

Future Employment Services Consultation  
Active Labour Market Assistance Branch  
Department of Jobs and Small Business  
GPO Box 9880  
CANBERRA ACT 2601

10 August 2018

Dear Secretariat,

**Submission to the Future Employment Services consultation process**

Social Ventures Australia (SVA) welcomes the opportunity to make a submission to the Commonwealth Government Department of Jobs and Small Business' Future Employment Services consultation process.

SVA is a not-for-profit organisation that works with partners to improve the lives of people in need. We focus on keys to overcoming disadvantage in Australia, including great education, sustainable jobs, stable housing and appropriate health, disability and community services.

SVA is not a traditional service delivery organisation. We work at the intersection of the government, social purpose and business sectors. We provide funding, advice on strategy and evaluation, and make investments in partner organisations to significantly increase their social impact.

Our focus in employment over 15 years has been on supporting job seekers who face complex barriers in finding work.

Our submission draws on expertise developed from our partnerships with a wide range of employment-related ventures and initiatives as well as expertise in developing outcomes frameworks for Governments and non-profits as well as pricing outcomes through our social impact investing team.

SVA believes that we must do more to better tailor services to meet complex needs and intensify and personalise services for vulnerable cohorts.

We commend the adoption of user-centred design principles in the development of the review and its insights. We believe that working closely with system users to understand their needs and priorities is likely to produce a system that works better for all involved.

SVA also takes the view that changes in the way Government manages the broader employment system, including how outcomes are set and priced, will change the incentives and capabilities in the system and can have a profound impact on the lives of job seekers.

Our comments fall into three themes, which form the structure of our submission and recommendations:

1. The needs of jobseekers facing complex barriers to employment
2. Meeting the needs of employers
3. System stewardship

We thank you for the opportunity to provide a submission to this important review and welcome the opportunity to further discuss any of the issues raised.

Yours sincerely,

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## **Response to the Department of Jobs and Small Business' Future Employment Services consultation process**

August 2018

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## Introduction

SVA is a non-profit organisation that works with partners to improve the lives of people in need. We focus on keys to overcoming disadvantage in Australia, including great education, sustainable jobs, stable housing and appropriate health, disability and community services.

By offering funding, investment, and advice we support our partners to increase their social impact. We work at the intersection of the government, social purpose and business sectors.

Our work in employment has ranged across our three areas of activity: advisory, impact investment and venture philanthropy. Some examples that are particularly relevant to this review include:

- The [Industry Employment Initiative](#): a demand led employment initiative that links a long-term job seeker to a job (initially a pilot by SVA and partners and now a program under Jobs Victoria);
- A range of external ventures or partners organisations focused on supporting young people having a hard time or experiencing disadvantage into study, work or training, such as [BackTrack](#), [SYC's Sticking Together](#), [the Australian Indigenous Mentoring Experience \(AIME\)](#), and [Dismantle](#);
- A range of external ventures focused on supporting specific cohorts into employment including [Ganbina \(First Australians\)](#), [CareerSeekers \(refugees\)](#), and the [High Growth Jobs, Talented Candidates \(people with a disability\)](#) project.
- Pilot programs and policy development on school transitions including the [Beyond the Classroom](#) project with Beacon Foundation and the Foundation for Young Australians; the [Community Schoolyard Project](#) at Rooty Hill and Plumpton High Schools in Western Sydney, and the [Bright Spots Schools Connection](#).
- The provision of specialist consulting advice and support to a range of employment providers in the job services and disability employment sectors
- Support for a range of employment-focussed social enterprises, including [Vanguard Laundry Services](#), [Ability Enterprises](#) and [STREAT](#).

Our approach to supporting employment is outlined in the driver tree shown in Figure 1 overleaf, which is drawn from our [Employment Perspectives Paper](#).

This submission focuses on supporting job seekers who face complex barriers in finding work.

We support the discussion paper's view that *'We must do more to support job seekers who face complex barriers to find work. A future model could redirect more resources to assist job seekers who need help to overcome their barriers and prepare for, and find, jobs that last.'*

SVA believes that we must do more to better tailor services to meet complex needs, and intensify and personalise services for these cohorts as needed while concurrently creating an employment services system which uses evidence to drive a cycle of learning and innovation.

# Drivers of better outcomes

SVA believes there is a range of specific conditions and actions that can drive the increased participation of disadvantaged jobseekers. We refer to these as 'drivers' and they are set out in the Driver Tree below.

