



# Tackling unemployment

Towards a workforce  
participation plan  
for all Victorians

November 2014

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## About VCOSS

The Victorian Council of Social Service (VCOSS) is the peak body of the social and community sector in Victoria. VCOSS works to ensure that all Victorians have access to and a fair share of the community's resources and services, through advocating for the development of a sustainable, fair and equitable society. VCOSS members reflect a wide diversity, with members ranging from large charities, sector peak organisations, small community services, advocacy groups and individuals involved in social policy debates.

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## Executive summary: Jobs for people who need them

Unemployment is often mistakenly seen as a generic issue that randomly affects people across the spectrum when it rises and falls. While it is true unemployment can affect anyone in an increasingly precarious job market, the reality is that it is more likely to affect people already facing disadvantage. When unemployment rises, it is these people who will likely be affected soonest, most often, for the longest periods, and with the most serious consequences.

Victorians who are already likely to face disadvantage – including vulnerable young people, Aboriginal people, people with disabilities, single parents, older people, people with low levels of education, people from culturally and linguistically diverse communities, and people from rural, regional, urban fringe or low socioeconomic communities – may face multiple and complex barriers to employment. They often already have higher rates of unemployment, underemployment, or long-term unemployment, than other Victorians.

When the overall unemployment rate rises, these vulnerable Victorians are the ones most likely to lose their jobs, or be least able to find one. They are also the ones most at risk of becoming long-term unemployed, and the ones most at risk of being excluded from the workforce altogether.

Unemployment is currently rising significantly in Victoria. There are now more than six unemployed people for every job vacancy. Underemployment is also rising, the workforce participation rate is falling, wages are stagnating, and many people, particularly vulnerable people, face uncertain and insecure work – meaning they face uncertain and insecure futures.

For most Victorian adults, paid work is central to their wellbeing. It provides a financial income, a source of pride and purpose, a means of engaging with and cooperating with others, and attracting recognition and respect. It enables people to hope for the future and make long-term plans.

Some people will find some of these qualities in unpaid work, such as in raising children, caring for a relative who is ageing or has a disability, maintaining a home, or volunteering in the community. However, most working age adults want to find meaningful and secure paid work, and the inability to do so threatens their wellbeing and financial security. It is also economically wasteful, as productive resources are left idle.

With our unemployment rate rising, it is time to develop a workforce participation plan that includes all Victorians, by including measures that particularly support vulnerable Victorians. VCOSS believes that government, business and the community sector can work together to develop a workforce participation plan that helps break the cycle of disadvantage and unemployment, helps prevent people slipping into long-term unemployment, keeps people engaged in the workforce and and tackles unemployment in a way that helps get all Victorians back to work.

VCOSS believes that government, business and the community sector can work together to deliver a workforce participation plan built on four interlinked strategies and central actions, that will help create jobs for the people who need them and help build these people's capacity to take those jobs up.

## 1 Build vulnerable people's skills and capabilities

If people are supported to participate fully in all levels of education, become job-ready and connect with suitable employers, they will have a much better chance of finding and maintaining secure work. Government, business and the community sector should support vulnerable people to acquire relevant skills and competencies, and map out pathways for them to access jobs, to maximise their chances of employment. Central actions for a workforce participation plan include:

- Give vulnerable children access to both 3- and 4-year-old kindergarten, and high quality early childhood education and care experiences that create life-long benefits.
- Keep young people engaged in education and extend support to those at risk of disengaging.
- Build a strong and sustainable VET system that provides training opportunities matched with labour market demand, and includes apprenticeship incentives.
- Build partnerships between community service organisations and employers to create community-based education and employment pathways.

## 2 Create the jobs vulnerable people need, where they need them

Governments help create jobs directly in the public sector, and indirectly by facilitating private sector expansion. However, the way they do this can yield varying effects on the number, type and location of jobs created. Governments should pursue economic development strategies that prioritise employment-intensive growth and yield jobs that can be filled by vulnerable Victorians, are secure and sustainable, and are in locations where jobs are scarce and also accessible for vulnerable people. Central actions for a workforce participation plan include:

- Prioritise economic and industry policies that promote large-scale employment, close to where vulnerable groups live.
- Develop place-based, integrated and collaborative employment and training partnerships in local areas to harness local employment, training, and social and economic development opportunities.
- Invest in social infrastructure that is likely to promote sustainable jobs growth.
- Support social enterprises that create employment pathways.
- Recognise and support the community sector in its role of creating employment pathways and assistance for vulnerable people.

**3****Develop inclusive and flexible workplaces**

Too often, employers are reluctant to ‘take a chance’ on hiring vulnerable jobseekers. We need to encourage employers to hire a more diverse workforce and adopt inclusive workplace practices and targets. Central actions for a workforce participation plan include:

- Supplement federal government wage subsidies to help vulnerable and low-skilled jobseekers overcome barriers to gaining employment.
- Address systemic cultural and attitudinal barriers that heighten employer reluctance to hire people with low ‘job-ready’ skills, young people, people with a disability, Aboriginal people, and people from other culturally diverse backgrounds.
- Promote flexible working arrangements that assist vulnerable jobseekers enter and remain in the workforce.
- Create employment equity targets for groups who are under-represented in the workforce, such as people with disabilities, Aboriginal people and women.

**4****Improve labour mobility and availability**

People’s job prospects are limited by where they can afford to live, the distance they can reasonably commute, and the support they have to combine work with family and caring responsibilities. Central actions for a workforce participation plan include:

- Deliver a plan for affordable housing in job-rich locations.
- Invest in a high quality public transport network, so vulnerable people will have greater chance of accessing and maintaining secure jobs.
- Increase access to quality, affordable childcare and support for carers, so people have greater capacity to manage work alongside their other responsibilities.



