



Better job pathways

VCOSS Submission to Senate Standing
Committee on Education and Employment
Inquiry

October 2018

The Victorian Council of Social Service is the peak body of the social and community sector in Victoria.

VCOSS members reflect the diversity of the sector and include large charities, peak organisations, small community services, advocacy groups and individuals interested in social policy.

In addition to supporting the sector, VCOSS represents the interests of Victorians experiencing poverty and disadvantage, and advocates for the development of a sustainable, fair and equitable society.

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VCOSS acknowledges the traditional owners of country and pays respect to past, present and emerging Elders.

This document was prepared on the lands of the Kulin Nation.



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Executive Summary

The Victorian Council of Social Service (VCOSS) welcomes this opportunity to comment on the Education and Employment Committee's inquiry into jobactive.

VCOSS is the peak body for social and community services in Victoria. VCOSS members reflect the diverse community services industry and include large charities, peak organisations, small community services, advocacy groups and individuals interested in social policy. VCOSS supports the industry, represents the interests of Victorians facing disadvantage and vulnerability in policy debates, and advocates to develop a sustainable, fair and equitable society.

The jobactive system is not fit for purpose. Its heavy focus on compliance means jobactive providers cannot assist unemployed people gain the skills needed for a job.

This compliance fixation is misguided. Unmotivated individuals do not cause unemployment. Unemployment occurs when more people seek work than there are jobs to fill. Even when work is available, jobseekers may not be qualified, or the jobs too far away.

Good employment services are tailored and scaled to people's needs, developing skills and maintaining labour market contact. They link with other services so people can access housing, health, and transport services holistically.

Job-creating economic development is the best solution for unemployment. The Australian government can create jobs through direct investment and leveraging its purchasing power.

VCOSS supports the Australian Council of Social Service (ACOSS) submission on future employment services.¹ This submission proposes some extra recommendations for better employment services and creating job pathways. These reflect VCOSS member advice and suggestions.

¹ Australian Council of Social Service, [Submission on Future Employment Services](#), August 2018

Recommendations

Effective employment services

- Develop employment services tailored to individual needs, and tiered to reflect employment disadvantage
- Allow specialist employment service providers for distinct population groups or industries
- Separate assessment, compliance and service provision

Create jobs, develop skills and reduce insecurity

- Comprehensively review Australia's VET sector to achieve a high quality, high performance system
- Consider introducing lifelong learning and training accounts
- Improve coordination to more effectively target structural adjustment packages
- Raise the single rate of Newstart, Youth Allowance and related allowance payments by \$75 per week
- Consider options to expand unemployment insurance
- Commit to funding 15 hours of preschool for three and four year olds
- Ensure a new National Partnership Agreement on the National Quality Agenda
- Reinstate childcare assistance to 24 hours each week for families with low incomes
- Ensure Australia's industrial relations system provides a framework of minimum rights and protections for all workers
- Maximise the Australian Government's purchasing power for job creation
- Facilitate place-based approaches with local leaders that harness local knowledge to address areas of high concentration unemployment

Effective employment services

Job scarcity creates unemployment

Unacceptably high Australian unemployment persists despite over 25 years of economic growth. The unemployment rate has exceeded five per cent since 2009.² It fell from a peak of 6.3 per cent in 2014, to 5.3 per cent in August 2018.³ This represents 712,000 people.⁴

Simultaneously, over one million people were underemployed,⁵ with only 240,000 job vacancies.⁶ That means one job vacancy for every seven jobseekers, including underemployed workers.

Unemployment and underemployment are unevenly spread geographically. For example, Brimbank local government area in Melbourne's west has an unemployment rate of 10.9 per cent,⁷ well above the Victorian and Australian averages.

Certain groups have higher rates of unemployment. For example, the unemployment rate for young people aged 15 to 24 years was 11.7 per cent in August 2018.⁸ Aboriginal and Torres Strait Islander people are much more likely to be unemployed than other Australians.⁹

There are 174,000 people who have been unemployed for more than a year,¹⁰ and 97,000 of them for two years or more.¹¹ People over 55 are less prone to unemployment, but those out of work are at greater risk of being so long-term.¹²

Despite persistent unemployment, employers often complain they cannot find workers for available jobs. For example, VCOSS member organisations can struggle to attract sufficient staff with the right attributes. These community service providers are part of the rapidly growing health care and social assistance industry, including some jobs not requiring formal qualifications. Employers describe recruitment obstacles such as:

- jobseekers unaware of job options in the community services industry
- meagre government funding forcing low pay rates
- insecure work, like short-term contracts or casual employment
- ill-defined career paths.¹³

² Australian Bureau of Statistics, *Labour Force Australia August 2018*, Cat. No. 6202.0.

