



Inquiry into jobactive

September 2018



Inquiry into jobactive

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About Youth Action

Youth Action is the peak organisation representing young people and youth services in NSW. Our work helps build the capacity of young people, youth workers and youth services, and we advocate for positive change on issues affecting these groups.

It is the role of Youth Action to:

1. Respond to social and political agendas relating to young people and the youth service sector.
2. Provide proactive leadership and advocacy to shape the agenda on issues affecting young people and youth services.
3. Collaborate on issues that affect young people and youth workers.
4. Promote a positive profile in the media and the community of young people and youth services.
5. Build capacity for young people to speak out and take action on issues that affect them.
6. Enhance the capacity of the youth services sector to provide high quality services.
7. Ensure Youth Action's organisational development, efficiency, effectiveness and good governance.

Youth Action acknowledges Traditional Owners of Country throughout Australia and is committed to a positive future for the Aboriginal community.



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Recommendations

Recommendation 1: Review jobactive's relevance to the current employment context for young people today in light of research, including the barriers young people face in gaining access to and staying in employment, particularly those experiencing disadvantage.

Recommendation 2: That the Committee evaluate jobactive's engagement with young jobseekers during its design and implementation against good practice youth participation models.

Recommendation 3: That the Committee seek the views of young jobseekers who have experience in the jobactive programme to inform their review.

Recommendation 4: That government stakeholder engagement processes, including public inquiries, allow for a minimum of six weeks for stakeholder feedback.

Recommendation 5: Re-fund AYAC, the national peak body for young people and the services that support them, to assist government and policy makers across portfolios to engage with young people.

Recommendation 6: Providers of employment programmes that are not youth specific must demonstrate:

- Strong relationships with youth support services
- Relevant qualifications of staff, specifically qualifications or experience in youth work
- An ability to work with young people to address the issues other than skills that prevent young people from finding work.

Recommendation 7: The committee review the complimentary components of jobactive, including PaTH and Transitions to Work, and their ability to provide long-term employment outcomes for young jobseekers.

Recommendation 8: jobactive and employment programmes that target young people should be underpinned by the following principles:

- Providing financial support rather than financial deprivation
- Building relationships rather than bridging the skills deficit
- Shifting the focus to complex barriers.

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Recommendation 9: Contracts for pilot employment programs must include funding for an evaluation and adaption period to implement evaluation findings before the contract end.

Recommendation 10: Reinvest in a youth-focused, individualised intensive case management program similar to Youth Connections.



Introduction

Youth Action is the peak organisation representing young people and youth services in NSW. Our work helps build the capacity of young people, youth workers and youth services, and we advocate for positive change on issues affecting these groups. Youth Action is pleased to provide a submission to the Senate Inquiry into the appropriateness and effectiveness of the objectives, design, implementation and evaluation of jobactive.

Young people have enormous potential and they are a vital resource for the Australian economy and community. Employment is important for young people to attain financial security, independence, wellbeing, a sense of belonging and achievement, as well as skill development.

Yet youth unemployment and underemployment are a significant issue for Australia, with a fast changing and challenging employment landscape. Youth unemployment is twice that of the overall population, at 11.6% compared with 5.3%.¹ There are 119,014 young people (25 and under) in the jobactive caseload, representing 18% of the total caseload.² This is a significant amount, considering those aged 15–24 constitute 15.9% of the population.³

Youth Action welcomes the review into jobactive as, anecdotally, the programme and complimentary programmes like Transition to Work are failing to deliver sustainable employment outcomes for young people. Young jobseekers require access to the right support, at the right time, to transition to the workforce. This includes addressing issues of access, issues of skilling, as well as youth specific individualised and tailored support for those young jobseekers who are experiencing disadvantage. Many young jobseekers will require continued support on the job, once they have their foot in the door, to ensure that once they get work, they can keep it.

jobactive should only ever be one part of a whole of government strategy to tackling youth unemployment and underemployment. Solving the stubbornly high rates of youth unemployment is a good long-term investment as unemployment for young people, more so than for other cohorts,

¹ Australian Bureau of Statistics, *Labour Force, Australia, Detailed, Quarterly*, 'Table 25b. Labour Force status for 15–29 year olds by Age, Educational attendance (detailed) and Sex', cat. no. 6291.0.55.003, ABS, Canberra, August 2018, accessed 20 September 2018 via <<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6291.0.55.003Aug%202018?OpenDocument>>

² Labor Market Information Portal, *jobactive Caseload Cohorts by Employment Region, Provider and Site, Data*, Department of Jobs and Small Business, Canberra, 31 August 2018, accessed 20 September 2018 via <<http://lmip.gov.au/default.aspx?LMIP/Downloads/EmploymentRegion>>

³ Labor Market Information Portal, *Population by Age Group*, August 2018, accessed 20 September 2018 via <<http://lmip.gov.au/default.aspx?LMIP/Downloads/EmploymentRegion>>

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has a scarring effect. Unemployment has long-term detrimental impacts on young people. Delayed or unsuccessful transitions to employment can lead to economic, social and personal disadvantage for young people, while also significantly increasing the risk of long-term unemployment and employment insecurity.⁴ Employment has been identified among seven key dimensions of individual social exclusion in Australia. Job uncertainty and the threat of job loss are related to increased psychological disorders, anxiety, depression, and harmful bodily effects, to the same extent as actual unemployment.⁵ As well as the direct cost of youth unemployment to governments today, the scars of youth unemployment will affect Australia far into the future. It's solution, therefore, creates a vastly bigger pool of wealth-generating, tax-paying Australians for decades to come, a higher proportion of households capable of devising successful pathways to adulthood for the next generation, and a reduction in the detrimental health consequence.

Solving the problem means moving beyond focusing on the personal attributes of young jobseekers and addressing the employment and education conditions they experience. Australian leaders must address youth unemployment in its many parts and this requires the coordination of instruments of government across all levels. While this Inquiry is specifically focussed on employment services, and namely jobactive, the future of youth employment must consider early intervention, as well as the need for youth-specific wrap-around support services required for dealing with complexities before young people can be directed to employment support services.

Also noteworthy is the work of youth services in supporting jobactive and its complimentary programmes. Youth services are specialists when it comes to young people and supporting their healthy development. With a spectrum of services ranging from universal protective programs through to acute crisis interventions, their role is to form relationships and provide service to enhance the protective assets in young people's lives and support them intensively in times of need.

In this way, youth services sit alongside young people at the intersection of the many factors that affect their lives – families, friends, education, employment, health, mental health, self-identity, substance use, housing, and many more.

Youth services are essential services that engage young people experiencing disadvantage. They act as doorways to the support system, for young people at risk, specifically targeting those from high risk backgrounds.

⁴ J Skattebol, T Hill, A Griffiths & M Wong, *Unpacking Youth Unemployment*, Social Policy Research Centre, Sydney, 2015, pp. 14–15.

⁵ T Vinson & M Rawsthorne, *Dropping off the edge 2015: Persistent communal disadvantage in Australia*, Jesuit Social Services, Richmond, 2015, p. 33.



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We urge the committee to ensure this Inquiry gives due consideration to the youth cohort of the jobactive caseload and the unique employment challenges they face, in light of the considerable issue of youth unemployment today. In contribution to the inquiry into jobactive, Youth Action's submission provides an overview of the employment context for young people, including commissioned research, and provides an analysis of employment programs – both national and international – to highlight approaches that have merit for this cohort. The submission responds to Terms of Reference a), c) and j).