# Unemployment: What's the problem?

Victoria has a jobs problem – and it is hitting vulnerable people the hardest. In Victoria today, we see:

- Rising unemployment and underemployment rates, to levels not seen for over a decade.
- Significantly higher unemployment rates or long-term unemployment rates among vulnerable groups and in particular geographic regions.
- A falling workforce participation rate.
- People remaining unemployed for longer, with the number of long-term Newstart recipients in Australia increasing by 50% in the last three years.<sup>1</sup>
- Stagnant wages, with average Victorian earnings rising 1.3% in the year to May 2014,<sup>2</sup> well below the Victorian inflation rate of 3.2% in the same period.<sup>3</sup>

**Table 1: Victorian employment trends**

Victoria	June 2011	June 2014
Unemployment rate <sup>4</sup>	4.9%	6.6%
Underemployment rate <sup>5</sup>	6.7%	7.9%
Youth unemployment rate <sup>6</sup>	9.1%	13.9%
Workforce participation rate <sup>7</sup>	65.6%	64.4%

For many, paid employment is a pathway out of poverty, enabling people to earn enough income to participate more fully in society. It can help lower rates of financial crisis, homelessness, family conflict and violence, alcohol and drug use, physical and mental health problems, disengagement from education and contact with the justice system. Every day VCOSS hears stories from our members of people unable to find stable work, and the financial pressure and emotional toll this puts on them and their families.

Increasing the workforce participation rate among vulnerable Victorians will help reduce long-term unemployment, strengthen vulnerable families and help break intergenerational cycles of poverty.

We need to work with vulnerable people to build their capacity to work, and create the jobs they will be able to fill. Punitive approaches proposed by the current federal government, such as forcing young unemployed people off Newstart entitlements for six months at a time, reintroducing ‘work for the dole’ programs that have proven unsuccessful in helping people find work, introducing onerous and meaningless job application requirements and forcing people on to Newstart, will simply marginalise vulnerable unemployed people further and make it more difficult for them to find jobs.

- 1 Department of Social Services, *Labour Market and Related Payments: a monthly profile*, July 2014, and Department of Families, Housing, Community Services and Indigenous Affairs, *Statistical Paper No. 10 Income support customers: a statistical overview*, 2011.
- 2 Australian Bureau of Statistics, *Average Weekly Earnings, Australia*, Cat. No. 6302.0 Table 11B: *Average Weekly Earnings, Victoria (Dollars) – Trend*, May 2014.
- 3 Australian Bureau of Statistics, *Consumer Price Index, Australia*, June 2014.
- 4 Australian Bureau of Statistics, *Labour Force Australia*, Cat. No. 6202.0, October 2014.
- 5 Ibid.
- 6 Australian Bureau of Statistics, *Labour Force, Australia, Detailed – Electronic Delivery*, Cat. No. 6291.0.55.001 Data Cube: RM1 – *Labour force status by Region (ASGS SA4), Sex and Age*, October 1998 onwards, Sep 2014.
- 7 Australian Bureau of Statistics, *Labour Force Australia*, Cat. No. 6202.0, October 2014.

Higher workforce participation rates also have positive economic effects. Rising household incomes mean people can spend more in their local economies, fuelling inclusive economic growth. It is also positive for government budgets; increasing tax revenue and reducing expenditure on income support, concessions and other community services that mitigate the broader social costs of unemployment.

### **Victoria's changing labour market**

The Victorian economy has historically relied heavily on manufacturing, compared with other states. However in recent decades, the manufacturing employment share has fallen, and jobs growth has been concentrated in service industries, especially health and social services.

The persistently high level of the Australian dollar overseas continues to pressure our manufacturers to restructure or downsize. In recent years a number of high-profile companies have downsized or ceased operations in this state. Across Australia it is estimated that 40,000 manufacturing jobs will be lost by 2018, with the 25,000 of these in car manufacturing particularly concentrated in Victoria.<sup>8</sup>

The proportion of Victorian workers in manufacturing fell from 21 per cent to 10 per cent between 1984 and 2014. At the same time, the proportion working in health and social services grew from 8 per cent to 12 per cent. A workforce participation plan must

ensure workers are not stranded in the transition away from manufacturing. It must support jobseekers to build skills for new and growing industries.

There have also been significant changes in the way people work, including their hours and contractual arrangements. For instance, the proportion of part-time workers grew from 18 per cent to 32 per cent between 1984 and 2014. Of these, 29 per cent are considered underemployed, and wish to work more. Increasingly, Victorian workers also lack job security, with a rising number of people employed as casuals or in contract arrangements. The casual workforce has doubled from a roughly 10 per cent to 20 per cent share between 1982 and 2011.<sup>9</sup>

While the workforce participation of women increased from 44 per cent to 58 per cent between 1984 and 2014, it still remains substantially lower than that of men. At the same time, our labour market remains highly gendered, with women concentrated in service industries that are often characterised by higher rates of casual and part-time work, and with lower wages than those in industries dominated by men.

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8 Department of Employment, *Industry Employment Projections to November 2018*, Canberra, 2014.

9 A Shomos, E Turner, and L Will, *Forms of Work in Australia*, Productivity Commission Staff Working Paper, Canberra, 2013.

The persistently high level of the Australian dollar overseas continues to pressure our manufacturers to restructure or downsize. In recent years a number of high-profile companies have downsized or ceased operations in this state.