³ Australian Bureau of Statistics, *Labour Force Australia August 2018*, Cat. No. 6202.0.

⁴ Australian Bureau of Statistics, *Labour Force Australia August 2018*, Cat. No. 6202.0.

⁵ Australian Bureau of Statistics, *Labour Force, Australia, Detailed, Quarterly August 2018*, Cat. No. 6291.0.55.003.

⁶ Australian Bureau of Statistics, *Job Vacancies, Australia, August 2018*, Cat. No. 6354.0.

⁷ Australian Government Department of Jobs and Small Business, *Small Area Labour Markets LGA Data Tables*, June Quarter 2018.

⁸ Australian Bureau of Statistics, *Labour Force Australia August 2018*, Cat. No. 6202.0.

⁹ Australian Bureau of Statistics, *National Aboriginal and Torres Strait Islander Social Survey, 2014-15*, Cat. No. 4714.0

¹⁰ Australian Bureau of Statistics, *Labour Force, Australia, Detailed, Quarterly August 2018*, Cat. No. 6291.0.55.003.

¹¹ Australian Bureau of Statistics, *Labour Force, Australia, Detailed, Quarterly August 2018*, Cat. No. 6291.0.55.003.

¹² Australian Bureau of Statistics, *Labour Force, Australia, Detailed, Electronic August 2018*, Cat. No. 6291.0.55.001.

¹³ VCOSS, *Community Services Industry Plan Consultation Report*, 2018, <http://vcoss.org.au/wp-content/uploads/2018/02/CSIP-Consultation-Report-2018-FINAL-for-web.pdf>

Jobactive is failing

Jobactive is not fit for purpose. It has become a compliance machine, prioritising punitive payment cuts to a Newstart allowance already well below the poverty line.

VCOSS endorses ACOSS' comprehensive submission¹⁴ explaining jobactive's deficiencies and laying out a revitalised system. VCOSS members echo the error of misconceiving individual deficits as causing unemployment. It has structural causes, and solutions lie in broader economic interventions, including acquiring skills and creating jobs.

State and federal employment programs misalign, generating a fractured service system. People cannot get a tailored service that identifies their skills and training needs, and develops a realistic participation plan to achieve their employment goals.

VCOSS members are especially vexed at jobactive's arbitrary compliance approach and requiring people to apply for 20 jobs each month. They feel this causes a 'hamster wheel' of compliance, and diverts people from more useful job search and upskilling. It is unproductive for both jobseekers and employers. VCOSS members report many employers are inundated with unsuitable applications from people without the requisite qualifications, skills or experience. Similarly, jobseekers report feeling forced to agree to participation plans and activities that do not fit in with, for example, their caring responsibilities.

People observe a discord in giving jobactive providers the dual role of 'helper' and 'police'. Their compliance role creates a power imbalance between people and their service provider, impairing the trust and rapport needed to effectively support people.

VCOSS members also point out employment service workforce problems cultivate a poor quality and negative service delivery culture, including:

- high staff turnover
- low skills, training, or experience, inhibiting a 'professional' service
- employment consultants without empathy, life experience or understanding of the complexity and causes of disadvantage.

Jobactive consultants provide career advice and write resumes to help job seekers find work. But many cannot prepare basic resumes, including by missing simple grammar and spelling errors, or poorly formatting CVs, hindering a person's interview prospects.

Myopic concentration on compliance and short-term employment outcomes detracts from solving real job impediments. For example, helping with budgeting and financial stress, dealing with housing or health problems, or managing caring responsibilities. Without solutions, long-term job stability remains elusive.

Without quality safeguards, marketised employment services attract 'dodgy' service providers, similar to other disasters like vocational education. So-called 'choice' of provider is not driving better employment outcomes or improving service delivery. People cannot discern the most suitable provider, and may be unaware they can change. Providers game the system, 'creaming'

¹⁴ Australian Council of Social Service, [Submission on Future Employment Services](#), August 2018

well-educated, easy to place participants, and ‘parking’ more complex cases, who need more intensive support.

High caseloads of 150 people means jobseekers do not get enough attention. For example, VCOSS members report consultants scheduling 10-minute, back-to-back appointments. This is barely time to say hello, let alone give time to assess skills and progress, and effectively monitor and support people. Consequently, many unemployed people find assistance worthless and demoralising.