The Nature And Underlying Causes of Joblessness in Australia

The Employment Context for Young People

jobactive is a significant investment in securing employment outcomes for young people. To be effective it must be relevant to the experiences and needs of young jobseekers, taking into account both the structural and personal barriers that inhibit positive outcomes.

Young people today are navigating new and different challenges to past generations. The employment context for young people today is challenging. Increasing rates of underemployment, the rise of casual and insecure work, as well as automation and globalisation have impacted young people significantly. This is coupled with a reduction in the number of entry-level positions and apprenticeships, with less than 1% of jobs advertised with no experience necessary.⁶

Currently, there are more than 659,000 young Australians unemployed or underemployed, which is 31.5% of the youth population in Australia.⁷ This is the highest level in 40 years.⁸ The deterioration of the job market for young people since the global financial crisis (GFC) is striking and has had lasting impact. For young people aged 15–19 the number of full-time jobs halved since 2008, and the number of part-time jobs for the same group has barely grown.

Young people are also overrepresented in unemployment data. When considering youth unemployment in the context of unemployment generally, 36% of Australia's unemployed are young people,⁹ and the youth unemployment rate has stubbornly sat at twice that of the overall

⁶ A Henessey, 'Why finding a job in Sydney can be such hard work', *The Daily Telegraph*, accessed 20 September 2018 via <<https://www.dailytelegraph.com.au/projectsydney/why-finding-a-job-in-sydney-can-be-such-hard-work/news-story/91066b1fe8f3e2f9cc6babfb5d72f19a>>

⁷ Australian Bureau of Statistics, *Labour Account Australia, Experimental Estimates, July 2017*, cat. no. 6150.0.55.001, ABS, Canberra, accessed 20 September 2018 via <<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/6150.0.55.001Main+Features1July%202017?OpenDocument>>

⁸ H Davidson, 'Third of Australian youth have no job or are underemployed, report finds,' *The Guardian*, accessed via <<https://www.theguardian.com/business/2017/mar/27/third-of-australian-youth-have-no-job-or-are-underemployed-report-finds>>

⁹ Brotherhood of St. Laurence, *An Unfair Australia? Mapping Youth Unemployment Hotspots*, Brotherhood of St. Laurence, Fitzroy VIC, March 2018, accessed via <http://library.bsl.org.au/jspui/bitstream/1/10573/1/BSL_Unfair_Australia_Mapping_youth_unemployment_hotspots_Mar2018.pdf>

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population, 11.6% compared with 5.3%.¹⁰ At a sub-regional level, there are hotspots of youth unemployment in specific regions like Southern highland and Shoalhaven, reaching up to 28%.¹¹

Although young people are more educated than past generations, youth unemployment trends cannot be dismissed as the consequence of rising participation in education and training, particularly when looking at a local level.¹²

While this is the context for all young people seeking work in Australia, evidence shows that employment outcomes are worse for some young people with specific life experiences. These can include but are not limited to: Aboriginal and/or Torres Strait Islander young people; refugee and migrant young people or young people who speak English as a second language; young people living in rural or remote areas; young people with a disability; young people with a history of trauma and/or abuse; young people experiencing homelessness or housing instability; and early school leavers. These are complex and often interrelated experiences which can compound employment issues.

The impact of youth unemployment for the broader community is huge. The Foundation for Young Australians reports that 'having so many young people out of the workforce costs our economy 790 million lost hours of work each year, equating to up to \$15.9 billion in lost GDP to the Australian economy annually. The social impact is equally compelling – loss of confidence, hope and self-esteem has led to mental health issues costing Australia \$7.2 billion per annum.'¹³

Youth Action Commissioned Research On Unemployment

For jobactive to be relevant and effective it must respond to the current trends and changes to employment conditions for young jobseekers. Youth Action commissioned research in 2017 to analyse available data in looking at the issue of youth unemployment at a regional level, focussing on Western Sydney (see Annex A). The findings for Western Sydney are significant and hold lessons for youth employment Australia wide.

¹⁰ Australian Bureau of Statistics, *Labour Force, Australia, Detailed, Quarterly, Aug 2018*, 'Table25b. Labour Force status for 15–29 year olds by Age, Educational attendance (detailed) and Sex' cat. no. 6291.0.55.003, accessed via <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6291.0.55.003Aug%202018?OpenDocument>

¹¹ Brotherhood of St. Laurence, *An Unfair Australia? Mapping Youth Unemployment Hotspots*, Brotherhood of St. Laurence, Fitzroy VIC, March 2018, accessed via http://library.bsl.org.au/jspui/bitstream/1/10573/1/BSL_Unfair_Australia_Mapping_youth_unemployment_hotspots_Mar2018.pdf

¹² P O'Niell, *Youth Unemployment in Western Sydney*, Centre for Western Sydney, 2017, accessed via http://www.youthaction.org.au/western_sydney_unemployment

¹³ The Foundation for Young Australians, *The New Work Reality*, The Foundation for Young Australians, Melbourne VIC, 2018, accessed via https://www.fya.org.au/wp-content/uploads/2018/06/FYA_TheNewWorkReality_sml.pdf



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The report shows a complex situation for Western Sydney's young people. In many cases there is a mismatch between the jobs available and the jobs that young people can fill. Young people are competing with more experienced workers for part-time or casual positions in jobs with low stability in industries like hospitality, retail and construction. These jobs are also highly vulnerable to automation and change, and young people are often seeking roles after completing less training or education than those who have already entered the workforce. These are just some of the employment contexts for young people that need to be taken into account when designing employment initiatives.

It is reasonable to assert that the future prosperity of Sydney (and therefore of Australia) depends to a large extent on the social and economic pathway that Western Sydney travels. The region is home to two million people, about the same size as all of Perth. Western Sydney is also Australia's most significant urban growth region. Social and economic issues that emerge in Western Sydney are by definition nationally significant. Western Sydney has grown to become the demographic core of Greater Sydney, Australia's global city. Two out of every three new Sydneysiders now reside in Western Sydney. Therefore, the future of young people in Western Sydney matters in establishing the future prosperity of Sydney as a global city.

Further Research

There is a large amount of data, analysis and commentary available on youth unemployment in Australia. We also refer the committee to consult and consider the deep body of knowledge available, including Aird et al. (2010), Bowman et al. (2015), Brotherhood of St Laurence (2015), Brotherhood of St Laurence (2017), Cuervo and Wyn (2011), Foundation for Young Australians (2014), Mitchell Institute (2017), Skattebol et al. (2015), Smith Family, 2014, and Social Ventures Australia 2016.¹⁴

¹⁴ See R Aird, E Miller, K van Megen & L Buys, *Issues for Students Navigating Alternative Pathways to Higher Education: Barriers, Access and Equity*, Adult Learner Social Inclusion Project, Queensland University of Technology, Brisbane, 2010; D Bowman, J Borlagdan & S Bond, *Making Sense of Youth Transitions from Education to Work*, Brotherhood of St Laurence, Fitzroy, VIC, 2015; Brotherhood of St Laurence, 2015, *On the Treadmill: Young and Long-Term Unemployed in Australia*, Brotherhood of St Laurence, Fitzroy, VIC, 2015; Brother of St Laurence, *Generation Stalled Young, Underemployed and Living Precariously in Australia*, Brother of St Laurence: Fitzroy VIC, 2017; H Cuervo & J Wyn, *Rethinking Youth Transitions in Australia: A Historical and Multidimensional Approach*, Youth Research Centre, University of Melbourne, Melbourne, 2011; Foundation for Young Australians, *How Young People Were Faring in the Transition from School to Work*, FYA, Melbourne, 2014; Mitchell Institute, *Preparing Young People for the Future of Work*, Victoria University, Melbourne 2017; J Skattebol, T Hill, A Griffiths, M Wong, *Unpacking Youth Unemployment*, Social Policy Research Centre, UNSW, Sydney, 2015; Smith Family, *Young People's Successful Transition to Work: What Are the Pre-Conditions?*, Smith Family, 2014; and Social Ventures Australia, *Fundamental Principles for Youth Employment*, [SVA](#), 2016.