## Who is most affected by unemployment?

When there are not enough jobs for everyone, particular groups in society are likely to be affected more often, for longer, and with more serious consequences.

### Young people

Young people are the first and worst hit by a jobs slowdown. While youth unemployment is generally always higher than the adult rate, the disparity is exacerbated when the overall unemployment rate increases, with entry-level positions suited to young people often the first to be sacrificed.

For young people who have low levels of education and lack qualifications, skills, work experience or personal connections, securing the first step on the job ladder is becoming much harder.<sup>10</sup>

Over the year to July 2014, Victoria's monthly average unemployment rate for 15-24-year-olds was 14.7 per cent. This is the highest average annual youth unemployment rate since 1999 and marks a 5 per cent jump over the last five years. Parts of the state, including Geelong, Bendigo, Warrnambool, Shepparton and the north-west suburbs of Melbourne, are recording average monthly youth unemployment rates of almost 20 per cent.<sup>12</sup>

Young people who experience long periods of unemployment can suffer a life-long 'scarring' effect, with long-term unemployed young people at higher risk of long-term poverty and social exclusion for the rest of their lives.<sup>11</sup>

The groups that unemployment most often hits hardest are those who were already facing disadvantage.

### Aboriginal people

Aboriginal Victorians are three times more likely to be unemployed than other Victorians, with their unemployment rate at almost 19 per cent.<sup>13</sup> They are also less likely to participate in the labour force. This contributes to other disadvantages Aboriginal people often experience, including high rates of poverty, ill-health and inadequate housing.

For a workforce participation plan to be effective, government, business and the community sector need to design programs for Aboriginal employment in partnership with Aboriginal communities, which account for cultural factors and the discrimination experienced by Aboriginal people.

10 Brotherhood of St Laurence, *Australian Youth Unemployment 2014: Snapshot*, 2014.

11 Ibid.

12 Australian Bureau of Statistics, *Labour Force Australia*, Cat. No. 6202.0, August 2014.

13 Australian Bureau of Statistics, *Labour Force Characteristics of Aboriginal and Torres Strait Islander Australians, Estimates from the Labour Force Survey 2011*, Table 1.

### People with disabilities

Victoria and Australia's rate of employing people with disabilities and mental ill-health is below the OECD average.<sup>14</sup> Australia ranks 21st out of 29 OECD countries in employment participation rates for people with a disability.<sup>15</sup>

Only 48 per cent of Victorians with a disability aged 15-64 were employed in 2009, compared with 78 per cent of Victorians without a disability in this age group.<sup>16</sup> Similarly, the Australian labour force participation rate for people with a disability was 54 per cent, far lower than the 83 per cent participation rate for people without a disability.

### Single parents

Single parents are at higher risk of unemployment and often face multiple barriers to employment. Single mothers have also recently experienced tightening of their eligibility for and access to welfare payments, as well as reduced payment levels, putting many under extreme financial stress. This makes finding work and meeting the accompanying costs of childcare, transport and other work-related expenses more difficult.

In Australia, almost one in four (22 per cent) of families with children under 15 are single-parent families, with over 85 per cent of these headed by women.<sup>17</sup> Single mothers are more likely to be income support recipients than partnered mothers, and they are also less likely to be working. Women in general are more likely to be employed in part-time and casual positions and be in lower paid industries than men. With lower rates of education attainment than partnered parents, single parents are more likely to be employed in unstable, low-paid jobs.

### Older people

While older people are less likely to be unemployed than other vulnerable groups, older people who do become unemployed are at greater risk of long-term unemployment. In 2010-11 one third of unemployed people aged 55-64 were long-term unemployed.<sup>18</sup> This is a particular risk for 'stranded workers': older people who have developed years of experience in a declining industry, but if retrenched, find it difficult to transfer their skills to other industries. Older people may be less likely to participate in vocational training and may require alternative approaches to training.

More generally, older people may experience age discrimination or stereotyping about the currency of their skills, experience and their ability to learn and develop. In September 2009 there were almost 58,200 older people classified as discouraged job seekers across Australia. About two thirds of these felt that employers considered them too old, while 15 per cent said that there were no jobs in their locality or line of work.<sup>19</sup>

14 Directorate for Employment, Labour and Social Affairs, *Sickness, disability and work: keeping on track in the economic downturn – background paper*, Organisation for Economic Co-operation and Development, 2009.

15 OECD, *Sickness, Disability and Work: Breaking the Barriers; A synthesis of findings across OECD countries*, November 2010.

16 Australian Bureau of Statistics, *Table 12, Disability, ageing and carers, Australia: state tables for Victoria*, Cat. No. 4330.0, 2011.

17 Australian Bureau of Statistics, *Australian Social Trends: One-parent families*, Cat. No. 4102.0, 2007.

18 Australian Bureau of Statistics, *Australian Social Trends: Older People and the Labour Market*, Cat. No. 4102.0, September 2010.

19 Ibid.

### **Culturally and linguistically diverse communities**

Although unemployment rates for people from migrant backgrounds are broadly comparable to the general population, the rate is higher for people born in non-English speaking countries (more than 9 per cent of people born in North Africa or the Middle East are unemployed).