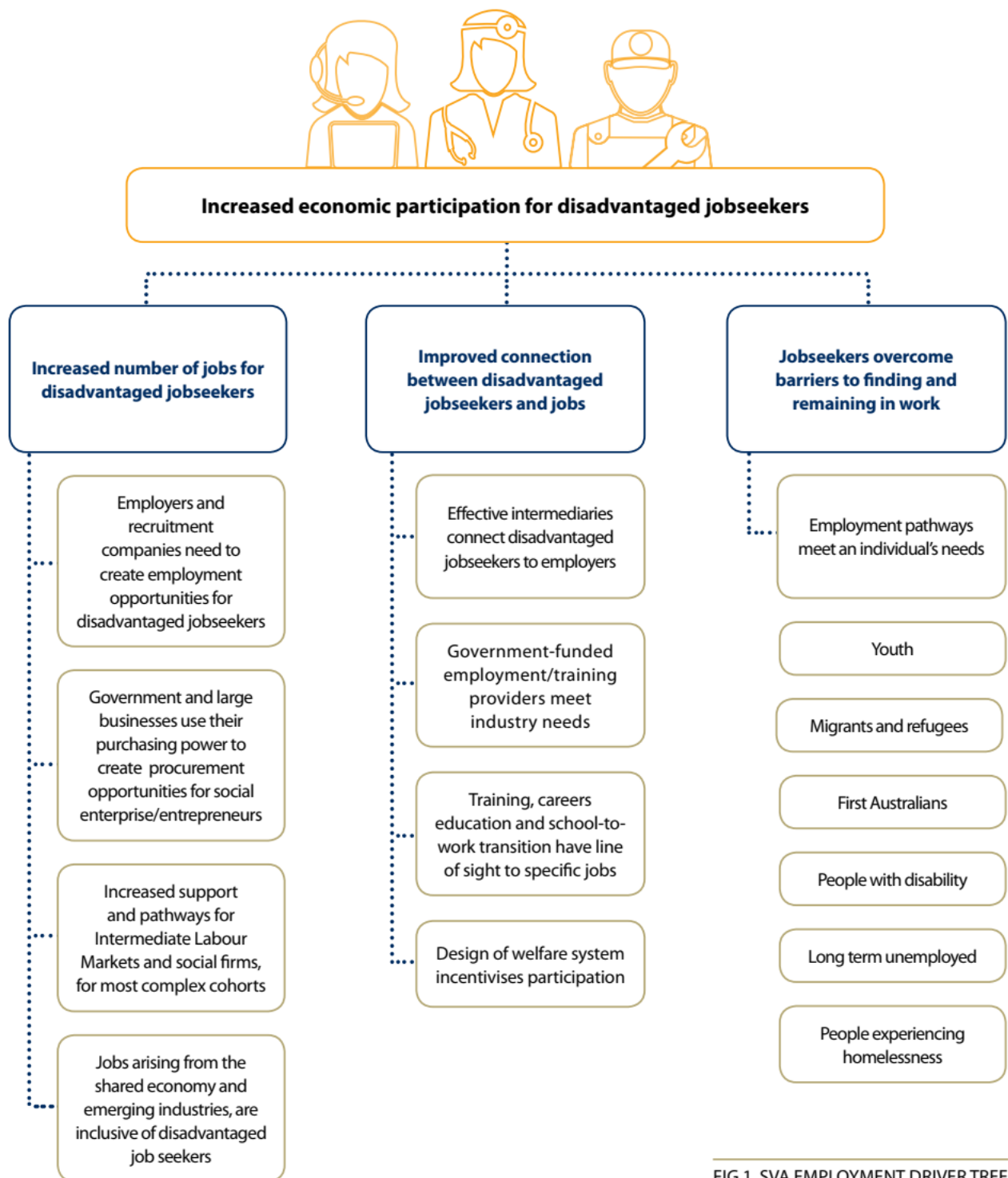


FIG 1. SVA EMPLOYMENT DRIVER TREE

## Recommendations

### **Section 1: The needs of jobseekers facing complex barriers to employment**

1. That government considers approaches to support jobseekers to develop the soft skills they will need for sustainable employment outcomes. These could incorporate:
  - Long-term, non time-bound support that can ratchet up or down according to need
  - A focus on the undertaking and achievement of physical tasks
  - A coaching and mentoring component
  - A work experience component to introduce and prepare the job seeker and the employer.
2. That the criteria for programs that can be counted as activation for mutual obligation purposes be broadened to include participating in activities aimed at building soft skills. Job services providers should be incentivised and supported to connect jobseekers lacking soft skills with appropriate programs.
3. That government considers moving towards a 'package' concept tailored to the individual job seeker, in which they can choose a job service provider and work with them to identify the necessary wraparound services and supports they require to become job-ready.

### **Section 2: Meeting the needs of employers**

4. That government considers way to help employers to understand and quantify the benefits of taking on jobseekers experiencing disadvantage, and to develop appropriate support systems. These could incorporate:
  - Providing evidence-based information to employers on the return on investment of diverse recruitment, including tools to help them understand their own recruitment costs.
  - Providing advice to employers on system and cultural changes they can make within their organisation to support diverse employment, such as training for managers and adapted recruitment processes.
  - Support connections between employers and employment services providers at a local, state and national level
  - Supporting job services programs and activities that can integrate well with employers' existing recruitment programs.
  - Supporting the development of employment-focussed social enterprises.

### **Section 3: System stewardship**

5. The Government should consider leveraging the insights gained from outside the the employment portfolio, particularly the Australian Priority Investment Approach, Try Test and Learn and the Social Impact Investing initiatives, to inform the pricing and outcomes metrics used in employment services and drive a faster cycle of innovation. The government should also look at expanding its social procurement policies to support the growth in job opportunities for vulnerable job seekers.
6. The Government should consider commissioning several data linkage projects between the Department of Social Services APIA data and employment services data, to examine targetted cohorts to better understand the most appropraite outcomes proxies for those groups and the pricing of those outcomes.
7. That government considers how it can support the development of a shared understanding of what constitutes 'effectiveness' in job services, and how it can be assessed and benchmarked.
8. That government consider developing and implementing alternative measures of employment outcomes that take into account the complexities faced by disadvantaged job seekers
9. That government in stewarding the employment system seeks to align other systems including education, health, mental health and human services so that gaps in service provision and support are minimised and all parts of the system are collectively working to achieve outcomes for the jobseeker, particularly for complex clients.
10. That government considers how a future employment services system can support the development of culturally appropriate services and programs for First Australians, including via Indigenous-controlled employment services providers and Aboriginal-led initiatives.
11. That reforms to the employment services system, particularly for jobseekers experiencing disadvantage, ensure that job services providers are resourced to build and maintain appropriate workforce capability, including mechanisms for collective capacity-building and professional development.



## 1. The needs of jobseekers facing complex barriers to employment

SVA commends the discussion paper's focus on the need to deliver better targeted and more tailored services that benefit users. Our work across multiple employment-related initiatives has shown that disadvantaged jobseekers often require more intensive and specific supports to develop the job-ready skills they will require to enter and maintain employment. The supports go beyond those traditionally understood as job services, and together promote the development of the range of soft and hard skills sought by employers.