Individually tailor support

Recommendation

- Develop employment services tailored to individual needs, and tiered to reflect employment disadvantage

Australian Government employment services should aim to reduce the time people stay unemployed, especially by mapping out a long-term, sustainable career trajectory. This prevents future unemployment spells.

Effective employment services need a tiered and tailored approach. Everyone’s employment history is different and their needs unique. Some people have complex and multiple needs and require more extensive and longer term assistance.

In tailored services, individual goals are established, structured and periodically adapted to improve job success. Intermediate goals might include better literacy, numeracy, computer skills, inter-personal skills, or gaining a driver’s license. They may incorporate housing stability, better health or more proficient social skills. To maximise success, employment services must be interconnected with parallel services, particularly for people with complex and multiple needs. Brokerage funds allow purchase of minor items to help with job search, such as public transport fares.

Job placements are a crass measure of employment success. Outcome measures should be person-centred, and correlated with people’s individual needs. For instance, whether individual goals are achieved, and lead to improved employment prospects.

Develop specialist providers

Recommendation

- Allow specialist employment service providers for distinct population groups or industries

Job seekers should be empowered to choose their employment service provider. This is aided by developing specialist employment service providers, with deeper expertise in particular cohorts or industries. For instance, providers for young people, older people, homeless people, or Aboriginal and Torres Strait Islander people. Alternatively, expert providers in certain industries can develop

strong employer relationships and jobseeker entry paths. Commissioning approaches decide whether specialist providers are suitable and viable.

Employment services work is skilled work. It needs to be funded properly to employ and retain skilled and qualified employees.

Avoid conflicted funding

Recommendation

- Separate assessment, compliance and service provision

The employment services program structure should separate assessment, service delivery and compliance. There is a clear conflict for one organisation to assess need and then provide those services, effectively deciding their own funding level. Non-government organisations are best placed to provide services, with Centrelink better placed to undertake assessment and ensure compliance.

Create jobs and reduce insecurity

Solving joblessness relies on many different government interventions, alongside changes to the employment services program. This includes embedding continuous skills development and lifelong learning, better supporting families to manage caring responsibilities, and raising Newstart payments.

It will require reform in areas including procurement, vocational education and training, industrial relations, unemployment benefits, and childcare – alongside considering new approaches such as lifelong learning and training accounts, more targeted structural adjustment packages, and unemployment insurance.

Reform vocational education

Recommendation

- Comprehensively review Australia's VET sector to achieve a high quality, high performance system

Vocational Education and Training (VET) develops skills as a job pathway. But quality remains unpredictable, with some graduates not understanding the basics. Numerous reports have raised concerns about the failure of VET policy to meet the needs of employers and users.¹⁵ VCOSS endorses the Senate Education and Employment References Committee recommendation that:

'the Government establish a comprehensive review of Australia's entire VET sector with a view to achieving adequate and sustainable ongoing funding levels, appropriate controls on private providers and a coherent and supportive policy framework.'

We add a plea for funding to be 'targeted towards education and training that is high quality, meets Government objectives, and is delivered by capable providers'.¹⁶

For VET to 'meet the skills needs of industry...there is scope for the funding system to better reflect priorities, and for greater cooperation and information sharing between employers, training providers, government and students'.¹⁷

TAFE is a central pillar in the VET system and needs sustainable funding. Not-for-profit, community-based vocational education providers also provide vulnerable learners with educational opportunities, and support high needs students. These include Adult Community Education (ACE) providers, such as Learn Locals and neighbourhood houses, among others.

¹⁵ See for example

[http://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/024139/toc_pdf/VocationaleducationandtraininginSouthAustralia.pdf;fileType=application%2Fpdf;](http://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/024139/toc_pdf/VocationaleducationandtraininginSouthAustralia.pdf;fileType=application%2Fpdf)

¹⁶ VET Funding Review Issues Paper, 2015.

¹⁷ Ibid.

Promote ‘lifelong learning’

Recommendation

- Consider introducing lifelong learning and training accounts

A rapidly changing economy requires a shift in thinking, and a collaborative approach. Education is an ongoing and integral part of life, and people continue to learn and upskill as they age.

The Australian Government can introduce lifelong learning and training accounts. Co-funded by workers, employers and government, they can help pay for education at any time in a person’s career.