Interrupted education, a lack of confidence and lower level English skills can contribute to rates of unemployment among culturally and linguistically diverse communities. Victorian migrant and refugee settlement agency AMES argues that official unemployment rates do not reflect the true unemployment rates in migrant communities.<sup>20</sup>

Underemployment is also an issue, with many culturally and linguistically diverse workers taking on positions for which they are overqualified because of limited recognition of their skills, overseas qualifications and prior work experience; and/or working very few hours.<sup>21</sup>

The experiences of refugees and asylum seekers are likely to be different to those of other migrants. They have often experienced significant trauma and dislocation both in their country of origin and in transition through refugee camps and other unstable environments. There are also strict conditions on their ability to work in Australia.

### **Rural, regional and urban fringe communities**

Unemployment rates vary significantly in different regions, with rural and regional areas often faring worst. On average, outer metropolitan growth areas have higher unemployment and lower labour force participation rates than inner urban areas.<sup>22</sup> Bendigo and Geelong have the state's highest regional unemployment rates at 8.1 per cent and 9.2 per cent respectively. Rates in Warrnambool (7.9%) and Shepparton (7.2%) are also higher than average, as are the outer suburban areas of western (8.1%) and south-eastern Melbourne (8.0%).<sup>23</sup>

With one quarter of the state's total workforce living in regional areas, high unemployment in regional areas has a significant impact on the state's economy and overall community wellbeing. When compared to national averages, people living in outer growth suburbs are also more likely to do manual, clerical, sales and community service work, and less likely to hold a degree, diploma or have finished school.<sup>24</sup>

### **Other vulnerable groups**

Other groups who experience high rates of unemployment and barriers to finding and maintaining employment include primary carers of people with a disability, former prisoners, and people with drug and alcohol or chronic health conditions. These groups can also be more likely to experience long-term unemployment. Measures to support them should be included in any workforce participation plan intended to assist all Victorians find and keep work.

20 AMES, Media release; *Unemployment a hidden issue for CALD communities*, 7 November 2013.

21 <http://www.fecca.org.au/news/mediareleases/item/447-latest-unemployment-figures-hide-harsh-reality-for-cald-workers->

22 Essential Economics, Geographica, *Addressing Skills and Employment Gaps in Outer Metropolitan Growth Areas; An Action Plan*, prepared for National Growth Areas Alliance, March 2013.

23 Department of Employment, *Victoria – Unemployment rate by labour force region*, [http://lmip.gov.au/default.aspx?LMIP/LFR\\_SAF04/VIC\\_LFR\\_LM\\_byLFR\\_UnemploymentRate](http://lmip.gov.au/default.aspx?LMIP/LFR_SAF04/VIC_LFR_LM_byLFR_UnemploymentRate) (viewed Oct 2014).

24 National Growth Areas Alliance, *Addressing Skills and Employment Gaps in Outer Metropolitan Growth Areas*, March 2013.



# Tackling unemployment

Rates of unemployment, underemployment, and job insecurity are on the rise, and it is time to act if we are to prevent vulnerable Victorians from being at high risk of long-term unemployment and ongoing poverty. VCOSS is calling for a comprehensive workforce participation plan to set Victoria on the right path to providing meaningful, secure work for everyone who needs it, with a particular focus on supporting vulnerable people to find and keep work. To do this, a workforce participation plan needs to be built on four interlinked strategies:

## 1 Build vulnerable people's skills and capabilities

- Invest in early learning
- Keep young people engaged in school
- Strengthen the vocational education, training and apprenticeships system
- Provide integrated community services that improve people's job-readiness

## 3 Develop inclusive and flexible workplaces

- Expand wage subsidies
- Shift attitudes and support employers
- Encourage flexible workplace practices
- Set equity targets

## 2 Create the jobs vulnerable people need, where they need them

- Target employment-intensive growth
- Promote regional development and local area solutions
- Invest in job-creating social projects and infrastructure
- Support social enterprises
- Provide jobs, training and support through the community sector

## 4 Improve labour mobility and availability

- Expand well-located affordable housing options
- Provide public transport where it's needed
- Improve access to childcare
- Provide substitute care for carers

The federal government has overarching responsibility for labour market programs. However, the state government, in partnership with business and the community sector, can and should develop complementary strategies particularly suited to Victoria's demographics and workforce needs. We can help create the jobs people need and help them build their labour force capacity through supporting them to acquire relevant skills, maintain stable housing, and access jobs, transport and services.

1

**Build vulnerable people’s skills and capabilities**

**Invest in early learning**

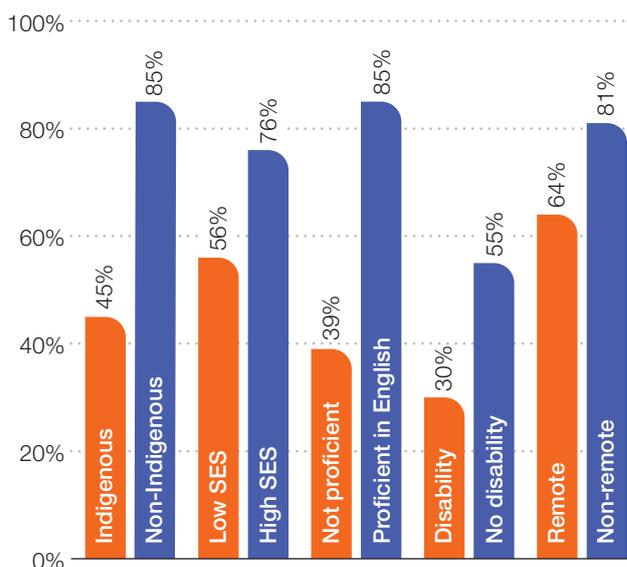
People are more likely to find work if they engage in education throughout their lives, from early years learning, through to primary and secondary school, vocational and higher education. Participating in high quality early years education and care yields improved job prospects in later life, as well as helping prevent potential social problems. The economic gains for investing in early childhood services are up to \$16 for every dollar spent, with the highest social return coming from investment into services for vulnerable children.<sup>25</sup> Giving every Victorian child access to both 3-and-4-year-old kindergarten will help their chances of finding and keeping work throughout their lifetime.

