Expert Panel

Future Employment Services Review

Submission by

The Regional Australia Institute

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Contents

This submission from the Regional Australia Institute first responds to the Guiding Questions in Chapter 8 of the Discussion Paper, and then provides further feedback on the foundations of the Discussion Paper along with recommendations on the framework of the next Employment Services Contract arrangements.

Discussion Paper Chapter 8 Guiding Questions

8.1 What strategies would help job seekers adapt to regional economic and labour market variations?

8.2 How could local stakeholders be encouraged to identify priorities, engage with providers and implement local employment solutions?

8.3 What strategies would improve labour market mobility from regions that have poor employment prospects?

Response

8.1 Jobseekers and their communities are constantly adapting to changes. It is the jobseeker services system that is inflexible due to centralised design and control, which does not have the capacity to adapt to meet local needs. The focus of this review should be on the system as the area requiring greater adaptability rather than the users.

8.2 Local governance structures elating to employment services already exist in many communities. These are locally grown and supported, responding to local willingness to help solve problems. The Burnie BIG project is one example. It is "an industry and education group formed by representatives in the community which aims to build the aspirations of Burnie citizens of all ages with a particular focus on young people as the future leaders and owners of the community".

The RAI requests that in reviewing the contracting framework the Government doesn't seek to replace these with a systematic, prescribed, centrally mandated alternative – local ownership is crucial to a system that can genuinely adapt to local needs and a changing employment market. The RAI recommends that the Government consider embedding in the new contracting framework requirements and a mechanism to better resource local groups to enable them to independently address the priorities they have agreed on.

8.3 Economic theory holds that people should simply move to the area that offers the best employment opportunities, but the employment services system must engage with communities and individuals as they are. Strategies are needed that recognise the strong 'attachment to place' that many (but not all) people have in many (but not all) regional communities and the real costs to moving that can outweigh the potential for employment and higher incomes. These attachments mean that residents often stay longer in places with declining opportunities than is economically efficient.

Discussion Paper Feedback

Beyond the three guiding questions, the RAI offers feedback to the Expert Panel on the discussion paper and the review process covering seven themes:

1. Enabling local involvement
2. Place-based services vs uniformity
3. Limitations of digital services
4. Operating in thin markets
5. Tailoring services and outcomes
6. Jobactive's successor and job creation
7. Migration issues in regions

1.   Leading locally will require real changes to contracting arrangements

The RAI has seen many local groups come together around job placement and labour market challenges in their region, and their focus is typically on helping the most disadvantaged in their community. Locally-led responses generally start by addressing the foundations – multi generational unemployment, poverty, low esteem/expectations, absence of role models, family constraints and employment-related networks. These are foundations without which a jobseeker will not benefit from the suite of services provided through Jobactive or its successor network. Yet funding to support interventions to build these foundations is outside the Jobactive program. This situation must change if disadvantaged jobseekers in regional areas are to have any chance of finding sustainable work.

Employment facilitators are additional resources available in the selected regions. But on their own they are not 'place based responses' unless they are also able to marshal resources (people and funding) to develop and deliver initiatives tailored to that particular place. Facilitation and knowledge brokering are valuable capabilities and are being shown to influence outcomes[i]. But facilitation is not a flexible, tailored, place-based solution by itself.

The experience of the Local Learning and Employment Networks (LLENs) in Victoria is that these are ongoing issues needing ongoing attention – in this case for over 16 years. The LLENs are state government supported community-based groups which seek to forge locally specific connections between employment services/job seekers/employers/training and education. That the LLENs have been running initiatives for over 16 years shows that improvements in this system are not about pilots or short term programs, but are about long term support to continually improve the system within each local area.

The review needs to demonstrate options for resourcing the locally led collaborative responses that the Discussion Paper recognises as being valuable. The depth and extent of local collaborations will necessarily influence funding agreements with service providers and the monitoring of their outcomes, so the review needs to articulate how these differences will be accommodated in the contracting framework.

2.   Place based services will require significant re-design

The Discussion Paper highlights 'place based' approaches as effective and desirable. But it does not provide any evidence that the consequence of anything other than lip service to this ideal are being considered.

Place based approaches by definition involve non-uniformity in design and delivery. This requires in turn significant changes to the formulaic way in which contracts are prepared and monitored, as variation needs to be accounted for. It is not clear that the Department properly considered the deep design implications of permissioning place based implementation.

Variations in service delivery will reflect local needs. In some places, Burnie for example, the greatest need might be to work with families and schools to create a work ready culture amongst jobseekers. In other places the greatest need might be getting local businesses to open up new positions. Three examples of locally led and placed based responses are presented below.

