upon a \$1.5 billion reform programme to provide employment services to remote Australia. The RJCP covers nearly 70% of the nation's land mass, and NESA has played a key role in supporting the roll-out of this landmark programme.

The Australian Department of Prime Minister and Cabinet (PM&C) engaged NESA to develop an overarching capability resource to support the introduction of the Remote Jobs & Community Programme (RJCP). The intent of this resource was to ensure that all new RJCP providers understood the new policy requirements and how this translated into service delivery and business modelling. NESA developed a web-based resource (NESA RJCP Meeting Place) that was made available to all RJCP providers. This consisted of over 110 operational tools and individual resource folders that providers could access to assist them in successfully delivering the new RJCP.

PM&C also requested NESA deliver a Capacity Strengthening Programme to new RJCP providers. NESA developed a targeted training programme aimed at senior managers within the newly contracted RJCP providers. This training programme included 13 key elements that could be tailored to the individual organisation. These elements included, but were not limited to: Funding Framework, overview of contract milestones, Governance, Case Management, Performance Framework, Building Capacity and Community Engagement. NESA's role was to work with nominated providers to mentor and train them in the new contractual requirements of the RJCP contract. NESA successfully delivered the Capacity Strengthening Programme to 25 new RJCP providers, representing over 50% of all new providers.

NESA is currently delivering the RJCP Building Capacity Programme across remote Australia. This programme has been designed to support the 60 new RJCP providers and is delivered in collaboration with PM&C. NESA has developed an extensive supply chain of industry experts who form part of our national consultancy team. As Building Capacity requirements are identified by PM&C, NESA is able to respond immediately by positioning the right industry expert to work alongside the RJCP provider to address capacity concerns. NESA has travelled to all 60 remote regions across Australia and completed on the ground support. We have successfully delivered over 150 Building Capacity Programmes nationwide. NESA is supporting RJCP providers across a number of different levels, including: organisational and service delivery model design, financial management and audit, compliance review and process design, day-to-day operational delivery and case management.

Role of local business

How can communities generate opportunities for micro business to drive employment outcomes?

NESA believes that support for microenterprise creation should be considered within the policy solutions targeted towards people struggling to find employment. The New Enterprise Incentive Scheme (NEIS) provides both financial and training support for people looking to start their own microenterprise. NEIS remains a critical element of the employment services framework.

Encouraging entrepreneurial skills and supporting business start-up for young people looking to become self-employed is becoming an increasing area of interest within the EU and OECD as a viable option to help address the issue of youth unemployment^{xxxviii}. However to better enable disadvantaged young people to engage with NEIS, it will be important for Government to review the eligibility criteria, and broaden its scope and supports to better tailor the programme to the needs of disadvantaged young people seeking entrepreneurial assistance. Opportunities for Peer to Peer mentoring and education for young people within the NEIS programme could also prove valuable.

Access to Technology

How can disadvantaged job seekers' access to information and communication technology be improved?

Employment services provision could be much more efficient if greater use was made of technology, including application software designed to run on smartphones and other mobile devices. This could assist in managing appointments, and allow better management of time following cancellation of appointments. An application for job seekers could for example prompt attendance at appointments, provide the opportunity to make or amend appointments (subject to attendance rules), and simplify reporting of changes in circumstances.

NESA therefore welcomes the commitment of the federal Government to improve the use of technology in employment services, with the move to 'modern online and self-help services ... [to] assist job seekers to more easily engage with employers and providers'.^{xxxix}

Better use of technology could also help in reducing red tape, for example through the use of digital signatures for evidence recording and electronic recording of attendance (by exception).

To facilitate better access to technology directly for job seekers, increased access to free WIFI would be of great benefit, as well as through public facilities such as libraries.

Community Resilience

How can innovative community models create incentives for self-sufficiency and employment?

Providers of employment services recognise that they are engaged to support some of our communities' most vulnerable citizens who have diverse circumstances and needs. Wrap-around holistic approaches are vital to addressing the circumstances and barriers to employment faced by job seekers. Employment services providers value their relationships with local community and Government stakeholders in implementing effective interventions for job seekers. Providers also know from experience that genuinely tailored interventions are critical to engagement of job seekers and successful outcomes.

Many job seekers that present with a range of such circumstance however are typically not connected to or receive assistance from any other services on presentation with employment services. There is a fine line between employment related and non-vocational circumstance. Employment services providers recognise that circumstance such as homelessness, domestic violence or mental ill-health may be considered non-vocational but they have a direct and significant impact on employability skills and employability. Job seekers also have need for a range of other employment related services which are often available in programmes offering complementary assistance. However, programme settings and service arrangements do not always align well. To develop innovative community models, there are implications for improvements to the system and design elements which are needed to better encourage them to occur.

Conclusion

This Welfare Review provides a significant opportunity to position Australia for a future that meets our economic and social challenges in the years ahead.

It is important that a holistic approach is taken to welfare reform, and that simplification of the welfare system must be accompanied by investment in supports to ensure that individuals have the targeted, tailored assistance they need to support them to participate in work and in their communities. An early intervention approach and active engagement of employers and communities, can be expected to serve Australia well in meeting our aspirations for increasing access to employment and life opportunities for individuals and families.

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