**Keep young people engaged in school**

Young people who stay engaged with and complete secondary school have a greater chance of being employed as an adult, and of earning a higher income. In Victoria, more than 36,000 young people aged 15-19 (about 10 per cent) are not in education, training or employment.<sup>26,27</sup> Children from low-income families, Aboriginal children, children with disabilities, those with poor English and children living in remote areas are less likely to do well in education<sup>28</sup> and students from disadvantaged backgrounds are over-represented among early school leavers, with a lower rate of year 12 completion<sup>29</sup>.

There are clear economic benefits to investing in programs that promote school retention. An analysis of one program that supports year 12 completion, Hands on Learning, revealed a \$12 return for every \$1 of investment.<sup>30</sup>

**Figure 1: Year 12 attainment by disadvantage category**



Source: Deloitte Access Economics, *The Socio-economic benefits of investing in the prevention of early school leaving*, prepared for Hands on Learning Australia, 2012.

25 Committee for Economic Development, *The economic promise of investing in high-quality preschool: Using early education to improve economic growth and the fiscal sustainability of states and the nation*, Washington, 2006, p. 3.

26 DEECD: *Reforming Support to Vulnerable Young People: A discussion paper*, Melbourne, 2012.

27 The ABS defines “not in education, training or employment” as being “people who, in the survey reference week, were not studying or working (and therefore either unemployed or not in the labour force); or studying part-time and not working (therefore unemployed or not in the labour force); or not studying but in part-time work.

28 D Gonski, K Boston, K Greiner, C Lawrence, B Scales and P Tannock, *Review of funding for schooling: final report*, 2011, p. 113.

29 Deloitte Access Economics, *The Socio-economic benefits of investing in the prevention of early school leaving*, prepared for Hands on Learning Australia, 2012.

30 Ibid.

To better support vulnerable young people through school, education hubs should offer flexible learning environments and collaborate with local community services – including mental health, alcohol and drugs, family violence and community health.<sup>31</sup>

Existing government-funded careers programs such as Managed Individual Pathways (MIPs), which support students to transition from secondary school to further education, training or full-time employment, as well as support programs such as School Focused Youth Services, are important. Local Learning and Employment Networks also help young people stay at school or find training and employment pathways. These should be continued as part of any workforce participation plan.

### **Strengthen the vocational education, training and apprenticeships system**

A sustainable Vocational Education and Training (VET) system is vital for supporting Victorians to find and keep secure work. VET provides an important pathway for people from disadvantaged backgrounds to gain qualifications and find meaningful work.

The Business Council of Australia has argued VET is “a crucial piece of the national armour we need to protect Australia’s economic competitiveness and social cohesion, and a core part of an education and training system, helping facilitate transitions for people across their adult life”.<sup>32</sup>

VET provides people with opportunities for Certificate III and IV level apprenticeships and traineeships in trades such as electrical, plumbing, cabinet-making, automotive mechanics, office administration, information technology and hospitality. About 62 per cent of apprenticeship training is undertaken at TAFE institutes.<sup>33</sup> However, the numbers of students starting apprenticeship and traineeship students are declining and only about half of those enrolled complete their training.

A workforce participation plan needs to support vulnerable people to commence and complete apprenticeships and traineeships and create strong links between business, VET providers and students. The state government should strengthen its quality monitoring and oversight role of the VET system.

**Table 2: Latest completion rates for trade apprentices commencing in 2007**

Completion rate	Completion rate (%)
Contract completion rate	45
Individual completion rate	55

Source: A Bednarz, *Understanding the non-completion of apprentices: Occasional Paper*, National Centre for Vocational Education Research, Adelaide, 2014.

31 Victorian Council of Social Service and Youth Affairs Council of Victoria, *Building the Scaffolding: Strengthening support for young people in Victoria*, Melbourne, 2013.

32 J Westacott, *The changing face of employment*, Insight: Voting for a Victoria Without Poverty, October 2014, p. 27.

33 Department of Education and Early Childhood Development, *Victorian Training Market Report Half Year 2014*, p. 99.

### **Provide integrated community services that improve people's job-readiness**

People who are unemployed and have disengaged from education often need support to stabilise their lives, develop their employability skills, and connect to tailored education and employment opportunities. There are many effective examples of these services, such as Youth Foyers, Work and Learning Centres, the Youth Connections program, Learn Local organisations, or programs run by Neighbourhood Houses.

Since 2010 the federally funded Youth Connections program has been highly successful in assisting vulnerable young people to transition through education and into work. It provides the intensive, case-managed support that helps vulnerable young people become job-ready. In Victoria about 4,600 young people receive support through Youth

Connections. The Federal Government has cut all funding for this program, leaving a significant gap in services for young people in Victoria. A successful workforce participation plan will need to include a range of education, training and workforce initiatives to meet the growing needs of Victoria's young people.

The Victorian government, business and the community sector need to work together to expand, develop and build on the existing range of effective community-based education and employment pathways, to help more vulnerable people find and keep work.

### Target employment-intensive growth

Governments have considerable leverage through their spending, regulatory decisions and service provisions to influence economic development. But too often, economic policy decisions are focused solely on the overall level of economic growth, without considering the quality of that growth, particularly, whether it will generate jobs, and which segments of the community are likely to benefit from that growth.