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Recommendation 1: Review jobactive's relevance to the current employment context for young people today in light of research, including the barriers young people face in gaining access to and staying in employment, particularly those experiencing disadvantage.



The Extent of Consultation and Engagement with Unemployed Workers in the Design and Implementation of jobactive

Recent employment programmes have not equally incorporated employers' and young jobseekers' perspectives of the workplace and employment landscape. For a policy to be most effective it must be relevant to the lived experience of those it targets, and therefore needs to engage young people, including those with experience of disadvantage. Youth Action, alongside others, supported the development of an innovative model of youth participation in policy making (Annex B), designed collaboratively with young people, the University of Western Sydney and the Young and Well Cooperative Research Centre. We submit this to the inquiry to consider in its review of jobactive and how well a youth perspective was incorporated into its design and any evaluations.

Recommendation 2: That the Committee evaluate jobactive's engagement with young jobseekers during its design and implementation against good practice youth participation models.

In a recent Department of Employment's survey, *Exposure Draft of a Request for Proposal For Transition to Work: 2016-2020*, the participants were all employers.¹⁵ The results from that survey were used to create the Transitions to Work policy. The Federal government's research further suggests that the 'critical link between core foundation skills and a young person's job prospects' was based on a young person's attitude, motivation, skills and behaviour in the workplace.¹⁶ However, this is only representing the employer's perspective of young people in the workplace.

According to the University of New South Wales, the issues surrounding youth unemployment can be categorised into individual and structural barriers.¹⁷ Individual barriers relate to young people's experiences with 'disadvantage,' levels of education and employment, and geographical mobility.¹⁸ Structural barriers relate to 'geographical disadvantage in labour market,' limited 'entry level jobs,' job instability, a decreasing number of apprenticeships and traineeships, and the 'concentrations of

¹⁵ Australian Government Department of Employment, 'Exposure Draft of a Request for Proposal For Transition to Work: 2016-2020', 2015, p. 12; Department of Employment, 'Improving the prospects of young people', 2014, pp. 1-2, accessed via <<https://cica.org.au/wp-content/uploads/Improving-the-employment-prospects-of-young-Australians1.pdf>>

¹⁶ *ibid.*

¹⁷ J Skattebol, T Hill, A Griffiths & M Wong, 'Unpacking Youth Unemployment', Social Policy Research Centre UNSW, Sydney Australia, 2015, pp. 14-15.

¹⁸ *ibid.*

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young people at risk in particular schools.¹⁹ Research on youth unemployment needs to increase their focus on individual factors, and more specifically, young people's experiences with disadvantage. The government's research also needs to acknowledge young people's expectations of the workplace when collecting data relating to youth unemployment.

Recommendation 3: That the Committee seek the views of young jobseekers who have experience in the jobactive programme to inform their review.

Other processes have not allowed for engagement with young people. For example, the public consultation on the Youth Jobs Path: Prepare, Trial, Hire (PaTH) was extremely short, and inhibited genuine consultation and consultation with young people experiencing disadvantage. The first piece of consultation conducted by the Department of Education allowed only two weeks for response. The consultation was conducted on the first phase of the program and despite 'welcoming feedback' on other elements of PaTH there was no process to provide such feedback. While the Department received over 70 submissions, the response to feedback on the first phase was only two pages. A further inquiry into *Social Security Legislation Amendment (Youth Jobs Path: Prepare, Trial, Hire) Bill 2016* was referred to the Senate Committee on 10 November 2016, with submissions closing on 15 November 2016, allowing only five days for submission and a further five for Committee consideration and report. Youth Action, alongside others, expressed concerns that the investment in the program will be wasted and will not ensure quality outcomes for youth employment without appropriate community-government stakeholder engagement that ensures the program is relevant to young people's experiences.

Recommendation 4: That government stakeholder engagement processes, including public inquiries, allow for a minimum of six weeks for stakeholder feedback.

We note that the federal youth peak body, AYAC, continues to go unfunded. This severely restricts the federal government's ability to engage youth-specific perspectives in policy development. As the only national peak body with a mandate to facilitate government engagement and consultation with young people, and particularly young people experiencing disadvantage, important investments in young people, such as PaTH, risk a lack of relevance or a lack of community support.

Recommendation 5: Re-fund AYAC, the national peak body for young people and the services that support them, to assist government and policy makers across portfolios to engage with young people.

¹⁹ *ibid.*

The Ability of jobactive to Provide Long-term Solutions to Joblessness and to Achieve Social, Economic and Cultural Outcomes that Meet the Needs and Aspirations of Unemployed Workers

There is a history of programmes using contracted employment providers that, while each may have their merits, have missed the mark for young people. Most recent iterations, Job Services Australia (JSA) (ended in 2015, replaced by jobactive) and jobactive, provided very little support for young people to achieve positive education and employment outcomes. Most significantly, in the move from JSA to jobactive, targeted support for young people was lost in favour of a universal approach. Complimentary programs such as Transitions to Work were able to provide some level of support, but were limited in scope, and limited cohort support.

There are lessons to be learnt from previous iterations, and these apply potentially even more so given the nature of the shift from JSA to jobactive and the loss of targeted support. 'One size fits' all approaches do not address all the complex issues that are embedded in youth unemployment.²⁰ In the case of JSA, young people were often left 'frustrated and dissatisfied.'²¹ The Australian Youth Affairs Coalition's research highlights that young people's interests were perceived as being irrelevant when seeking training or employment.²² Young people did not have the opportunities to state their interests when attending appointments at JSA. Those who expressed their preferences were referred to unsuitable jobs.²³ JSA staff did not understand 'young people's individual circumstances,' and often underestimated their young people's capabilities when finding work.²⁴ Instead of dismantling the barriers to youth unemployment, JSA's inadequately trained staff created additional barriers for young people.

Young people, as vulnerable members of the workplace, need additional pre- and post-employment support, as well as education and training, to access career opportunities and remain engaged in

²⁰ L Fowkes, 'Rethinking Australia's Employment Services', Whitlam Institute, WSU, 2011, pp. 13-14, accessed via <https://www.whitlam.org/_data/assets/pdf_file/0004/181183/Rethinking_Australias_Employment_Services.pdf>

²¹ Australian Youth Affairs Coalition, 'Beyond Learn or Earn', 2012, p. 22, accessed via <<http://www.ayac.org.au/uploads/AYAC%20Beyond%20Learn%20or%20Earn%205.7MB.pdf>>

²² *ibid.*

²³ *ibid.*

²⁴ *ibid.*

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employment into the long term. It would appear these requirements were not addressed within the employment services model when transitioning from JSA to jobactive.

PaTH

We submit for this Inquiry a previous work regarding PaTH (Annex C). The PaTH program in its current form is inadequate to support young people who experience additional barriers to employment. While the government's response to consultation provided flexibility in the program, it is itself not enough for this cohort to maintain their employment in the long term. Skill development is just one of many barriers young people who are disadvantaged experience. Providers of jobactive are not always well equipped to manage young people with complex and multiple needs. There are a number of options the PaTH program could consider to address these concerns:

- require training providers to demonstrate strong relationships with youth support services;
- require staff of training providers to have qualifications or experience in youth work;
- expand mutual obligation in the 'Prepare' phase to include not only skill-specific training but involvement in programs that address other issues preventing young people from being job ready.