Example: Geelong Careers [ii]

Launched by the Geelong Region Local Learning and Employment Network (GRLLEN), Geelong Careers is a website and phone application that provides information and resources on careers and employment in the region. The product reflects two years of consultation with a range of various stakeholders in the careers space. It provides live job feeds related to currently trending industries and occupations in those industries for the region, key sector trends, as well as career pathway data. It is targeted at improving educational attainment and transition outcomes by connecting students to trending industries in the G21 region.

Example: Growing the Health and Community Services Workforce [iii]

The Geelong Region Local Learning and Employment Network (GRLLEN) 'Growing the Health and Community Services Workforce' project has been running for several years and aims to encourage young people to consider a career in Health and Community Services. This involves work experiences in various organizations as well as working with the education/training sector to develop and deliver some new courses, which provide pathways into VET, and university related programs.

Case study: Gateway to Industry Schools Program [iv]

The aim of the program is to help young people transition from school to further education and/or employment. The project encourages partnerships between schools, industry, training (VET) and universities in a region to provide career opportunities across businesses based on primary industries. As such, students will be able to gain valuable experience in the industry, providing them with information that will help them make decisions after leaving school, and at the same time, raise the profile of careers in the industry. In Queensland there are around 43 Agribusiness Gateway to Industry Schools[v].

Significantly, place based approaches will likely lead to diversity of providers and models which runs counter to the history of privatising jobseeker services in Australia since 1998, which has seen progressively fewer contracts awarded to organisations covering larger geographic areas with weaker service levels in outlying regions.

It could be argued that the drive for first level efficiency (direct costs of the program) has actually worked to minimise place based approaches because fewer providers with fewer resources are

providing templated service models across diverse local labour markets. It is unknown to what extent this first level efficiency has come at the expense of the deeper efficiency of effective services that can work differently in different places to help people into work.

The Discussion Paper (p60) states that the Government would like to see
governance arrangements that support local decision-making, allowing communities to drive initiatives that best meet their needs

For this aim to be realised, there must be flexibility in funding, and authorisation/ratification of funding priorities as agreed by the local governance body. The Department will lose some control over spending in this scenario, as local decisions will be ratified, and needs to be aware of and supportive of this eventuality. In the Discussion Paper there is no recognition of the significant change in accountability that this will bring, and no discussion of the implications for the contracting framework.

The RAI has similar concerns about the rhetoric in the Discussion Paper about user-centred services.

The Discussion Paper highlights the goal of a user centred approach. Given the breadth of contracts and emphasis on cost-efficiency, this will require flexibility in program design and support delivery, as well as engagement of community resources. This implies a tailored service rather than a uniformly constructed service. All previous program designs have prioritised uniformity – which is a very poor proxy for equality of service, let alone of equity in service access depending on needs and circumstances. The primacy of uniformity makes it easier to design, manage and monitor contracts, but is a joke in regions where there is no Jobactive provider, or a very thin service, and a non-existent market for jobs.

To move beyond the positive but ultimately ineffective rhetoric in the discussion paper, the government should commission or conduct and then publish a review of design options for place based and user centric services implementation including a preferred approach.

3.   Desire for more digital services must be balanced by alternatives

The Discussion Paper demonstrates the Department's desire to see more services delivered digitally. This can be a major impediment in regions where connectivity is frequently very poor and access by some high needs cohorts limited.

A recent example the RAI experienced was a teleconference with mayors from the RAPAD region in Central West Qld during which individuals dropped out and rejoined with staggering rapidity – with others not missing a beat in conversation as it is all so familiar. This was voice technology – not even via a digital platform. Access to quality, cheap, reliable broadband remains patchy in many areas of regional Australia, and any efforts to push users in that direction MUST be supported by effective technology or otherwise not implemented.

Any move towards digital services in regions should include transparency about service usage and assurance mechanisms which seek user feedback on whether connectivity levels enabled a proper service experience to be delivered.

4.   Thin markets are not conducive to effective competitive contracting

Competitive contracting design is not effective in thin markets – where job numbers are low, jobseeker numbers low, support services weak and Jobactive providers barely present. These approaches can also undermine place based approaches by forcing competition rather than effective collaboration between providers. This competition may drive down cost to government but it is not clear that it will lead to better or even effective services.

Future arrangements should identify and recognise areas where markets are thin and in seeking coverage for these areas look to engage providers through alternatives to competitive contracting.

5.   Tailored delivery and monitoring will be needed

An important component of flexibility is recognition that major differences in regional labour markets mean that successful outcomes look very different in different places. The policy risks having at its core the assumption of job seekers being based in a metropolitan job market with the services role being to help ensure they participate actively and can compete for available jobs.