As part of a workforce participation plan, governments should review their economic development and industry policies to determine their potential for job growth, whether those jobs will be accessible to people who are unemployed, and created in locations of high unemployment, where they are most needed. Governments should focus on growing industries that have the potential to employ large numbers of unemployed people in the areas where they live.

### Promote regional development and local area solutions

One way to create local jobs is to pursue local development strategies that harness talents and natural features within communities to generate a viable commercial base, and work collaboratively with the community so that people working and living there reap the benefits. While Victoria has numerous 'regional development' groupings, these are most often advisory committees. By helping establish or boost local collaborative alliances, local communities can work together to create job opportunities. Complementary strategies, such as ensuring local training opportunities are linked with local employment needs, 'buy local' campaigns, and consulting with local communities on the most productive infrastructure investments, can further increase the benefits.

Decentralising government agencies to areas of high unemployment is also likely to increase employment in those areas. A recent example is the location of the National Disability Insurance Agency in Geelong. Although it is unlikely that the most disadvantaged workers will work for the NDIA, there will be local multiplier effects leading to greater employment for a broad range of people with various skill sets.

### Invest in job-creating social projects and infrastructure

Government investment in one-off mega infrastructure projects stimulates economic growth and employment during recessions. Infrastructure spending can also facilitate other economic activity (such as more efficient transport reducing congestion costs and allowing more to be spent on other goods and services, or ports enabling the import and export of goods).

However, one-off mega infrastructure projects are not the only way to boost employment and inclusive economic growth. Capital investment in services (especially in high population growth areas) helps meet the needs of growing communities, as well as generating employment opportunities in those areas, which in the case of Melbourne's rapidly growing outer fringe suburbs, are often vulnerable areas. Examples include schools, hospitals and community services facilities.

This spending produces a multiplier effect, increasing income and consumption to a greater level than the initial amount spent. For example, if building a hospital, construction workers and building suppliers will be employed as well as those who work in the hospital once built. Indirectly, the new hospital will stimulate employment for launderers, food suppliers, medical equipment suppliers and other service providers.

A workforce participation plan needs to consider options beyond one-off mega infrastructure projects to best address the needs of Victorian communities and employ people in those areas.

### **Support social enterprises**

The open labour market can often exclude people with limited experience or those not considered 'job-ready'. Social enterprises often provide temporary or ongoing paid work for these people. As well as providing a job and income, this work and training can help people overcome the disadvantage they face in the open labour market.<sup>34</sup> It can often become a stepping stone to open market employment.

Social enterprises are often supported and developed by community organisations. They usually generate the majority of their income through their business activity, but may also receive a mix of philanthropic and government funding.

There are many examples of successful social enterprises in Victoria and across Australia. Government, business and the community sector can further support the development of social enterprises through funding emerging organisations and using their purchasing power through social procurement policies.

There are a range of effective social procurement examples that a workforce participation plan could consider. For instance, the City of Ballarat Industry Participation Program, which requires purchases above \$250,000 to be documented with a statement detailing the level of local content, number of jobs created, and skills and technology transfer. Another example is the Victorian Department of Human Services, which has cleaning contracts for two public housing estates in inner Melbourne that require 34 per cent of workers be drawn from unemployed public housing tenants.

### **Provide jobs, training and support through the community sector**

Victoria's community sector is a significant and growing employer. Community organisations also employ a large number of people with lived experience of disadvantage and from diverse backgrounds, who might otherwise find it difficult to secure employment. Volunteer-based organisations and social enterprises can help build people's job-readiness and support vulnerable people into the workforce.

As well as needing employment and training opportunities, vulnerable people are also likely to require support from health, housing, education or other community services to help them find and maintain work. Coordinating employment support and other social supports across government, business and the community sector will produce better long-term employment and wellbeing outcomes for vulnerable people.

The community sector also has strong links to disadvantaged and marginalised communities, a grass roots understanding of the needs and challenges experienced by these communities, and can bring the voices of disadvantaged people into policy-making processes. It is important to involve the community sector in the development of a workforce participation plan.

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34 L Fowkes, H Middleton and Jobs Australia, *The contribution and potential of work-focussed social enterprises in Australia*, October 2012.

### Expand wage subsidies

Wage subsidies give employers a financial incentive to hire people who face barriers to finding employment. Incentives usually cover the costs of training, and supplement wages for the first months of someone's employment.

The majority of wage subsidy schemes in Australia are implemented by the federal government and are targeted at particular groups, or operate for a short time. In 2011, the federal government introduced a wage subsidy scheme for people unemployed for more than two years. This gave employers a subsidy equal to about half the minimum wage, for six months.<sup>35</sup> It was limited to 10,000 places Australia-wide, but there are now over half a million long-term unemployed people across the nation.<sup>36</sup>

The expansion of federal wage subsidy schemes should be encouraged. The Victorian government could also expand the availability of wage subsidies for low-skilled and disadvantaged Victorian job-seekers. Recently announced policies from both major parties include payroll tax incentives for employers hiring people who are long-term unemployed and unemployed young people.

### Shift attitudes and support employers

To be most successful, a workforce participation plan must address the reasons employers are reluctant to employ people facing disadvantage, where jobs are available. Employers say that perceived poor attitude, inadequate job-readiness, lack of relevant skills or inappropriate behaviours are all reasons for leaving positions vacant rather than employing available job seekers.<sup>37</sup> Discrimination is also a barrier to the recruitment of older people, young people, Aboriginal people and people from other culturally diverse backgrounds.