Recommendation 6: Providers of employment programmes that are not youth specific must demonstrate:

- Strong relationships with youth support services
- Relevant qualifications of staff, specifically qualifications or experience in youth work
- An ability to work with young people to address the issues other than skills that prevent young people from finding work

The 'Prepare' skill development phase needs to continue while a young person is 'interning' to ensure they are not only able to gain employment but keep it. This will provide support to both employers and young people to address workplace-specific issues and increase the chances of a young person's transition from an internship to paid employment. Moreover, as the bill classifies involvement in the program as specifically 'unpaid work,' it should be explicit about adherence to Fair Work guidelines that state 'the person who's doing the work should get the main benefit from the arrangement. If a business or organisation benefits from engaging the person, it's more likely the person is an employee.'²⁵ Providing workplace supervision, support and training through the

²⁵ Fair Work Ombudsman, *Work experience & internships*, page reference number 1777, accessed via <<https://www.fairwork.gov.au/pay/unpaid-work/work-experience-and-internships>>

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program would ensure that a focus remains on practical skill development for the young person, that skill development is relevant, and is supporting participating employers to work with young people experiencing disadvantage.

The training component of the PaTH program remains compulsory but concerns regarding the impact on young people who do not have accessible transport have not been addressed. This is particularly pertinent for young people in regional and rural areas and is compounded by various elements of disadvantage.

Recommendation 7: The committee review the complimentary components of jobactive, including PaTH and Transitions to Work, and their ability to provide long term employment outcomes for young jobseekers.

Treatment of youth unemployment as being a skills deficit issue detracts from its complexity. Traditionally, the government has focused on a young person's level of education or training to determine youth employment outcomes, with little regard for the employment environment or other elements in a young person's life that impact on employment outcomes.²⁶ This 'learn or earn' approach to youth unemployment does not address the 'complex needs and circumstances' of disadvantaged young people.²⁷ Rather, it only focuses on the effects of youth unemployment. The research reinforces that addressing individual barriers to education and work are the key to a successful youth employment policy.²⁸ We have outlined a number of principles that should be incorporated into future employment services.

Shifting the focus to complex barriers.

According to Anglicare Australia, unemployment policies need more understanding of the 'personal and systemic factors' that affect youth unemployment.²⁹ Government research suggests that the main obstacles to youth unemployment are a young person's 'attitudes to work.' While there may be personal obstacles, research does not support a focus on 'attitudes,' as young people are more active in applying for work than other cohorts, with 73.2% of 15-24-year-old jobseekers writing,

²⁶ Australian Youth Affairs Coalition, 'Beyond Learn or Earn', 2012, p. 5, accessed via <http://www.ayac.org.au/uploads/AYAC%20Beyond%20Learn%20or%20Earn%205.7MB.pdf>

²⁷ *ibid.*

²⁸ *ibid.*, p. 9.

²⁹ Anglicare Australia, 'Positions vacant? When the jobs aren't there' *State of the Family Report*, 2016, p. iii, accessed via <http://www.anglicare.asn.au/docs/default-source/default-document-library/sof-2016a8c6d6309d6962baacc1ff0000899bca.pdf?sfvrsn=0>



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phoning, and/or applying in person to an employer for work, compared to 72.1% of unemployed people aged 25 and over, and 72.4% of people of all ages.³⁰

Social Ventures Australia's research reinforces that there are structural, personal, social, and financial barriers that affect youth employment.³¹ It is unclear if the eligibility criteria for the Federal Government's Transitions to Work policy, for example, addresses all barriers of unemployment. The Transition to Work policy is also unclear about how a young person's 'capacity to benefit from Transitions to Work Services' is determined. The policy is ambiguous in addressing the complex needs of severely disadvantaged young people.

Building relationships rather than bridging the skills deficit

A focus on skills development fails to acknowledge the importance of relationships in creating sustainable employment opportunities. Young people value healthy, caring relationships between employers and employees.³² The Australian Youth Affairs Coalition's research further concludes that disadvantaged young people will explore their career options once they feel 'safe, respected, cared for and understood.'³³ However, the current Youth PaTH Jobs policy focuses on the skills that would prepare young people for the work force.³⁴ The program needs to focus on building and nurturing relationships between young people and youth service providers.³⁵ This relationship-based approach would build resilience for young people to overcome barriers to employment.³⁶

Providing financial support rather than financial deprivation

The reductions of welfare payments in youth employment programs deter young people from engaging with the government's youth employment policies. In recent years, attitudes to youth unemployment have shifted from 'intensive and immediate job search[ing]' to welfare-based

³⁰ A Patty, 'Young and working hard to get out of long-term unemployment' *The Sydney Morning Herald*, accessed via <<https://www.smh.com.au/business/workplace/young-and-working-hard-to-get-out-of-longterm-unemployment-20171130-gzvqj9.html>>

³¹ Social Ventures, 'Fundamental Principles for youth employment', 2016, pp. 8-10, accessed via <<http://www.socialventures.com.au/assets/Fundamental-principles-for-youth-employment-report.pdf>>

³² Australian Youth Affairs Coalition, 'Beyond Learn or Earn' 2012, p. 5, accessed via <<http://www.ayac.org.au/uploads/AYAC%20Beyond%20Learn%20or%20Earn%205.7MB.pdf>>

³³ *ibid.*, p. 17.

³⁴ Youth Action, 'Social Security Legislation Amendment (Youth Job Path: Prepare, Trial, Hire) Bill 2016: Joint Submission', Youth Action, Sydney, November 2016, pp. 4-5, accessed via <https://d3n8a8pro7yhm.cloudfront.net/youthaction/pages/284/attachments/original/1480562866/Social_Security_Legislation_Amendment_Bill_2016_Submission_FN_combined_.pdf?1480562866>

³⁵ *ibid.*

³⁶ Innovation Centre, 'Relationships Matter: Strengthening Vulnerable Youth (Proceedings Summary)', 2010, p. 3, accessed via <<http://www.theinnovationcenter.org/files/RelationshipsMatter.pdf>>



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approaches.³⁷ The government assumes that welfare payments can be used to measure a young person's engagement with education, training or work. Anglicare Australia highlights that 'encourag[ing] people off income support payments' would deprive individuals of financial assistance rather than giving them financial incentive.³⁸ This would affect a young person's capacity to work and does not address the overall barriers to employment.

Recommendation 8: jobactive and employment programmes that target young people should be underpinned by the following principles:

- Providing financial support rather than financial deprivation
- Building relationships rather than bridging the skills deficit
- Shifting the focus to complex barriers.

Alternative Approaches to Addressing Joblessness

In analysis of jobactive Youth Action recommends applying understanding of what does and does not work in the context of youth employment programmes. The following section provides an analysis of both national and international employment programs to highlight approaches that have merit for this cohort. While these mainly fall into categories of either wage subsidy or skilling programs, it is imperative that youth specific and intensive programs are part of the mix, and Youth Connections is used here as a leading example.

Youth Connections: Dealing with Complexity

One of the most outstanding Australian programmes over the years for young people, and especially young people experiencing disadvantage, was Youth Connections. The program started in 2010 and was defunded on the 31st of December 2014. The loss of Youth Connections was the loss of youth-specific and individually tailored support to reengaged young people who experience disadvantage. Australia has not regained a nationally consistent and coherent program approach to supporting young jobseekers since.