### **SVA Venture: The Industry Employment Initiative**

The *Industry Employment Initiative* (IEI) is a program designed to test the effectiveness of a demand-led employment model, with a particular focus on sectors of the labour market that are growing and have potential for high numbers of entry level positions. The IEI works with employers, registered training organisations and employment services to connect jobseekers facing disadvantage with sustainable employment opportunities.

The IEI seeks to improve outcomes for job seekers at risk of or experiencing long term unemployment by engaging employers in the design of training and employment pathways. The unique model positions SVA as an intermediary between Jobs Victoria as the funder, Jesuit Social Services as the service provider, and large employer partners with a recruitment need.

The program design seeks to reflect the complexity of the individual. It can provide wrap-around support for job-seekers' disclosed or diagnosed needs, such as homelessness, or drug and alcohol issues. These services go beyond direct employment services and that are tailored for the individual who faces multiple barriers to sustainable employment.

### **1.1      *Soft skills as a precursor to hard skills and employment outcomes***

A recent World Bank meta-analysis showed that, while employers value technical competence, soft skills such as socio-emotional skills are the most highly valued.<sup>1</sup> Successful transition from long-term unemployment to work requires a set of strong 'human capabilities' or soft skills – the ability to communicate, to regulate, to self-motivate. While these skills that are fundamental to finding and keeping a job, it is these skills that are the often the weakest in the toolkit of the average long-term job-seeker, particularly for job seekers with complex needs.

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<sup>1</sup> Cunningham, W., and Villasenor, P., Employer Voices, Employer Demands, and Implications for Public Skills Development Policy Connecting the Labor and Education Sectors (World Bank, Policy Research Working Paper 7582, February 2016).

Soft skills can be further divided into:

- First-order soft skills (sometimes referred to as character qualities,<sup>2</sup> or emotional intelligence), include resilience and wellbeing, a sense of belonging and identity, mindsets and aspirations, habits and behaviours including the ability to self-regulate.
- Second-order soft skills include critical thinking, creativity, curiosity, communication skills, working with teams, problem solving and planning/organising as well as core literacy, numeracy and digital skills.

Soft skills cannot be developed by providing information; they need cultivation. Ideally, soft skills are developed through family, peers, community and school, and this network of support systems reinforces each other's messages. For those who don't have this web of personal support, have disengaged from education, or face cultural or other barriers, developing soft skills is difficult. Our experience across our employment ventures has shown us that these soft skills cannot just be 'attained'; they must be consolidated and embedded in the job seeker. Furthermore, our experience suggests that attaining first order soft skills enables the learning of second order soft skills and hard, technical skills. There are few services available that support jobseekers to develop these skills, and whilst research exists on how best to learn and attain these skills, there is no agreed evidence on what works and attendant benchmarking on quality of service provision.

#### **Case study: Participating in the IEI**

'It's meant I've got a reason to get out of bed every day,' Bill\* says. There are many contributing factors to long-term unemployment. Many people have little work experience; they face additional challenges as a result of extended exclusion from the labour market including low self-confidence and limited work skills. Skills and confidence are the keys to employment and both are elements addressed by the IEI. For Bill, the opportunity afforded by the IEI was a job in hospitality, at a Melbourne-based hotel of a global chain.

Bill participated in a three-week bespoke training program co-designed by the employer and the IEI. This program helped build his confidence, taught him industry-based content that was relevant to the role on offer and included a personal presentation and grooming module which ensured that he met the five-star standards of the hotel. It's the first real support, Bill says, that he received during his period of unemployment. His prior experience with job agencies had him doing little more than applying for jobs. 'It's 100% better. I'd rather do (training) than spend a month with no job,' he says. A representative from one of the National IEI employer partners says that the IEI gives companies the confidence to look beyond a candidate's lack of experience.

*\*The name of the IEI participant has been changed to respect their privacy.*

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<sup>2</sup> New Vision for Education: Fostering Social and Emotional Learning Through Technology, World Economic Forum Report, 2015

Based on our evaluations and observations of our own programs and partner ventures, SVA believes that there are key program design features and characteristics that support the successful attainment and embedding of soft skills. These include:

- Long-term, non-timebound support, with an emphasis on post-employment support and learning
- A focus on the undertaking and achievement of physical tasks
- A coaching and mentoring component
- A work experience component to introduce and prepare the job seeker and the employer.

Under the current system, job services providers have little incentive or support to connect job seeker to these types of skill development activities.

## 1.2 Long-term, non time-bound support

SVA's IEI program focuses on linking a long-term job seeker to an actual job, and includes technical 'hard skills' training, co-designed with the employer. Along with work experience (discussed further below), it is intended that this will prepare the job seeker to sustain employment. This approach has proved successful for many participants in the initial stages – around two thirds of those who finish work experience are offered a position with an IEI employer. However, the attrition rate for this cohort over the course of *the following* 26 weeks is higher than 50 per cent. Whilst this attrition rate is not unusual when supporting long term job seekers, it suggests a need for ongoing post-employment support to maintain engagement.

The risk of cut-off points in the service delivery system is that it creates further 'job churn' and undermines the early gains.

We continue to investigate the drivers of this attrition, but our hypothesis is that it is driven by multiple factors and that multi-faceted support will be required but the supports will scale up and down over time depending on the needs of the individual so that it may not require the intensity of support needed at earlier stages.

Much of the literature on the skills required for the future of work is not focused on job seekers experiencing disadvantage or displaying at-risk or unique factors. Our work with our venture partners has shown that at-risk or unique cohorts face particular challenges and need personalised support.

We have also observed that the process for attaining and consolidating soft skills is not linear, and successful programs need to be flexible rather than time-bound.

SVA venture partner *BackTrack* uses an approach they call their Circle of Courage. The Circle of Courage focuses on belonging, mastery of self, generosity and independence. Participants seek to build these capabilities before they move onto soft skills. *BackTrack* have seen a number of cases where a young person with complex needs and trauma has mastered their Circle of Courage and is actively engaged in work, but an event at work or in their personal life can trigger a 'wobble', and consequent diminution in these skills or characteristics. They must then refocus their effort on further embedding these skills, even though they have moved on to employment. One of the core principles of *BackTrack* is taking a non-time bound approach and never excluding a participant but responding to their needs.