Stigma and misconceptions about the working abilities of people with a disability or mental illness continue to be common. However Deakin University research, which found that workers with disabilities take fewer days off and maintain longer tenure, challenges these attitudes.<sup>38</sup> The research also found that employing people with a disability does not cost employers any more than employing people without a disability, as funding for workplace adjustments is fully covered by government.

In a 2009 survey, employers showed strong interest in employing people facing disadvantage, provided assistance is available. The types of assistance considered most essential were opportunities for work experience or a work trial period, targeted pre-employment training and government subsidised training for low-skilled employees (see Figure 2).

A workforce participation plan should outline ways that government, business and the community sector can work together to shift employer attitudes, and support them to hire people facing disadvantage.

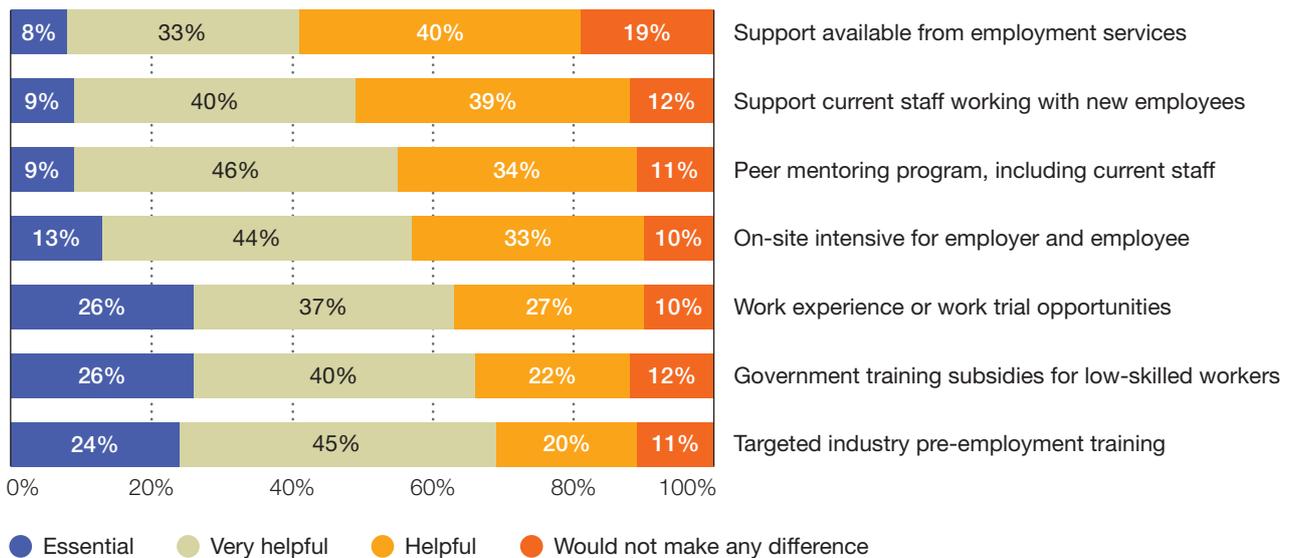
35 Australian Council of Social Service, *Partnerships for participation: Submission to Minister for Employment Participation on reform of employment services*, March, 2013.

36 Department of Social Services, *Labour Market and Related Payments: a monthly profile*, September 2014.

37 Brotherhood of St Laurence and VECCL, *Barriers to hiring disadvantaged or vulnerable entry level job seekers: Victorian employers' attitude survey*, December 2009.

38 <http://www.and.org.au/pages/business-benefits-of-hiring-people-with-a-disability.html>

**Figure 2: Which supports would be helpful in employing the groups identified**



Source: Brotherhood of St Laurence and VECCL, *Barriers to hiring disadvantaged or vulnerable entry level job seekers: Victorian employers' attitude survey*, December 2009.

### Encourage flexible workplace practices

The workforce participation rates of women, single parents, primary carers, people with disabilities, people with mental illness and older people are often affected by the availability of flexible working arrangements, including access to part-time work, job sharing, home-based work, flexible start and finish times, and workforce modifications.

Inflexible employer policies discourage a large number of these people from seeking work. For example, research by SANE has identified that the single most important factor for people with a mental illness maintaining employment was having a supportive employer, especially regarding flexible work arrangements.<sup>39</sup> Similarly, more than three-quarters of older people who wanted and were available to work but were not actively looking for a job in 2008-09 said

that the ability to work part-time hours was important in determining whether they joined the workforce.<sup>40</sup>

Employers are already required by law to consider certain requests for flexible working arrangements. A workforce participation plan should include strategies to encourage the further development of flexible workplace practices, ensure employers are aware of their obligations, provide referral options for specialist advice, and provide resources and training.

39 SANE Australia, *Research Bulletin 3 – Employment and mental illness*, June 2006.

40 Australian Bureau of Statistics, *Australian Social Trends: Older People and the Labour Market*, Cat. No. 4102.0, September 2010.

## Set equity targets

To help increase workplace diversity in Australia, some government and private sector organisations have set voluntary targets for the employment of people with disabilities, Aboriginal and Torres Strait Islander people, and women. The results of this have been varied. Despite developing strategies and plans to increase employment of people with disabilities in the Australian public service, the rate has steadily declined from 5 per cent in 1999 to 2.9 per cent in 2012.<sup>41</sup> The Victorian public service is yet to meet its target of 1 per cent Aboriginal employment by 2015, although employment rates are increasing.