Lifelong learning accounts are popular in Europe^{18,19} and Singapore,²⁰ and are being considered in the United States²¹ and Australia.²² Benefits include a better trained and more agile workforce, helping unemployed workers find new jobs, and providing more flexibility to change careers. It contributes to a ‘culture of training and development,’ helping build people’s capabilities to adapt to change, as well as individual autonomy, learning confidence, engagement and independence.²³

Better target structural adjustment

Recommendation

- Improve coordination to more effectively target structural adjustment packages

Approximately \$88 billion has been spent on structural adjustment packages between 2000 and 2012.²⁴ They secure employment for displaced workers, help changing industries, and generate new jobs.²⁵ Despite this investment, only one third of workers find equivalent full time work following their retrenchment. Another third move into lower quality work and the remaining third are locked out of the workforce altogether.²⁶

¹⁸ http://www.cedefop.europa.eu/files/5192_en.pdf

¹⁹ <https://www.eurofound.europa.eu/observatories/emcc/erm/legislation/france-employers-obligation-to-provide-skill-development-plans-or-training>

²⁰ <https://www.economist.com/leaders/2017/01/14/equipping-people-to-stay-ahead-of-technological-change>

²¹ <https://www.aspeninstitute.org/blog-posts/a-changing-economy-requires-a-renewed-focus-on-lifelong-learning/>

²² <https://www.theaustralian.com.au/higher-education/howe-calls-for-lifelong-learning-accounts-for-workers/news-story/dfb9f9799407fb9c9b7498bd70475a7c>

²³ <https://www.theaustralian.com.au/higher-education/howe-calls-for-lifelong-learning-accounts-for-workers/news-story/dfb9f9799407fb9c9b7498bd70475a7c>

²⁴ Andrew Beer, Structural adjustment programmes and regional development in Australia, Local Economy 2015, Vol 30(1), p.22.

²⁵ Ibid, p.24

²⁶ See Professor Andrew Beer quoted in Michael Owen and Verity Edwards, Sacked car workers shift gear, The Australian, 28 January 2012, accessed at <http://www.theaustralian.com.au/news/inquirer/sacked-car-workers-shift-gear/story-e6frg6z6-1226255730999>; Michael J. Webber and Sally A. Weller, Re-fashioning the Rag Trade, (University of New South Wales Press, 2001), p.7.

Better outcomes can be produced by early, collaborative planning with local workers, communities and industries. This includes specific measures to protect and create jobs, and help people find new ones.

Structural adjustment packages can offer a more comprehensive selection of services. These include retraining while workers are still employed, specific financial and personal support, travel subsidies and relocation assistance.

Increase Newstart payments

Recommendation

- Raise the single rate of Newstart, Youth Allowance and related allowance payments by \$75 per week

Nobody chooses a life of poverty and disadvantage. Intergenerational disadvantage and welfare dependence occurs when governments fail to combat chronic poverty. If somebody receives a Centrelink payment for a prolonged period, it is generally because:

- They receive an old age or disability pension
- Their payment is too low to realistically get their life back on track
- They otherwise miss out on the support, incentives, opportunities or assistance for a decent life.

VCOSS endorses ACOSS' call to raise Newstart allowance, Youth Allowance and related allowance payments by \$75 per week. Newstart is so low, it traps people in poverty.²⁷ As a result, many people struggle to afford daily basic essentials like housing, food, bills, clothing and public transport.

Collectively, economists, industry leaders, social service groups and unions have called for an increase by \$75 per week as a matter of urgency.²⁸ Raising Newstart will boost wellbeing in regional communities doing it tough, and deliver 12,000 new jobs.²⁹

²⁷ <https://www.acoss.org.au/raisetherate/>

²⁸ https://www.acoss.org.au/media_release/raising-newstart-and-youth-allowance-would-boost-jobs-wages-and-inject-millions-into-local-communities/

²⁹ <https://www.acoss.org.au/wp-content/uploads/2018/09/DAE-Analysis-of-the-impact-of-raising-benefit-rates-FINAL-4-September-...-1.pdf>

Unemployment insurance

Recommendation

- Consider options to introduce unemployment insurance

Introducing unemployment insurance is another approach to reducing joblessness and mitigating future economic disruptions. Unemployment insurance provides an income between paid jobs, and during reskilling.³⁰ It is distinct from privately provided income protection insurance by being universally accessible, avoid delays and be comprehensive, for instance by including seasonal and contract workers. By providing a higher income than income support, unemployed workers can retrain and obtain new qualifications.