Similarly, in the *Industry Employment Initiative*, SVA have observed many young people master 'hard', technical skills but be unable to sustain ongoing employment due to anxiety or a lack of confidence in themselves. Programs and funding models that assume a linear progression for these cohorts are unlikely to result in successful employment outcomes for individuals experiencing significant disadvantage.

#### **SVA Venture: *BackTrack***

*BackTrack* provides youth experiencing disadvantage in regional communities the support, life skills and experience to pursue positive life pathways.

*BackTrack* is a non-profit, educational and life skills initiative for young people aged 11-19 years old from rural and regional communities who are simply, having a hard time. The program gives vulnerable young people the practical and emotional support needed to stabilise their lives, helping develop self-esteem and skills for work. Almost 9 in 10 young people supported by *BackTrack* move into work, education or training. To date, *BackTrack* has worked with more than 1000 young people.

All *BackTrack* program activities are designed to allow participants to gain a sense of belonging, strong positive identity and the self-belief to pursue their personal aspirations. Effective wrap-around support is provided to participants, which may include accommodation, support through the justice system, mental health support and individualised mentoring.

Most existing services in Australia fail to effectively connect and serve the multiple needs of the most disadvantaged young people. This is sometimes the result of targeted funding for programs with tight eligibility criteria and short-term outcomes measures. *BackTrack* takes a different approach, allowing all individuals to develop at their own pace.

### *1.3 A focus on the undertaking and achievement of physical tasks*

The SVA venture partner *Dismantle* facilitates a developmental mentoring space with youth where the young person can explore self-awareness, identify strengths and feel agency over their future, while learning hard skills in bicycle maintenance.

*Dismantle* have found that working on the physical task of rebuilding a bicycle facilitates young people to engage and develop soft skills. *Dismantle* is in the process of developing an outcomes measurement framework but has recorded that 90 per cent of first session attendees graduate the ten-week program, which is significant given the high barriers faced by the youth participants.

*'Before we talk about education, training or employment, first we need to find out where a young person is, where they want to go and what's going to get them there. We do this using bikes. Dismantle provides young people with enabling support so they can better manage their life in a positive, self-directed way.'*

*Dismantle, Western Australia*

#### **SVA Venture: *Dismantle***

*Dismantle* supports at-risk young people in Western Australia to achieve their potential.

The social enterprise engages youth aged 12-17 through *BikeRescue*, an outreach program that uses hands-on learning to facilitate engagement, mentoring and transitions to further education and employment pathways.

*Dismantle* uses the simple bicycle as the vehicle for engaging with young people in a positive and meaningful way and equipping them with transferrable skills for securing long-term education and employment opportunities.

*BikeRescue* supports young people to improve their social and emotional well-being, while also building transferrable skills. The program creates a developmental mentoring space allowing participants to identify and pursue their life, learning and work goals in self-directed ways. It is run in partnership with youth service providers, ensuring appropriate wrap-around support is available before, during and after the program. Facilitators work with the young people to *Dismantle* and reassemble two bikes each, with the participants earning one to keep themselves and giving one to a local charity.

To date, *Dismantle* has supported over 1,200 young people through over 120 metropolitan and regional WA-based partners.

#### **1.4 Coaching and mentoring**

Many of our partners, including *AIME* and *SYC*, have seen considerable success using a coaching or mentoring support model for jobseekers. Providing personalised support, either from peers or specialist case workers, can help overcome the gap in social capital and establish the foundations needed to build the soft skills employers require.

#### **SVA Venture: *Australian Indigenous Mentoring Experience (AIME)***

*AIME* is an educational program that gives Indigenous high school students the skills, opportunities, belief and confidence to complete school and move into further education. By matching Indigenous high school students with university student mentors, *AIME* successfully supports the students to finish high school. *AIME* also connects students with post Year 12 opportunities, including further education and employment.

An independent economic evaluation conducted by KPMG found *AIME* contributed \$38 million to the Australian economy in 2012. For each \$1 spent on the *AIME* program, \$7 in benefits were generated.

### **SVA Partner: SYC's *Sticking Together* project**

SYC's *Sticking Together* project utilises an intensive coaching model to improve the wellbeing, employability skills and goal setting behaviours of participating young people over a 60-week period. The coaching process focusses on non-vocational skills development, and the provision of support to address barriers to employment, such as home, health, or relationship challenges.

The *Sticking Together* program has been piloted in South Australia and Victoria, and is currently being piloted in Queensland. The three pilots collectively work/worked with 190 young people.

SVA and SYC are also developing a Social Impact Bond with the NSW Government based on *Sticking Together*.

The work of *AIME* has shown that coaching and mentoring can support young Indigenous people into employment outcomes. Since the first group of 25 young people in 2005, 25,000 Indigenous high schoolers and 7,000 university student mentors have participated in the *AIME* program. The participants mentored through *AIME* have 'closed the gap' relative to non-Indigenous kids – heading into jobs, training or university at a rate of over 75 per cent for the last six years.

### **1.5 Work experience**

The review notes that work experience should be encouraged to give job seekers insight and exposure to realistic, work-like situation, and that placements would also offer the participant a greater prospect of securing a subsequent job. SVA's experience with the IEI program supports these views.

Access to supported and structured work experience is a core part of the IEI program. The work experience component provides job seekers with:

- exposure to the world of work, workplace learning, personal and professional development;
- the chance to put the new skills they have learned in their classroom training into action;
- an opportunity to trial working in a particular industry and determine whether it aligns with their personal and career aspirations; and
- the opportunity to create a relationship with the employer which may lead to ongoing employment.