³⁷ I Loedemel & H Trickey, *An offer you can't refuse*. London: Policy Press, 2001; O Bruttel & E Sol, *Work First as a European Model*. Policy and Politics, 34, 2006, pp. 69–89.

³⁸ Anglicare Australia, 'Positions vacant? When the jobs aren't there', *State of the Family Report*, 2016, pp. 2–3, accessed via <<http://www.anglicare.asn.au/docs/default-source/default-document-library/sotf-2016a8c6d6309d6962baacc1ff0000899bca.pdf?sfvrsn=0>>



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Youth Connections consisted of a national network of community-based organisations, which by 2014 was 65 providers across 113 regions of Australia. The Youth Connections program aimed at assisting young people experiencing complex barriers to education, training, and employment. Youth Connections described their work as a program that 'generally assists young people aged 13–19 who are disengaged and inactive to reconnect to education, further training or in some instances, employment. Service delivery is characterised as youth focused, individualised intensive case management. Nationally, 30,000 young people are assisted annually in metropolitan, regional and remote Australia. Approximately 20% of the client case load identify as Indigenous.'³⁹

The program was widely accepted as successful, and according to Youth Connections Anglicare, 'six months after leaving this program, an average of 93 per cent of young people are still engaged in some kind of training, education or employment, and, after two years, [the figure is] 89 per cent.'

One of the successful strategies employed by Youth Connections is early intervention. According to Mroz and Savage, 'as a general rule, the longer a person is unemployed, the longer the pervasive effects are likely to last.'⁴⁰ One in three young Australians experiencing long-term unemployment could not find a job in the past two years, severely increasing the risk of lifetime welfare dependence.⁴¹ By targeting 13–19 year-olds and encouraging them to stay in education, training and employment, Youth Connection prevents unemployment before it happens, reducing long-term dependence on government welfare and ultimately decreasing the cost of unemployment on the Australian taxpayer.

The cost of the national Youth Connections program was around \$80 million a year, which broke down to around \$2,000 to \$4,000 for every participant, depending on their location and level of need. In a submission by the St Vincent de Paul Society to the senate report, CEO Dr John Falzon argued, 'some might describe it as labour intensive and resource intensive in one sense, but ... we are talking about a fairly modest investment with enormously satisfying returns.' He went on to argue that 'every dollar you pull out of a program [such as Youth Connections] we are going to see increased costs down the line in the criminal justice system, in the social support system, in the health system and so forth.'⁴²

³⁹ The Senate Select Committee into the Abbott Government's Budget Cuts, 'First Interim Report', Commonwealth of Australia, 2015, accessed via <https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Scrutiny_of_Government_Budget_Measures/Budget_Measures/First_Interim_Report>.

⁴⁰ TA Mroz, &TH Savage, 'The long-term effects of youth unemployment', *Journal of Human Resources*, no.2 vol.41, 2006 pp. 259-293

⁴¹ P Carvalho, 'Youth Unemployment in Australia' The Centre for Independent Studies, November 2015, accessed via <<https://www.cis.org.au/app/uploads/2015/11/rr7.pdf>>

⁴² The Senate, op. cit.



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It was the opinion of the Senate report that 'the government reinstate funding for Youth Connections immediately.'

Recommendation 9: Contracts for pilot employment programs must include funding for an evaluation and adaption period to implement evaluation findings before the contract end.

Recommendation 10: Reinvest in a youth-focused, individualised intensive case management program similar to Youth Connections.

In addition to learning from the successes of Youth Connections, following is a further six case studies of employment programs and an evaluation of their effectiveness specifically relevant to young people who have experienced disengagement from both employment and education in an Australian context. The case studies are divided into two sections: skilling-style programs and wage subsidy programs. The analysis will highlight what types of programs and characteristics will be appropriate for employment programs targeted at young people and disengaged young people at in the future. Each case study is judged on seven criteria and graded according to an A–F system based on the following:

How targeted is it to disengaged young people?

Programs are designed with specific groups in mind, and if they were not tailored to young people experiencing disengagement it is important to consider how applicable they would be if they were targeted at young people.

Can it be applied to young people in Australia?

Every country has unique and particular aspects that make policies and programs work for them. As a result, it is important to consider if they could be implemented in an Australian context.

Did it achieve high uptake?

There are many factors that dictate the success of a program, however, if the program is not used on a large enough scale it is difficult to use as a model for other programs. This is not only because it provides a limited sample size, but also because there may be a flaw in the design.

Does it address all parties' needs?

There are many stakeholders in youth unemployment. A successful program will likely consider the needs of all parties and ensure they are satisfied as much as possible.

Is it forward-thinking (long-term jobs that will be in demand in the future)?



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The aim of engagement programs should not be to create temporary employment, dead-end jobs or act as indefinite support, but rather create engaged citizens by preparing them for and placing them in long-term jobs.

Did it produce positive outcomes for the participants?

The aim of these programs is to produce positive results for participants. Positive results are not limited to only finding them a job and can include creating positive personal and social outcomes as well.

Did it create new jobs or just displace existing workers/jobs?

Programs must be careful that they are creating new jobs for participants and not inadvertently displacing other people who might have been selected for the job under other circumstances.

Scorecard for Programs

	Skilling Queenslanders for Work	Modern Apprenticeships	Active Labour Market Programs	Youth Contract	Tasmanian Jobs Program	Creative Employment Program
Did it target disengaged young people?	B+	A	B	A	B	A
Can it be applied to young people in Australia?	A-	A-	A-	A	B	B+
Did it achieve high uptake?	A	B+	A	F	F	A
Did it address all	A+	A+	A	B-	B	A

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parties' needs?						
Was it forward-looking?	B	A	A	C	C-	B+
Did it produce positive outcomes for participants?	A	A	A	B+	A	A-
Did it create new jobs?	B	A	A	B	B	B-

Skilling Programs

Skilling programs aim to increase the employability of participants by increasing their skills. Methods undertaken in skilling programs include formal and informal vocational training, classroom-based learning and on-the-job learning. Upskilling has long been a way of increasing social mobility. From World War II to the 1970s, it was the main means of moving people upwards in terms of wealth.⁴³ However, since the rise of university education as the 'gold standard' of tertiary education, skilling programs have been used less and less often by governments. Their decline in popularity has happened despite warnings from the OECD that skills 'have become the key driver of individual well-being and economic success' for the coming century.⁴⁴

Outside Australia, skilling programs have been promoted not only as a viable alternative to university, but as a means of moving people into employment. Studies have shown that blending academic knowledge, workplace skills and experience leads to extremely positive outcomes for participants.⁴⁵ By attempting to solve reintegration and training at the same time, programs are

⁴³ FW Agbola & DK Lambert 'Skilling Australia for the Future? A study of quality assurance in Australia's Vocational Education and Training,' *Journal of Vocational Education & Training*, 62(3), 2010, p. 327.

⁴⁴ *ibid.*

⁴⁵ P Tiernan & J O'Kelly 'Blending work and learning: The impact of a workplace learning program on the low-skilled and long term unemployed,' *Industrial and Commercial Training*, 46(7), 2014, pp. 406-414.

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much more likely to be successful. This is particularly true of Labour Market Programs that combine the knowledge and experience of the education sector and industry partners, encouraging them to collaborate for profit and social enterprise.

Skilling Case Study 1: Skilling Queenslanders for Work (SQW)

Skilling Queenslanders for Work (SQW) is a program originally started by the Newman Government in Queensland in 2010. The program was defunded in 2012. In the two years that the program was operational it helped to create 57,000 jobs, 8,500 of which were evaluated as being created directly as a result of the program's activities.⁴⁶ The program started again in 2015.

