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## SUBMISSION IN RESPONSE TO A NEW SYSTEM FOR BETTER EMPLOYMENT AND SOCIAL OUTCOMES

Thank you for the opportunity to provide a submission in response to the Interim Report of the Reference Group on Welfare Reform, *A New System for Better Employment and Social Outcomes*. This submission is focused in particular on Pillar Three: *Engaging with employers* and Pillar Four: *Building community capacity*.

### About SYC

SYC (SYC Ltd) is a not-for-profit organisation centred on employment, training and youth services. With a core purpose to positively affect the lives of young people in Australia, each year SYC helps more than 46,000 people of all ages in the areas of Home, Wellbeing, Learning and Working. SYC has three divisions:

*HYPA*, standing for Helping Young People Achieve, provides a wide range of support to young people to find and harness their potential for a positive future. It has supported many thousands of young people since its inception in September 1958, helping them to access and maintain safe and appropriate accommodation, to reconnect with family, school, employment and the community.

*Job Prospects* is a leading Job Services Australia (JSA) and Disability Employment Services – Employment Support Services (DES-ESS) provider that works with jobseekers to gain and sustain employment and with employers to recruit and maintain their workforce. Job Prospects provides services to more than 31,000 people of all ages each year, plus offers specialist services in disability, homelessness and youth.

*Training Prospects* is a Registered Training Organisation delivering flexible training solutions focused on the needs of employers, the labour market and more than 10,000 students (including 2,500 apprentices and trainees) in over 70 qualifications across business, plumbing, engineering, furnishing, electrical and construction.

### Employer engagement driven by stronger employment services

The services that organisations such as SYC provide should always be available to those vulnerable Australians who genuinely need support. However such services should never become a point of long-term welfare dependency that can lead to limited outcomes and limited choices.

There is little doubt that employment is the most effective alleviator of a life of poverty. To this end, SYC considers that every Australian who is able to work should be both encouraged and supported to do so – providing a better standard of living for themselves and their families whilst also contributing to improving Australia's productivity and revenue base.

So it follows that employment opportunities are necessary for this to occur.





Since 2009, under the current JSA contract, SYC has placed some 19,000 people into employment. Critical to this success has been ensuring that SYC (and particularly Job Prospects) has actively engaged with employers to help them attract, select and retain job seeker as employees. This is a time intensive endeavour but the fact that a majority of these job seekers have remained employed for a sustained period of time is evidence that such an intensive approach is necessary.

This practical reality is consistent with SYC's employment operations beyond JSA, including DES-ESS as well as the Personal Helpers and Mentors (PHaMs) employment service delivered by SYC's youth services division, HYPA.

In short, regardless of the contract, SYC sees the value and benefit of an individualised, tailored approach that supports a job seeker to acknowledge and identify their barriers to employment, deal with them, whilst also working with them to establish employment goals. It is only through this approach that better matching of skills and experience to the requirements of employers can occur. In the absence of such an approach, an exception gap is likely to arise that will serve as a disincentive to the employer engaging with the employment service provider in future.

Whilst this individualised, tailored report may seem cost prohibitive for government to achieve, the trajectory for any person who is unemployed in the absence of such an intervention is one of long-term welfare dependency. So in essence, the government (and taxpayer) is already paying; what SYC advocates is a purposeful re-forcing of that existing spend.

### **Social investment approach to welfare**

SYC is supportive of suggestions that the Australian Government move towards a model similar to that of New Zealand, whereby an investment approach is taken to welfare that adapts support to beneficiaries based on their likelihood of becoming long-term welfare dependent.

Put simply, more support and resources should be allocated to those who need it most – such as a young person who has disengaged from school after becoming a teen parent – rather than those who are arguably more resilient – such as a 30 year old graduate who finds themselves unemployed.

SYC's 55 years of experience in working with vulnerable people of all ages, but particularly young people, is that the most successful outcomes come from working with clients from a 'strengths based approach' whereby expectations centre on each individual's capacity to work – focusing on their interests and engaging them in a positive fashion around developing these interests. SYC advocates that approaching welfare in this way rather than on entitlements, shifting the focus to what people can do, not what they cannot, will produce better outcomes for both those receiving support and the productivity of Australia.

A model that is based on activity and transition support will reduce long-term social and financial costs of welfare, delivering better transparency of the future costs of the welfare system.

Importantly, such an approach works best when focused on specific cohorts of job seekers to ensure a tailored service. This again has the additional benefit of better matching job seekers with the expectations of employers, particularly in the context of government employment services.

It is with this in mind that SYC strongly urges a focus on addressing Australia's stubbornly high youth unemployment rate - and is why SYC has developed the My First Job initiative.

### **The impact of youth unemployment on Australia's economic health**

Young Australians who are unemployed receive support to gain employment via JSA system. Data from the Australian Bureau of Statistics declares that some 360,000 young people between the ages of 17 and 24 are either unemployed, not in the labour force or not in full-time education. This represents a significant latency in Australia's productive economy.







SYC's My First Job initiative aims to raise understanding and awareness of the challenges that exist for young people looking to enter the work force, and increasing the numbers of real entry-level positions by working with Government and private sector employers to find viable solutions.