It provides employers with an opportunity:

- to support a jobseeker to develop fundamental workplace skills in a real-life structured work environment; and
- with the a chance to determine whether the jobseeker is an appropriate candidate for ongoing employment whilst better understanding their workplace support needs.

The IEI limits the work experience component to two weeks and is sometimes referred to as a work trial, ensuring that candidates are not exploited or seen as free labour. Informal feedback from employers is that that the work experience component is valuable to them in that they can witness first-hand the developmnet of the jobseeker. We have observed that often jobseekers who were shy

and reserved in a classroom setting are able to demonstrate their abilities once given the chance to test their skills in a workplace.

### 1.6 *Activation activities*

Currently, participating in support programs aimed at developing first order soft skills (such as *AIME* and *Dismantle*) does not generally count as activation for mutual obligation purposes. This is despite the importance of such programs to developing the skills that are precursors to work-readiness. We encourage government to significantly widen the range of activities that can be counted as activation for mutual obligation purposes. This would encourage long-term jobseekers to build skills that will enable employment outcomes, as well as undertaking appropriate job search activities.

Broadening the scope of job-readiness activity in this way would effectively create a secondary market for services that would promote diversity, competition and innovation in service provision. Job services providers would need to be appropriately supported to engage such secondary services; under the current system they have little incentive to do so. There would also need to be appropriate measures to ensure service quality.

## Section 1 recommendations

1. That government considers approaches to support jobseekers to develop the soft skills they will need for sustainable employment outcomes. These could incorporate:
  - Long-term, non time-bound support
  - A focus on the undertaking and achievement of physical tasks
  - A coaching and mentoring component
  - A work experience component to introduce and prepare the job seeker and the employer.
2. That the criteria for programs that can be considered as activation for mutual obligation purposes be broadened to include participating in activities aimed at building soft skills. Job services providers should be incentivised and supported to connect jobseekers lacking soft skills with appropriate programs.
3. That government considers moving towards a 'package' concept tailored to the individual job seeker, in which they can choose a job service provider and work with them to identify the necessary wraparound services and supports they require to become job-ready.

## 2. Meeting the needs of employers

### 2.1 Mainstream employers

SVA supports the review's commitment to strengthen engagement of employers and job seekers and agrees that a future model of the system must offer employers an 'attractive, value adding service in order to generate repeat business'. SVA strongly believe that the employer is a core 'user' of the employment services system, and that the system must support employers to make employing long-term job seekers part of business-as-usual.

Whilst there is an increased recognition across employers and sectors of the need to recruit a diverse workforce, employers often lack the core skills, infrastructure and workplace culture to ensure long-term jobseekers gain and retain employment. Employers understand the social benefits of a diverse workforce, however lack access to credible analyses of the commercial benefits, particularly in recruiting long-term disadvantaged and complex jobseekers.

Through the *Industry Employment Initiative* and *High Growth Jobs, Talented Candidates* ventures, SVA have worked with medium to large employers from a range of sectors, with a focus on understanding the needs of employers and aligning training and support to job seekers to be able to deliver on those needs. Employers have expressed to SVA the difficulties in establishing appropriate supports within their organisation and in embedding any such programs as business as usual. In the case of the IEI, they have reported that they felt more supported through this program to take on jobseekers experiencing disadvantage.

Employers also lack clear information on the return on recruitment investment of diversity and inclusion. Many employers do not have insight into their current recruitment spend, costs of onboarding, training, churn and other key metrics. Assisting employers in establishing the right systems, processes and culture, alongside the mechanisms to calculate the long-term commercial value will assist in shifting perceptions that employing long-term jobseekers is simply a corporate social responsibility initiative, rather than a commercial imperative.

#### **SVA Venture: *High Growth Jobs, Talented Candidates***

The NSW Department of Family and Community Services (FACS) engaged SVA and the Australian Network on Disability (AND) to build the capacity of employers to employ people with disability through the *High Growth Jobs, Talented Candidates* project.

As part of this project, an online Access and Inclusion Index was developed, and a demand-led job brokerage approach implemented in high job growth industries.

*High Growth Jobs, Talented Candidates* is a demand-led approach designed to meet the needs of employers by building their disability confidence through expert training provided by AND, while at the same time helping to better prepare candidates with disability for the jobs of the future. The project focuses equally on the needs of employers and candidates, ensuring an effective job match.

The Access and Inclusion Index includes tools and resources to assist employers in building their capabilities to make their businesses accessible and inclusive to customers and employees with disability. These tools and resources are available to all NSW businesses.



As part of the *Industry Employment Initiative*, a key role that SVA has played is connecting employers to long term job seekers and brokering the engagement. For example, one of our partner employers stated in the evaluation of the pilot that they had never used a jobactive provider before, so had never considered long term job seekers as a pool of candidates. Government at all levels, including local government, can do more to connect the employment services system with local and national employers. Whilst SVA has played a pivotal role in creating pathways, we would envision a future where this connectivity is driven by the key participants including employers and employment services providers.

Through the IEI and *High Growth Jobs, Talented Candidates* programs, SVA has tested and iterated approaches to the co-design and delivery of workforce readiness programs with the employer's recruitment and business needs central to the process. Whilst some great successes have been achieved, a number of significant challenges have been faced in navigating internal processes that exist within large organisations or those with alternative approaches to centralised or decentralised recruitment practices. Approaching these challenges with tailored service design and delivery is imperative to achieve sustainable opportunities and impact.

We also note that employers often exhibit a level of resistance, due to being inundated with requests from providers to participate in programs and/or activities. Integrating seamlessly with existing recruitment practices is important for employment services to gain ongoing commitment.

#### **Case study: Participating in the *High Growth Jobs, Talented Candidates* program**

The Australian Network on Disability and Max Employment worked with Compass Group to help improve managers' confidence when recruiting and hiring people with disability. Additionally, they adapted the interview process so it was less formal, so candidates like John could have a support person with him. The process saw John attend four days of pre-employment training which gave him a boost in confidence ahead of his first day on the job. 'It feels so good to have an income and not rely on the disability support pension,' John says. 'Compass and Westpac have been good, because they understand. I can be open about my disability.'