Quotas are a step further than targets, setting mandatory requirements to ensure a certain proportion of workplace employees are drawn from a specific population group. While not common in Australia, nearly 20 European countries have adopted mandatory quotas for women on boards of large public companies. Overall, these countries have significantly increased the participation of women in leadership positions, demonstrating the effectiveness of government quotas and clear and accountable policies.

At a minimum, the Victorian government should lead the way for private enterprise in establishing targets and holding departments accountable for reaching them. Businesses should be encouraged to adopt voluntary targets for employment of people who are under-represented in the workforce, including Aboriginal and Torres Strait Islander people, people with a disability, and women.

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<sup>41</sup> Australian Public Service Commission, *Chapter 06 Diversity; State of the Service 2011-12*, 2012.

## 4

**Improve labour mobility and availability****Expand well-located affordable housing options**

An important factor in generating employment opportunities is being able to afford to live in a job-rich area. If people are forced to move to job-poor locations, they will have greater difficulty finding work.

The cost of housing has grown significantly in recent decades and become more expensive relative to average weekly earnings. Housing may be unaffordable for jobseekers in the areas where they are most likely to find employment.<sup>42</sup>

The fact that people facing disadvantage are generally unable to afford private housing in job-rich areas constrains geographic labour mobility and the effective operation of the labour market. It can 'lock-in' unemployment – with unemployed people unable to relocate from rural or regional areas or the urban fringe to areas with better employment opportunities.

By using regulatory and taxation levers to expand affordable housing in job-rich areas, and expanding the supply of social housing in those areas, the Victorian government can increase employment opportunities for disadvantaged communities.

**Provide public transport where it's needed**

Another barrier to working that vulnerable people face is having limited transport options. Currently, large parts of outer suburban Melbourne and regional Victoria have a very poor public transport service, which impedes people's access to jobs. Improving public transport options and connections would increase the number and range of jobs vulnerable people could reasonably commute to and apply for.

**Improve access to childcare**

Parents and carers need access to affordable, quality and flexible childcare to enable them to undertake study and training and to participate in the workforce. Access to childcare helps many parents continue working or re-engage with work. A 2013 paper found that more than 70 per cent of children aged 0-12 who attended formal childcare did so to enable their parents to work.<sup>43</sup> Parents are less likely to work, or are likely to work fewer hours, when they face difficulties in finding appropriate childcare. Access to childcare is particularly important to facilitate women's workforce participation.<sup>44</sup> However barriers exist; the high cost of childcare, and disincentives to working because of the way the tax, welfare and childcare benefit systems interact. Simply being able access to quality childcare is a particular concern in some regional and rural areas.

Funding to support families with young children is fragmented and can take a number of forms, including paid parental leave, family tax benefits, state government kindergarten subsidies and federal government childcare subsidies.

42 Australians for Affordable Housing, *Opening Doors to Employment: Is housing affordability hindering jobseekers?*, 2013.

43 Productivity Commission, *Childcare and Early Childhood Learning Issues Paper*, December 2013.

44 Grattan Institute, *Game-changers: Economic reform priorities for Australia*, 2012.

Rebates and subsidies relating to early years services, program funding and welfare benefits can create disincentives for workforce participation.<sup>45</sup> For example, the Special Childcare Benefit for 'at-risk' children and families has created administrative problems for services and families, leading to its underutilisation.<sup>46</sup>

The state and federal governments need to work together to ensure vulnerable children and families can access high quality early childhood education and care, to promote optimal child development outcomes while enabling parents to undertake education and training and enter the workforce.

### **Provide substitute care for carers**

To be able to enter paid work, carers of people who are ageing, have a disability or ill health must be able to access appropriate substitute care (such as subsidised in-home or residential support from a formal care provider, or day centre or after-school centre care for people with a disability). This support enables carers to participate in the workforce.

While some carers are able to combine paid work with an unpaid caring role, many are forced to disengage from the workforce either because the intensity of their caring role is too great, because they cannot access sufficient appropriate substitute care, or because they are unable to find jobs that provide adequate flexibility. Substitute care must be flexible enough to cover a carer's required work hours, and affordable so that employment remains a financially viable option for families.

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45 Centre for Community Child Health, 2014, *The future of early childhood education and care services in Australia*, Policy Brief No 26, July 2014.

46 Early Childhood Australia, *Response to the Productivity Commission's Draft Report on the Inquiry into Childcare and Early Learning*, October 2014.



## Starting now: Taking action to tackle unemployment

Victoria's unemployment rate is rising. Each job that is lost and each day people spend without finding work increases vulnerability in our community and drags down economic growth. We need to act quickly to support people now, and to develop a comprehensive workforce participation plan that will support them into the future.

This paper outlines the scale of the problem in Victoria, and provides insight into the vulnerable communities that are affected most by rising unemployment, under-employment, long-term unemployment, job insecurity and workforce exclusion. Young people, Aboriginal people, people with disabilities, single parents, older people, people from culturally and linguistically diverse background and those who live in rural, regional and urban fringe communities are all likely to be most affected by a deteriorating labour market. It is these groups we need to support if we are to help those in greatest need and most effectively tackle unemployment in Victoria.

This paper also points to effective ways of helping people affected by rising unemployment, through building people's skills and capabilities, creating the jobs required where they are needed, developing inclusive workplaces, and improving the mobility and availability of the workforce.

In our 2014 State Election Platform, VCOSS called for government to develop a workforce participation plan that incorporates the knowledge and expertise of business, community services and vocational education providers. With this paper, we strengthen the call for all sectors to work together, and to take action using the strategies outlined, to tackle unemployment and help get all Victorians back to work.



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