While vocational and further education contributes significantly to developing valuable work skills, it's true that only in the workplace can real work experience be gained. In other words, young people cannot be 100 per cent work ready without having worked.

As a society, Australians are focused on how to keep the economy growing and maintain standards of living. Focus often falls on the number of skilled workers required, keeping older workers working longer and utilising skilled migration. These are important policy considerations, but nowhere in this conversation are young people being included as a piece of the jigsaw to achieve economic growth. Indeed 7.2 per cent of Australia's population is aged between 15 and 24 compared with 7.8 per cent who are aged 50 to 64. So it follows that the same effort used to retain older workers, if applied to successful strategies to transition young people to employment, may better mitigate Australia's ageing workforce and eroding taxpayer base.

Obtaining a first job is often the hardest step a young person faces when transitioning to independence. It presents challenges that can make them question their capabilities and self, in a way that they never have before. They no longer have the security of 10-13 years of a protected school environment and there are very few options supporting young people transitioning to the labour market. Data shows that a young person who is a client of Job Services Australia (JSA) who does not secure sustained employment by the age of 22 is more likely to become Very Long-Term Unemployed (VLTU) and persistently welfare dependent throughout their life.

A young person needs enhanced support to enter the workforce; compared to a worker with experience. Therefore they can often be overlooked for employment in favour of an individual who requires less training and focus. Having the right skills, networks and referees are all crucial to the challenges of landing a first job.

Once a young person does have a job they are often amongst the lowest skilled and most vulnerable workers in the labour market and young people are particularly at risk of being taken advantage of because they are unfamiliar with their rights.

The unemployment rate for young Australians is 25.1 per cent (ABS, Labour force, Cat No. 6202.0, September 2012). For young people living in the top ten areas of disadvantage in the nation, that rate rises to above 40 per cent.

These are staggering statistics and a wake-up call that young people need support to transition to becoming effective employees and the Australian economy needs to perform better when developing its future tax payers.

SYC seeks an Australian Government commitment to halve youth unemployment by 2020. Bold ambition is necessary if better employment and social outcomes are to ever be achieved. Importantly, this requires linking issues across a range of portfolios including education, further education, training, housing, health and social and community services with a mandate to deliver real solutions that reduce youth unemployment. All of these policy areas have substantial impacts on the transitional abilities of a young person to become an independent and self-sufficient member of Australian society, therefore not welfare department.

### **Combining disaggregated elements - a more efficient and effective system**

A young person who is disengaged from education and employment is more likely to come into contact with the health, justice, housing support and social services systems, quite apart from the practical reality that they will be in receipt of Commonwealth benefits. It's for this reason that the twin issues of youth employment and educational attainment are relevant to the work and services of the Commonwealth.





Government funded work preparation activities - currently spread across the education, employment, social services, industry and environment portfolios should be brought together to reduce duplication and have clear accountability for increasing the economic productivity of young Australians through a measurable reduction in the youth unemployment rate and associated welfare dependency over time.

Under such a model, young people up to the age of 24 would not be serviced by JSA, which by its very nature is a transactional service that young people, particularly those with lower educational attainment, are not well equipped to navigate. The logic then follows that this group of young people become 'stuck' and long-term welfare dependent rather than employed. A dedicated service stream would be tasked with remedying this situation.

Importantly, there is no need for additional funding to be allocated to a joined-up transitions service; rather, it is a reallocation of funding away from arguably less productive spending (in the form of welfare benefits) to a spend that is focused on activating an otherwise inactive part of the economy. Put simply, this is about turning a 'tax taker' into a 'tax payer'. Furthermore, such a measure will simplify and reduce contract management complexities and costs currently existing in the employment services system.

### Community capacity building

Collaborating with other providers, employers and businesses as well as corporate Australia to deliver services is becoming a more widely accepted way of providing services within the not-for-profit sector.

Given the current federal budget position and a need to increase economic productivity, it is clear that any measure that works within the limit of the current welfare funding envelope and that improves the capacity to estimate future liabilities in this regard would be a positive initiative.

The opportunity presented by fostering support for "personal enterprise" is also worthy of consideration in the context of welfare reform. The lived experience of community capacity building as experienced by SYC is best illustrated through, bringing together the HYPA Works initiative. By seed funding from the then Commonwealth Department of Education, Employment and Workplace Relations and a partnership with internet and technology company, iiNet, SYC has been able to establish social enterprise (HYPA Works) that allows technology savvy young people to undertake business, enterprise and social media training and then consult to micro and small sized business to establish and implement their social media strategies. HYPA Works will be self-sustaining because of the relationships it has established and will continue to establish with SMEs – filling a niche market, creating personal enterprises.

HYPA Works shows that both collaboration as well as strong relationship building, matched with a quality and effective recruitment and training of clients is an effective model of building community capacity.

### Summary

SYC is supportive of the focus of the *A New System for Better Employment and Social Outcomes* report and the emphasis and need to better and more effectively engage employers and the wider community to strengthen service delivery to those most in need in our community.

For further information regarding this submission, please contact Michael Clark, Executive General Manager – Corporate Communications on (08) 8405 8595 or via email on [mclark@sync.net.au](mailto:mclark@sync.net.au).

Yours sincerely,



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