SQW projects were completed by 16,400 people, and of them 13,000 secured a job, pursued further training, or returned to school.⁴⁷ The program shows that economically, skilling definitely has an advantage. An evaluation of the SQW program found that 'the annual outlay by Queensland on SQW is returned to the State within a year of program completion, in terms of both increased earnings and value added.'⁴⁸ The evaluated return on investment is hugely appealing to governments dealing with tight budgets and a public that is not necessarily empathetic towards young people experiencing disengagement. The high uptake rate of the program and the evaluated effectiveness of the majority of participants who completed the program showed positive outcomes.

The program's accomplishments extend beyond the economic benefits of the skilling program. An independent evaluation of the 2012 program identified its flexibility, innovation, strong community focus, and commitment to participant needs as being the keys to its success.⁴⁹ The evaluation emphasises positive social outcomes, such as uptake by groups who experience disproportionate rates of disadvantage, including people with disabilities, culturally and linguistically diverse (CALD) people, and Indigenous people. The program also demonstrated improved outcomes in health and wellbeing, social inclusion, community participation, engagement and resilience.⁵⁰

Several SQW initiatives focused on young people. SQW's *Youth Skills* specifically targeted young people engaged with the justice system through Queensland's correctional services, offering

⁴⁶ Deloitte Access Economics, 'Evaluation of Skilling Queenslanders for Work Department of Education, Training and Employment.' 23 July 2012, p. 35.

⁴⁷ Attorney-General and Minister for Justice and Minister for Training and Skills, '10,000 Queenslanders now in jobs thanks to SQW'. September 14, 2017.

⁴⁸ Deloitte Access Economics, 'Evaluation of Skilling Queenslanders for Work Department of Education, Training and Employment.' 23 July 2012, p.42.

⁴⁹ *ibid.* p. 61.

⁵⁰ *ibid.* p. 6.

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nationally recognised skills and vocational qualifications. The *Ready for Work* and *Get Ready for Work* programs were short and long-term initiatives designed to prepare young people for employment through training and skills development.⁵¹

One of the strengths of the SQW program is the use of a training support plan (TSP). TSPs 'directly respond to a participants' needs through the provision of tailored and individualised support' for each SQW participant. It establishes guidelines and expectations for both the employer and employee.⁵²

SQW exhibited flexibility and a strong focus on communities, highlighting the usefulness of programs that can adapt to specific populations and contexts. The strong focus on the needs of the participants positioned the program to genuinely tackle disengagement and unemployment. Additionally, the economic and social benefits make the program extremely appealing for governments. The reintroduction of the program under a different government shows its value at finding people employment or empowering them to participate in education or training.

Program Positives:

- Contextually relevant as an Australian program
- Training and Support Plans provided individualised support
- Excellent training support delivered
- Government assistance post-program.

Program Negatives:

- Many aspects not specifically youth focused
- Not necessarily geared towards the future
- Insecure funding model.

Verdict:

One of the most positive aspects for young people is the support structures built into the program. The Training and Support Plans, the employment and skills training, and the emphasis on flexibility link to Guideline A and D. By assisting young people in ways that will make them more effective workers or students, the program ensures better outcomes overall for employers and participants alike.

⁵¹ Department of Education and Training (QLD), 'Skilling Queenslanders for Work: Fact Sheet'. 2016. Accessed at <<https://training.qld.gov.au/site/community-orgs/Documents/funded/sqw/providerkit/sqw-training-support-plans-factsheet.pdf>>

⁵² *ibid.*



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Skilling Case Study 2: Modern Apprenticeship (Scotland)

Scotland's Modern Apprenticeship (MA) program combines workplace experience with classroom or off the job learning. The program offers over 80 apprenticeship frameworks across a wide range of industries and in partnership with a large number of organisations. The program attempts to gear the apprenticeships offered towards jobs that will be in high demand in the future.⁵³

Skills Development Scotland (SDS) is the body that coordinates the program. SDS directly engages major employers who act as registered training providers (RTOs) that manage the process on behalf of employers. These include colleges, private and third sector training organisations, and local authorities.⁵⁴ The aim of the program is to balance the needs of both parties. It aims to provide employers with participants who can contribute positively and in the long term to their company as well as give participants a chance to develop useful skills for securing employment in a fair and quality working environment.

Participants benefit in three critical ways. They obtain:

- A nationally recognised standard
- Paid employment and
- Development of in-demand skills.

Employers have input into the design and operation of the apprenticeship, aligning it with their industry's goals, but also sharing the learning load with education and government groups.⁵⁵ The feedback from employers in the evaluation of the program showed improved productivity, morale, staff retention and service quality. In the 2016 evaluation:

- 9 out of 10 employers recommended the program for their industry
- 96% of employers commented that participants who completed their Modern Apprenticeship were able to do a good job in the workplace
- The program achieved its annual target of 25,000 enrolled participants
- 76% of enrolled participants completing the program
- Approximately 80% of the participants were young people

⁵³ Skills Development Scotland. 'Modern Apprenticeships', n.d., accessed via <https://www.skillsdevelopmentscotland.co.uk/what-we-do/apprenticeships/modern-apprenticeships/>

⁵⁴ Skills Development Scotland, 'Modern Apprenticeship Intermediate Outcomes', August 2016, p.28 <<https://www.skillsdevelopmentscotland.co.uk/media/42085/ma-outcomes-report-2016-final.pdf>>

⁵⁵ Skills Development Scotland, 'Modern Apprenticeship Employer Survey 2015 Headline Result', September 2015, p.31

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- More than 85% of participants were employed six months later⁵⁶
- Approximately 80% experienced working at a higher level, working for higher pay, doing a job with more responsibilities, or all three after completion of the program (participants under 20 years and those aged 20 to 24 years old, reported 79% and 90% respectively).

By targeting industries and businesses that are geared towards jobs that are more likely to have high demand for employees in the future, the program captured the important element of providing young people with long-term, meaningful skills and jobs. By combining workplace experience with learning programs, the program ensures those young people who do not secure employment have skills that can be transferred elsewhere. Importantly, skill development throughout the program is essential to ensuring that businesses are incentivised to take people on.

Program positives:

- Future-oriented
- High uptake rate
- High approval ratings
- Support for participants and employers
- Nationally-recognised qualifications.

Program negatives:

- Not locally specific
- Requires an overhaul/rearrangement of existing services.

Verdict:

One of the key advantages of the Modern Apprentice's program is the use of nationally-recognised qualifications. This feature largely informed Guideline B, relating to recognised and documented skills or qualifications for participants to receive upon completion. Further, the support for participants and employers from the government is a good guideline for Guideline D. The use of the minimum apprentice wage fulfils Guideline E and offers greater incentives for participants to partake.

⁵⁶ *ibid.*, pp.22-31; Skills Development Scotland, 'Modern Apprenticeship Statistics Full Year Report', June 2016 p. 6
<http://www.skillsdevelopmentscotland.co.uk/media/42853/modern-apprenticeship-statistics-quarter-4-2015-16-v2-0.pdf>

Skilling Case Study 3: Active Labour Market Programs (Denmark)

Another program that holds valuable lessons for any future skilling programs is Denmark's Active Labour Market Programs (ALMPs). Despite significant differences in Australia's and Denmark's social welfare programs, there are some useful components that can be gleaned from our fellow OECD member. Though the programs have evolved over a significant amount of time, the current incarnation of Danish ALMPs were formed in the mid-90s.⁵⁷ The Danish Government, working with unions, corporations and local governments, has been extremely successful in ensuring those who have lost their job can smoothly re-enter the workforce.⁵⁸ The use of ALMPs to assist specific areas and groups hit by troubled times has ensured that Denmark has some of the consistently lowest unemployment in the world.