*\*The name of the IEI participant has been changed to respect their privacy.*

## **2.2 Social enterprises**

Another group of employers whose needs should be considered in system design are employment-focussed social enterprises. SVA has partnered with a number of social enterprises that provide training and employment to people who have been excluded from the mainstream labour force. These include:

- *Vanguard Laundry Services*, a social enterprise commercial laundry creating employment opportunities for people previously excluded from the workforce, predominately due to mental

health conditions. The laundry also has an in-house Career Development Centre to support disadvantaged jobseekers into sustainable career opportunities

- *STREAT*, a social enterprise which runs multiple hospitality venues across Melbourne while providing young people experiencing homelessness with supported pathways to employment – including assistance finding stable housing, vocational skills, improved mental health and well-being.
- *Ability Enterprises* is a social enterprise labour hire company responsible for operating 13 waste management sites in the Toowoomba area. They specialise in providing employment opportunities for people who face barriers to employment – like disability or an extended period out of the work force. Employees received skilled training and qualifications, entered stable employment, and reported improved mental health.

Employment-focussed social enterprises are designed to provide some or all of the additional supports mentioned above to jobseekers who would have difficulty accessing mainstream jobs given their current skills and capacities. Some enterprises are designed as a transition experience to the mainstream labour force, others seek to provide long-term employment, and some provide a mix of both depending on the needs of their employees. Any changes to the employment services system should ensure that these employers, and the providers who work with them, do not face disincentives to take on jobseekers.

#### **Case study: Working at Vanguard Laundry Services**

James\* had applied for numerous jobs, but nobody would hire him. At one point he spent an entire year trying to get hired. When he finally did get a job, it didn't work out because of the workplace's perceptions around mental illness.

Today James has steady employment with Vanguard. It has improved his sense of self. Working in an environment that feels safe has made life just that little bit easier. He's particularly pleased to be following in the footsteps of his father, who also used to work in a laundry.

'I'm proud of Dad for doing what he did, I'm very proud to be able to work in a laundry too,' he says.

Steady employment has made a real, positive impact on James life. He was able to save enough money to make a special trip to Sydney to see his daughter for the first time. While he was nervous, it turned out to be a great weekend and his daughter said it was everything she wanted.

'Working in the laundry suits me down to a tee!' he says.

*\*The name of the employee has been changed to respect their privacy.*

## **Section 2 recommendation**

4. That government considers approaches to support employers to understand the benefits of taking on jobseekers experiencing disadvantage, and to develop appropriate support systems. These could incorporate:

- Providing evidence-based information to employers on the return on investment of diverse recruitment, including tools to help them understand their own recruitment costs.
- Providing advice to employers on system and cultural changes they can make within their organisation to support diverse employment, such as training for managers and adapted recruitment processes.
- Support connections between employers and employment services providers at a local, state and national level
- Supporting job services programs and activities that can integrate well with employers' existing recruitment programs.
- Supporting the development of employment-focussed social enterprises.

### 3. System stewardship

SVA believes that in addition to the specific steps to ensure the employment services system meets the needs of users, there is scope for significant improvement in the broader ecosystem's capability and capacity including:

- Leveraging other Government reforms
- Evidence, assessment and benchmarking
- Aligning incentives, desired outcomes and complementary service systems
- Supporting First Australians
- Workforce capacity

#### 3.1 *Leveraging other Government reforms*

Reforms in other areas of Commonwealth policy present significant opportunities to increase the impact of the employment services system and speed up its cycles of innovation. Some thoughtful and modest steps to link these with the employment services reform could create large benefits in the medium to long term.

The Australian Priority Investment Approach (APIA), Social Impact Investing policy (SII), the Try Test and Learn (TTL) fund as well as a range of other social services grants generate insight or data about employment outcomes that could be translated into better practice within the employment services system.

##### *The Australian Priority Investment Approach (APIA)*

Through the APIA the Commonwealth has invested in calculating the projected lifetime costs associated with Australians receiving income support. The Government has also run a number of 'cuts' of the data on income support payments for the last 10-15 years to understand the propensity of different groups of people with particular characteristics to remain on income support over time.

The APIA identifies high-risk groups, which can then be targeted for new or additional services.

This analysis will provide much clearer indication of the 'avoided costs' to government of different groups of people moving from welfare into work, and hence the value generated to government by achieving employment outcomes.

The APIA analysis will also lead to a better understanding of what metrics are good indicators of future long-term reliance on income support.

Small cohort level data-linkage projects that bring together the APIA data (currently held by the Australian Institute of Health and Welfare) with employment services data and potentially also tax data, could provide substantial insights into which employment outcomes should be measured over what periods of time and the value of the outcomes created by employment services providers in comparison to other initiatives whether funded by Government or others.

Conducting this exercise for a defined and de-identified cohort (potentially one of the groups already identified through the APIA such as young people with caring responsibilities or through the Social Impact Investing funds such as young people at risk of homelessness) could keep down the cost and provide learnings about how larger scale matching could operate.

### *Try, Test and Learn (TTL)*

Many programs across government are designed to generate positive employment outcomes which could provide insights for employment services. TTL is of particular interest because of its link to the APIA and hence a baseline can be set through the actuarial analysis against which services can be tested.

If a common set of employment outcomes can be established across a range of different programs – including even those whose primary goal is something other than employment, such as a youth homeless service – and the outcomes data tracked, then the Department of Jobs and Small Business would have access to learning from a much wider set of services.

In short, other parts of government could act as the ‘sandbox’ for testing new innovations so that proven innovations are more widely adopted and those things proven not to work are taken off-line.

Employment services have operated on long-term contracts (most recently five years) in order to give confidence to providers to invest. They have also included a significant mutual obligation regime for job seekers and high levels of compliance for providers.