A 12 or 26 week placement is just not available in many regional communities where work is seasonal. It is not clear how the service responds to supporting job seekers where the norm for many workers is to hold a portfolio of jobs to make up the yearly income needed to survive.

This portfolio approach is recognised in developing countries (which have many similarities with our more remote regional areas) as representing a 'livelihoods' approach to work – where enough work is found through a variety of tasks and employers for a person and their family to derive the livelihood they need to sustain themselves. This does not fit with a standardised model of what a successful job placement looks like. There is testing and development of this in the Huon Valley in Tasmania.

The government should review different regional employment markets and identify how differing availability of jobs, job types and the characteristics of the job seeker cohorts will affect the Jobactive model. This will provide a foundation for thinking about the types of place based approaches that may be developed and for connecting regions experiencing similar challenges to exchange ideas and solutions.

6.   Role of employment services in job creation needs acknowledgement

For some parts of regional Australia job creation is a vital ingredient in the employment placement process. In some remote parts of Australia most of the jobs are either public sector or wholly funded by public expenditure. So tracking the flows in these jobs is critical in ensuring options are open to local job seekers. In other places a concerted effort is required to create new jobs by connecting labour availability to potential employers who may not be actively looking or advertising for employees.

This task is outside the scope of current Jobactive contracts, but without unified action to create new jobs there is no pathway into employment and so clients are left waiting. How will a redesign of the system enable this foundation to be addressed? It is a problem outside the scope of any one Jobactive provider, and yet it affects all Jobactive providers covering such labour markets.

The review should include a realistic assessment of the pathways for job creation in more isolated regions, and consider the need for resourcing of cross-contract collaborations to foster job creation.

7.   Impediments remain for migrants to relocate to regional areas

On the face of it, Jobactive supports rural jobs, and the relocation of prospective employees to rural areas to secure jobs. However, the requirements for jobseekers looking to receive relocation assistance in order to take up rural positions may actually be quite prohibitive.

The first impediment is the need for the new location to be a minimum of **90 minutes** away from the jobseeker's existing location. Greater flexibility is needed to ensure that jobseekers looking to move shorter distances may not be unfairly disadvantaged because they miss a time requirement by a number of minutes.

The second deterrent is the need for the job in the new location to be **ongoing employment.** In some rural areas, contract or seasonal work may be only what is available at a particular point in time. Even so, many rural employers still need workers, and many workers will want to move to these rural areas. Employment services should not impose inadvertent barriers to the ability of rural employers to foster connections with prospective employees. Better mechanisms are required to ensure that assistance for the relocation of workers is based on local need for labour rather than on standardised requirements for what employment is considered 'suitable' for assistance.

The third constraining factor is that jobseekers must have been receiving **income support payments for 12 months prior** to applying for relocation assistance. As with the over 90 minute travel time requirement, this income support requirement seems somewhat arbitrary. It may mean that what determines a prospective employees suitability for relocation to a regional area is not so much their skills, experience and desire, but their status as a long-term welfare recipient. This delays the time some people may take to get off employment assistance in metropolitan areas and into employment in regional areas.

The net result of these three factors is that, despite being intended to aid relocation to regional areas, Jobactive may inadvertently undermine it in some cases.

Recommendations for the replacement of Jobactive in 2020 (specifically looking at what can be done to aid relocation to rural areas; for migrants and non-migrants alike)

- *Remove the '90 minute' distance requirement for relocation eligibility to rural Australia. Replace with a scaled payment option, with support increasing as distance needed to travel for relocation increases (e.g. increase in increments of 25km).*
- *Abolish the 'ongoing position' and 'income support for 12 months prior to relocation' requirements for assistance to relocate to rural parts of the country. This will help support rural employers actively seeking to address local labour shortages.*

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[i] See for example *Exploring the function and effectiveness of knowledge brokers as facilitators of knowledge translation in health-related settings: a systematic review and thematic analysis*, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4653833/; *Evaluation of the Victorian Local Landcare Facilitator Initiative*, https://www.environment.vic.gov.au/__data/assets/pdf_file/0016/51181/Victorian-Local-Landcare-Facilitator-Initiative-Evaluation-Final-Report.pdf; *Final Report of the Indigenous Facilitation and Mediation Project July 2003-June 2006: research findings, recommendations and implementation*, https://aiatsis.gov.au/sites/default/files/products/report_research_outputs/bauman-2006-ifamp-teport.pdf

[ii] https://www.geelongcareers.org.au/Community/32/

[iii] http://www.grllen.com.au/projects/careers-in-community-services-and-health-program

[iv] https://training.qld.gov.au/employers/gatewayschools

[v] https://www.qff.org.au/blog/gateway-schools-tully/