The programs seek to appropriate and develop existing skills into transferrable ones that are able to translate into jobs in the future. An example of this is the program that targeted out-of-work shipbuilders by aiding a transition into the renewable energy and aged-care industries, both of which are set to grow in the future. This sort of forward thinking means that rather than moving young jobseekers into less-skilled jobs that may not exist in the future, their employment will be secured longer-term.

In addition, the programs often emphasise 'on-the-job' training and skilling. There are numerous reasons for this: it allows individuals to enter jobs immediately, preventing them from slipping into longer-term unemployment; it means they secure wages that keep them off government payments and allow for a continuation of their livelihood, and; it allows for growth and development of useful skills in an actual workplace.

Another essential aspect of the programs are their regional context. The programs adapt to the needs of individuals and groups, rather than forcing them to adapt to the programs.⁵⁹ This sort of flexibility means that individuals and groups facing particularly acute challenges finding employment are able to access the level and type of assistance they need, whether it be in literacy and numeracy, interview and 'soft' skills or anything else that will increase their employability.⁶⁰

The relevance of comparing with the Danish programs are limited. For one, the social welfare and education systems are not comparable to Australia's, thus replicating this system is both impossible

⁵⁷ SJ Jespersen, R Munch, & L Skipper, 'Costs and benefits of Danish active labour market programmes' *Labour Economics*, no.15., 2008, p.860

⁵⁸ *ibid.*, p.880

⁵⁹ F Aasen, J Leszczuk & S Pojar, 'Tackling Denmark's Post-Crisis Labour Market Challenges' *Commission Directorate-General for Economic and Financial Affairs*, 2016, p.2

⁶⁰ *ibid.*, p.8

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and undesirable. Many of the programs aim to re-integrate older, somewhat skilled workers into new positions. Despite these limitations, there are still valuable ideas that can be extracted from the ALMPs and applied to future skilling programs in Australia.

Program positives:

- Flexible and context-specific
- Facilitates learning and working simultaneously
- Aimed towards jobs in areas of growth
- Collaboration between multiple stakeholders
- Focusses on needs and skills of the individual.

Program negatives:

- No specific policy prescriptions
- Limited replicability in Australian context
- Not specifically targeting young people.

Verdict:

The Danish social and political systems prevent too much comparison between programs in Australia. However, the use of programs that target specific segments of society and parts of the country and industry is instructive. The idea that programs should consider local contexts and needs, and create jobs that will be relevant in the future, shaped Guideline C. The importance of providing support in skill development to transitioning workers is also essential to the programs (Guideline D), recognising the difficulty of entering a completely new field or industry.

Wage Subsidy Programs

Wage subsidy programs are becoming more prominent, both in Australia and around the globe. As such, a review of a large number of programs is timely in order to extract important lessons about what works and what does not. These programs are sensitive and rely on a large range of factors, from size of subsidies, targeted groups and businesses, the length, intensity and aims of the programs, the skill development and mentoring that accompanies the program, and many more. Almost across the board, those who participate in wage-subsidy programs have a greater chance of finding employment, however there are large differences between these programs and their outcomes. It is essential to keep in mind who these programs are targeting and what the desired outcomes are. These programs have shown promising effects for people finding employment in the



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long term, but only under the right conditions. Since the GFC, many countries have, with mixed results, created programs to reduce youth unemployment.

Case Study 1: Youth Contract

The UK embarked on a number of programs centred around wage subsidies, the most prominent being the Youth Contract. Introduced in April 2012 by the coalition government at the time, it offered 160,000 subsidies over three years, with the goal of reducing the country's persistently high youth unemployment. The scheme offered employers up to £2,275 to take on a young person who had been out of work for at least six months. It was widely panned and shut down early due to low sign up numbers. It had created only about one quarter of the jobs it aimed to and more than half of these people said the program did not help them to get a job.⁶¹

After only reaching one quarter of their targets, the government prematurely ended the program. Some suggested this was because the level of bureaucracy for a small business was too great as most of the employers were big hospitality and retail businesses, whilst others pointed out that many groups that did use the program would have hired the new staff anyway.⁶² Lack of awareness of the program and a one-size-fits-all approach adopted by the government were also blamed for the failure. The program failed largely due to an inability to entice employers and participants to sign up. One important lesson from participant feedback is that most of those who did sign up enjoyed the program, even if it did not lead to longer-term employment, suggesting that the pricing and outcome mechanisms were a source of problems.⁶³

The failure of this program offers many useful insights into the design of future wage-subsidy programs.⁶⁴ There were significant differences in satisfaction between those who had the same advisor every week versus those who had more than one, with the former group being much happier. Participants with specific or more complex needs, such as those with a health condition or disability or those who were nervous about work, expressed less positive outcomes, highlighting the need to move away from one-size-fits-all solutions. The need to appeal to small businesses by

⁶¹ Department for Work and Pensions, *Youth Contract Official Statistics: April 2012 to May 2015*, August 2015, accessed via <https://www.gov.uk/government/statistics/youth-contract-april-2012-to-may-2015>; Department for Work and Pension, *The Youth Contract for 16-17 year olds not in education, employment or training evaluation Research report*, September 2014, accessed via <https://www.employment-studies.co.uk/resource/youth-contract-16-17-year-olds-not-education-employment-or-training-evaluation>

⁶² R Mason, 'Clegg's flagship youth unemployment scheme an abject failure, says Labour', *The Guardian*, 25 July 2014; S Bunney, 'Here's why the government's Youth Contract failed', *Left Foot Forward*, 8 August, 2014; R Grice, 'Flagship £1bn youth unemployment scheme branded a failure', *The Independent*, 22 October 2013.

⁶³ Department for Work and Pensions, *Customers' experiences of the Youth Contract: Research Summary*, 2014

⁶⁴ Department for Work and Pension, *The Youth Contract for 16-17 year olds not in education, employment or training evaluation Research report*, September 2014, accessed via <https://www.employment-studies.co.uk/resource/youth-contract-16-17-year-olds-not-education-employment-or-training-evaluation>



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having a simple and accessible sign up process is essential, as is ensuring the skills are relevant to the area or industry. Finally, despite receiving positive feedback from both employers and employees, the contract suffered from the same problem that many others did: uptake of the program.

Program positives:

- Positive feedback from those who did participate
- National-level program.

Program negatives:

- Low uptake
- One-size-fits-all approach
- Limited support for participants
- Excessive bureaucracy
- Little awareness of the program

The Youth Contract was largely defined by its failures, namely the inability to attract sign ups and completion. There are number of possible reasons for this: a lack of awareness or active promotion from government and job seeker services (Guideline E); an overly large bureaucracy (Guideline E); the one-size-fits-all nature (Guideline A); and a lack of consistent support for participants (Guideline D) were all outlined as reasons for the program's demise, and as such, many recommendations were made in direct response to these issues.