Speeding up the cycle of improvement - by trying new approaches, collecting rigorous evidence on their success or failure, publishing the results so providers can adapt their practices, and adopting and scaling (or discarding if the results are negative) – will ensure the employment services system gets better faster.

### *Social Impact Investing (SII)*

SVA is one of Australia’s foremost proponents of impact investing – making investments to deliver both social and financial returns. SVA pioneered Social Impact Bonds (SIBs) in Australia and as mentioned earlier, is working with SYC and the NSW Government to develop Australia’s first employment SIB.

SIB are a form of outcomes contract, like the employment services system. The additional element of a SIB is that an investor provides working capital to a service provider and takes some of the risk for their ability to meet the agreed outcomes. Investor returns depend on the outcomes achieved, and Governments pay that return from savings generated by avoided costs. For example, if a person with a history of mental illness decrease the amount of time spent in hospital each year, this represents a significant saving to State Governments.

In partnership with Taylor Fry, SVA has also been engaged by the Department of Social Services to develop the outcomes pricing framework that will underpin the Government’s SII projects including the joint SIBs with State Governments. This work is also leveraging the APIA actuarial analysis.

Movement on and off income support payments will be examined as part of each of these projects because it represents the clearest saving to the Commonwealth. The nature of the actuarial analysis also means that propensity to remain on income support will be projected over decades rather than 13 or 26 weeks.

### *Social Procurement*

The Commonwealth plays an important role, through economic policy, in supporting employment growth across the economy to help to keep downward pressure on unemployment and ensure there are sufficient opportunities for vulnerable job seekers. The broader economic levers are not

discussed here, but the Commonwealth Government has also already demonstrated through the implementation of the Indigenous Procurement Principles that it can use *its own* purchasing power to drive employment opportunities for particular groups and foster businesses and social enterprises with a higher-proportion of employees from disadvantaged backgrounds. *Vanguard Laundry* (mentioned earlier) is an example of private sector social procurement, in which a contract with St Vincent's Health is helping to provide financial certainty to the laundry during its expansion. The government could examine opportunities to expand and deepen its social procurement policies to cover other cohorts. It could also consider incentives to encourage other private sector organisations to adopt their own social procurement policies, such as targets in major defence or infrastructure projects.

### Section 3.1 Recommendations

5. The Government should consider leveraging the insights gained from outside the the employment portfolio, particularly the Australian Priority Investment Approach, Try Test and Learn and the Social Impact Investing initiatives, to inform the pricing and outcomes metrics used in employment services and drive a faster cycle of innovation. The government should also look at expanding its social procurement policies to support the growth in job opportunities for vulnerable job seekers.

6. The Government should consider commissioning several data linkage projects between the Department of Social Services APIA data and employment services data, to examine targetted cohorts to better understand the most appropraite outcomes proxies for those groups and the pricing of those outcomes.

### 3.2 *Evidence, assessment and benchmarking*

An ongoing challenge for the employment services system in Australia is the lack of a clear, well-documented evidence base on what constitutes 'effectiveness' in job services. Evidence-based practice is critical for system-wide impact, and investment should be guided by evidence. At present, where project funding calls for 'effective' programs that provide 'value' to a target cohort, neither 'effective' nor 'value' can be defined or quantified.

Similarly, without a clear understanding of effectiveness, it is not possible to assess and benchmark which employment programs and interventions are most likely to achieve success in promoting employment outcomes.

These evidence gaps are particularly acute in understanding a young person with complex needs best learns, consolidates and embeds the soft skills they will need for a successful employment outcome, as is the best way to measure attainment of these skills, and therefore quality and effectiveness of provision.

This exploration of what works and why is particularly important when assisting cohorts of job seekers who do not have the 'social capital' (family, peers or community) or whose 'social capital' is unable to sufficiently model and expose them to the world of work, training and study.

Work to develop common definitions, a method of assessment and bench marking would result in employment programs and interventions being designed using an evidence base with individual activities being able to be assessed against an identified ideal. SVA's experience with *Evidence for Learning* provides an example of a mechanism for generating and sharing evidence about 'what works'.

#### **SVA Venture: *Evidence for Learning***

[\*Evidence for Learning \(E4L\)\*](#) seeks to help great practice to become common practice in education by building, sharing and supporting the use of evidence about 'what works' to lift learning outcomes.

E4L is actively sharing evidence about effective approaches in education by providing free, online summaries of global evidence through the Teaching & Learning Toolkit. It also supports the creation of new rigorous evidence via randomised controlled trials of programs in schools through its Learning Impact Fund. In order to drive the use of evidence, E4L is supporting schools to use evidence in their professional decision-making through the development of Australian practice guides and events like the Evidence Exchange.

SVA is currently in the early stages of developing a philanthropically-funded initiative, *Foundations for Impact*, that will seek to consolidate and disseminate the evidence base about 'what works' to improve employment outcomes. This initiative, along with related work by others in the sector such as the Brotherhood of St Lawrence's Youth Employment Body, will support the sector to develop appropriate pathways and packages of support for jobseekers.

### **Section 3.2 Recommendation**

7. That government considers how it can support the development of a shared understanding of what constitutes 'effectiveness' in job services, and how it can be assessed and benchmarked.

#### **3.3 *Aligning incentives, desired outcomes, and complementary service systems***

The discussion paper articulates the key goal of the employment services system as to "help as many job seekers as possible to find and stay in work".

SVA believes that to achieve this goal in a sustainable way, the system must also aim to help job seekers to:

- Be prepared for life-long learning, working and transitions;
- Be 'work ready' including attainment and embedding of soft and hard skills.

However, the system as currently designed does not incentivise or support the parties involved (including job seekers, employers, job services providers and their workforce, and other support

providers) to achieve these goals. This is in part because the system is based on a narrow conception of what constitutes a positive outcome.