Different models have been trialled overseas and proposed domestically, for example, linking to Australia's superannuation system.³¹ Denmark focuses on employment security over job security, underpinned by active labour market policies with a focus on retraining.³² This has helped reduce income inequality and supported higher employment compared to other European countries.

Invest in high quality early childhood education and care

Recommendations

- Commit to funding 15 hours of preschool for three and four year olds
- Ensure a new National Partnership Agreement on the National Quality Agenda
- Reinstate childcare assistance to 24 hours each week for families with low incomes

Early childhood education and care improves children's cognitive abilities and socio-emotional development. It helps create a foundation for lifelong learning, improving equity and reducing poverty. But Australia's investment ranks in the bottom five of OECD countries.³³ The OECD states:

Two years of early childhood education is the minimum duration needed to have a good chance to reach a good level of performance at age 15.

³⁰ <https://www.ja.com.au/sites/default/files/andrewscott-jobsaustralia-unemploymentinsurancepdf.pdf>

³¹ <https://www.ja.com.au/sites/default/files/andrewscott-jobsaustralia-unemploymentinsurancepdf.pdf>

³² <http://economic-research.bnpparibas.com/Views/DisplayPublication.aspx?type=document&IdPdf=30102>

³³ OECD Starting Strong 2017: Key OECD indicators on Early Childhood Education and Care 2017, p.31

VCOSS is concerned about the new child care package's impact on low and middle income families, and in particular on those facing disadvantage. Childcare assistance was cut from 24 hours per week to 24 hours per fortnight for families with incomes less than \$66,958 a year, and who do not meet the activity test. Many children facing disadvantage will miss out.

VCOSS and our members also remain concerned about the two relevant National Partnership Agreements.³⁴ The Australian Government should renew the National Quality Agenda, and commit to funding 15 hours of preschool for three and four year olds through the Universal Access National Partnership Agreement.³⁵

Reform industrial relations

Recommendation

- Ensure Australia's industrial relations system provides a framework of minimum rights and protections for all workers

Australia's industrial relations laws have not kept pace with modern society and changing labour market conditions. Trends towards shorter hours and more insecure work, plus the growth of labour hire agencies and digital platforms, means many workers miss out on basic rights and protections. These include annual leave, paid personal and carers leave, parental leave, public holidays, notification of termination and redundancy payments. Eligibility for long service leave also varies across states and territories.

Australia's current industrial relations laws must provide a framework of minimum rights and protections. In the community services industry, individualised funding models in the disability and aged care sector can increase workforce casualisation and the 'uberisation' of care – with digital platforms connecting people to workers. Delivering high-quality personalised care depends on workers forming ongoing relationships with people. This requires good workforce supervision and support, as well as proper professional development and training. National Disability Insurance Scheme and aged care reform goals are undermined if public policy, government funding and Australia's industrial relations framework fails to create an environment in which high-quality care can be delivered.

Expand social procurement

Recommendation

- Maximise the Australian Government's purchasing power for job creation

'Social procurement' uses government purchasing power to create jobs for people who face significant barriers to employment. The Victorian Government has a Social Procurement Framework encouraging government purchase of goods and services from social enterprises and

³⁴ https://elaa.org.au/wp-content/uploads/2018/08/18108_ELAA_ElectionSubmission_FINALv2_web.pdf

³⁵ https://elaa.org.au/wp-content/uploads/2018/08/18108_ELAA_ElectionSubmission_FINALv2_web.pdf

Aboriginal businesses, among others. Its Major Projects Skills Guarantee requires major publicly funded works to employ local apprentices, trainees or engineering cadets for at least 10 per cent of the project's total labour hours. This has increased apprentices, trainees and engineering cadets in Victoria, provided job pathways for disadvantaged jobseekers, and secured a future construction workforce.

Take place-based approaches

Recommendation

- Facilitate place-based approaches with local leaders that harness local knowledge to address areas of high concentration unemployment

In areas where unemployment is concentrated, place-based partnerships can create jobs. They use local knowledge to identify employment opportunities, barriers and linkages not visible to more distant, 'siloed' agencies. They harness local resources across government, business, philanthropic and non-government sectors. Using a relatively small investment, place-based employment partnerships can cascade into a much larger economic impact.

An example is Northern Futures, a partnership between government, business, universal service providers and community services, aimed at regenerating Geelong's northern suburbs by increasing opportunities for education, training and employment. It identifies employment opportunities and shapes education and training programs for the needs of the local economy to generate ongoing long-term employment.



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