Case Study 2: Tasmanian Jobs Program

Many of these issues were similar to the ones encountered in the Tasmanian Jobs Program (TJP). Initiated in January 2014, it was aimed at mid- and long-term unemployed people and acted as a pilot for other wage-subsidy programs. It provided \$5.9 million in funding for 2,000 placements over two years until December 2015. The up-take rate was just over 11%, the target being 80%. However, those that did complete the 26-week program, almost three-quarters (71%) no longer required income support nine months later. Directly comparing those who participated and those who did not, it's clear that the former had a significantly higher probability of coming off income support over the same time period.⁶⁵

⁶⁵ Department of Employment, *The Tasmanian Jobs Programme Evaluation*, June 2017, p.7-9, accessed via <https://docs.jobs.gov.au/system/files/doc/other/the_tasmanian_jobs_programme_evaluation_report.pdf>

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This program is especially relevant, as historically Tasmania has held a higher than average youth unemployment rate and a lower youth participation rate. An evaluation of the program highlighted the problems of wage subsidies in relation to young people (negative employer perceptions of unemployed and lack of experience for workers).⁶⁶ This suggests that employers were not convinced of the benefits of the program and that it would benefit from being adjusted to be more designed and targeted towards their needs. One way of doing this could be to increase flexibility in the arrangements for both employers and participants in terms of payments, conditions, length and intensity of program.

Discussing the problem of uptake in the program, three key factors were identified: a weak Tasmanian labour market resulting in high competition for jobs; low program awareness (largely related to employment service providers); and program design issues. The design issues included negative employer attitudes towards targeted groups and low incentive payments which were available only after 26 weeks.⁶⁷ Another similar problem was that of deadweight loss: 66.7% of employers who took on a job seeker through the programs reported that the TJP did not influence their decision to hire the job seeker at all.⁶⁸

Overall, those who did participate in the program enjoyed positive employment outcomes. However, the lack of uptake held back the potential of the program, with the review emphasising the importance of the design of wage subsidies, not just for targeted job-seekers, but also to business type and size.

The program suffered from many of the same problems the Youth Contract did: low uptake, one-size-fits-all approach and a lack of flexibility. These issues must be addressed if wage subsidy programs wish to succeed. Further, it is necessary to overcome biases and prejudices relating to skill gaps and employability of disengaged young people.

Program positives:

- Australian program
- Those who did participate saw positive outcomes.

Program negatives:

⁶⁶ *ibid.*, p11

⁶⁷ Department of Employment, *Tasmanian Jobs Program Evaluation: Departmental response to recommendations*, 2017, accessed via < https://docs.jobs.gov.au/system/files/doc/other/tasmanian_jobs_programme_evaluation_-_departmental_response.pdf>

⁶⁸ *ibid.*

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- Extremely low uptake
- Low program awareness
- One-size-fits-all approach
- Inflexible,
- Failure to address employer's negative attitudes.

Verdict:

The TJP encountered many of the same issues that the Youth Contract did, emphasising these issues apply to an Australian context. Programs must be flexible (Guideline A), relevant (Guideline C) and promoted (Guideline E).

Case Study 3: Creative Employment Program

One successful program was the UK Creative Society's Creative Employment Program (CEP), a £15 million lottery-funded program that aimed to provide up to 6,500 new work opportunities for young people not engaged in education, employment or training, 16–24-year-olds across England.⁶⁹

The program was guided by the creative industry body itself, encouraging creative societies and groups across the UK to take on placements. It was much smaller in scale, but also considerably more successful at achieving its outcomes than the Youth Contract, leading to an extension of the program. One particular strength of the program was its focus on creative industry jobs, which was growing at five times the rate of the economy but historically suffered from limited entry routes. Positions were created based on the need for a region or a company and created a new route of entry. This enabled many people not traditionally associated with the industry to enter the field.⁷⁰

Some unique aspects of the program include its targeting of one industry (particularly one they had relied on for unpaid internships in the past) and the focus on skill and qualification development for young people. These also extended to adhering to the apprentice minimum wage as well as specific targeting of diverse groups that have not been historically associated with the creative industry.⁷¹ The program offers a guide to creating our own successful replica.

⁶⁹ Williams, D. "Creative Employment Program" 2013

⁷⁰ National Skills Academy, *Creative Employment Programme FAQs*, 2013, accessed via <<https://ccskills.org.uk/downloads/creative-employment-programme-faqs.pdf>>

⁷¹ *ibid.*

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In the future, programs must be responsive to the needs of not just employers, but also of employees. ⁷²The Creative Skills Initiative is a part of the CEP, it involves work experience, a nationally recognised qualification and the development of functional and employability skills. By building experienced, knowledgeable and skilled workers, the program increases the probability of participants securing employment after the placement, rather than creating a cheap pool of labour for big businesses.

The key issue that wage-subsidies face is appealing to groups to engage with the program. Employers and participants that do sign up usually exhibit positive outcomes. This program, however, seemed to escape the problem of uptake that other wage-subsidy programs face. One major difference of this program from the two others is its focus on employer input: employers played an active role in shaping the program, meaning it was relevant for their needs, but also meant it was meeting the demands of the local community. This is a major departure from the top-down one-size-fits-all approach taken by the Youth Contract.

Program positives:

- Flexible
- Industry-led
- Community-based
- Uses minimum wage
- Skill development

Program negatives:

- Small-scale
- Limited comparison to Australian context.

Verdict:

Balancing employers' and participants' needs in the CEP (regarding skills, position and role) are essential to the success of programs and helped form Guideline A. By providing clear skills and support for participants and skilled workers to fill their demands (Guideline B and D), the program was appealing to both parties, likely contributing to the program's success. The industry and community led nature of the program is an example of the benefits of regionally relevant solutions and how they can be appealing to employers (Guideline C).

⁷² ibid.

Guidelines

Both skilling and wage subsidy programs have huge benefits, but when combined, it is clear they produce the best outcomes for both employers and employees. By looking at successful and unsuccessful programs of each type, it becomes clear that any youth unemployment program must adequately appeal to both parties:

- A. Implement a system of formal agreements that clearly establishes each party's ongoing role. These agreements should be flexible in terms of hours, conditions and payments and they should be negotiated and adapted to suit the needs of all parties. All parties should have a clear understanding of their entitlements and obligations over the whole life of the program.
- B. Provide recognised qualifications that acknowledge a series of life, technical and general employment skills developed during the program, to ensure that young people have proof of what they have achieved.
- C. Be contextually and locally relevant by taking in the considerations of what the local community/area needs and also consider if the program is creating viable, long-term jobs that will exist in the future.
- D. Treat participants as employed workers, eligible for work cover, entitlements and a minimum wage. For business tax and other purposes, they can be discounted to incentivise employers to take them on, but their rights must be protected. Furthermore, the necessary support should be available to encourage their participation and completion of the program.
- E. Raise awareness and promote the program to both employers and potential employees and any other stakeholders. This includes but is not limited to job service agencies, youth workers, local governments, community groups and business chambers. Further, the programs should be accessible and hassle-free to encourage employers and employees to sign up.

Conclusion

On an individual level, unemployment early in one's working life can result in lower skill development and difficulties transitioning from school to work. Early disengagement from the workforce can have a "scarring" effect on a person's confidence and long-term career prospects, as they miss out on gaining essential experience and skills. Looking at the bigger picture, when a person loses the capacity to financially support him or herself, that person is not contributing productively to society, '... which adversely affects prospects for national growth and represents an avoidable cost to public services.' The issue of youth unemployment, therefore, poses a significant challenge for policy makers, as national economic development hinges on the development of a

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strong, high-skilled labour force, a need compounded by the challenges of the rapidly changing nature of work.

This is a challenge that, by most accounts, jobactive hasn't risen to meet.

Vital public funds expended on increasing employment must be targeted to meet the need of young jobseekers, and most importantly, young people who experience disadvantage and additional barriers to employment.

Annex

Annex A ['Youth Unemployment In Western Sydney'](#)

Annex B ['Creating benefit for All. Young people, Engagement and Public Policy'](#)

Annex C ['Submission To Federal Government Youth Jobs Path: Prepare, Trial, Hire'](#)