Under the Jobs Victoria contract, the *Industry Employment Initiative* is contracted to deliver 26 weeks of sustained employment as an outcome. As described in Section 1 of this submission, this does not take count of the complex needs of many disadvantaged job seekers, and does not reflect positive outcomes such as the attainment and embedding of soft and hard skills; the impact of any ‘wobbles’ that occur as the job seeker embeds skills, as well as the ability to sustain ongoing employment in order to achieve economic security i.e. beyond 26 weeks and more than 12 hours of employment a week.

Instead, we would advocate for an approach where other outcomes are measured and that alternative measures of employment outcomes, such as cumulative weeks of employment over a twelve-month period. This kind of analysis will become increasingly similar with better use of Government administrative data rather than relying on the service provider to collect the data. Using these kinds of metrics will also better reflect the experience of people moving in and out of work or taking part-time or seasonal work and help understand strong and weak attachment to the labour force.

For a job seeker with complex needs, the trajectory from engagement, changing of habits and behaviours, learning and consolidation of skills, testing and embedding skills as well as managing complex needs, might be best measured over a period closer to 60 weeks. This view is based on the work of SYC’s *Sticking Together* project, discussed in Section 1 above.

Our early indications from both *Sticking Together* and the data analysis accompanying this and other projects suggests that this may also be a better marker of decreased risk of long-term reliance on income support rather than a 13 or 26 week outcome.

Achieving outcomes also requires the alignment of activity, tools and incentives across the full scope of a service, from an outcomes contract through to the customer experience. This can be challenging when multiple systems, parties and providers are involved, each of which has its own incentives, processes and culture.

Our experience suggests that the incentives in an outcomes contract need to flow through from the lead contractor to sub-contractors and to frontline staff. All parts of the system need to be equipped to be able to deliver on the outcome:

- A job seeker needs appropriate support including ongoing post-employment training and support to perform well in a job and sustain employment;
- A job services employment practitioner needs to be adequately trained to understand complex needs in order to identify the right supports for the jobseeker; and
- A job services provider needs to be appropriately resourced to take the time and focus required to achieve the desired long-term outcome, rather than focussing on short-term metrics.

Better analysis of adjacent service systems such as mental health, justice and homelessness services and their impact on employment as well as improved referral pathways for groups with complex or multiple barriers to work is also essential.

Some steps have already been taken by Government to common outcomes metrics across different forms of human services. SVA developed a ‘whole of human services outcomes framework’ for the



NSW Government Department of Finance, in consultation with Depts of Health, Education, Family and Community Services and other stakeholders.

A common human services outcomes framework could help to align disparate Government programs that impact on employment outcomes.

### Section 3.3 recommendations

8. That government consider developing and implementing alternative measures of employment outcomes that take into account the complexities faced by disadvantaged job seekers.

9. That government in stewarding the employment system seeks to align other systems including education, health, mental health and human services so that gaps in service provision and support are minimised and all parts of the system are collectively working to achieve outcomes for the jobseeker, particularly for complex clients.

### 3.4 *Supporting First Australians*

Our experience working with at-risk cohorts of jobseekers has demonstrated the importance of services and programs that are culturally appropriate. Our partners such as AIME (described above) and *Ganbina* have seen considerable success in supporting young First Australians to transition into employment or further education by providing culturally relevant programs.

We would also like to see a future employment services system consider how it can encourage the development of Indigenous-controlled employment services providers and Aboriginal-led initiatives. Not only are these services well-positioned to provide culturally appropriate services, but they also support the development of a vibrant First Australians economy.

#### **SVA Venture: *Ganbina***

*Ganbina* undertakes a place-based approach focusing on helping young people in Shepparton, Victoria. The highly practical approach emphasises partnerships with the local community, including teachers, families and local employers. *Ganbina's* suite of intensive programs helps individuals to reach their full potential in education, training and employment.

*Ganbina's* Jobs4U2 program is the most successful school to work transition program in Australia, with a minimum of 80 per cent of all young people who enrol each year completing their full course activities. The program enables young people to unlock their career and life opportunities, with the focus on being the very best they can be. The elements of the program are Jobs Education, Jobs Training, Jobs Employment, Scholarships, Leadership Training, Driver Skills Program and the Youth Achievement Awards.

### Section 3.4 recommendation

10. That government considers how a future employment services system can support the development of culturally appropriate services and programs for First Australians, including via Indigenous-controlled employment services providers and Aboriginal-led initiatives.

### 3.5 Workforce capability

The discussion paper notes that to effectively assist people experiencing complex disadvantage, employment service providers will need to deliver more intensive and responsive packages of services. Our observation, which is also reflected in the experience of other stakeholders we have consulted, is that this will require a standard of workforce expertise and capability that is not currently widespread.

Employment support workers across job services and related program have highly varying skills and capabilities. Those ventures that work in a holistic, wrap-around approach with job seekers with complex needs have found that they require staff with a mix of expertise and capabilities to be effective.

For a future employment services system to deliver on expectations of improved outcomes for the most vulnerable groups, there will need to be an increase in capability and capacity across the profession. Practitioners need training and development to apply integrated practice including the ability to understand complex needs, appropriate referral pathways and follow-up and support.

SVA has some experience in raising the capability of a diverse profession through our work with teachers and school leaders via two education ventures:

- *Evidence for Learning*, mentioned above, seeks to help great practice to become common practice in education by building, sharing and supporting the use of evidence about ‘what works’ to lift learning outcomes.
- The *Bright Spots Schools Connection* supports exceptional school leaders in disadvantaged schools to improve the outcomes of their students by building a network and community of exceptional educators.

While there are many differences between the job services practitioner and teaching workforces, there may be useful lessons to draw about how to build workforce capability, including mechanisms for collective capacity-building with a focus on improving outcomes.

### Section 3.5 recommendation

11. That reforms to the employment services system, particularly for jobseekers experiencing disadvantage, should ensure that job services providers are resourced to build and maintain appropriate workforce capability, including mechanisms for collective capacity-building and professional development.