

TRANSCRIPT

LEGISLATIVE ASSEMBLY ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into sustainable employment for disadvantaged jobseekers

Melbourne—Tuesday, 3 September 2019

MEMBERS

Mr John Eren—Chair

Mr Gary Blackwood—Deputy Chair

Ms Juliana Addison

Ms Sarah Connolly

Mr Brad Rowswell

Ms Steph Ryan

Ms Kat Theophanous

WITNESSES

Ms Annette Gill, Principal Policy Advisor, and

Ms Sally Sinclair, Chief Executive Officer, National Employment Services Association; and

Mr David Taylor, Policy Analyst and Media Liaison, and

Ms Nicole Steers, Acting Chief Operating Officer, Jobs Australia.

The CHAIR: Welcome to the public hearing of the Legislative Assembly Economy and Infrastructure Committee's Inquiry into sustainable employment for disadvantaged jobseekers. All mobile phones should now be turned to silent. All evidence taken by this Committee is protected by parliamentary privilege. Therefore you are protected against any action for what you say here today. But if you go outside and repeat the same things, including on social media, those comments may not be protected by this privilege.

All evidence given today is being recorded by Hansard and is also being broadcast live on Parliament's website. Rebroadcast of the hearings is only permitted in accordance with Legislative Assembly standing order 234. You will be provided with a proof version of the transcript for you to check. Verified transcripts, PowerPoint presentations and handouts will be placed on the Committee's website as soon as possible. The forum will run as a question and answer session. Due to the number of participants and our time limitations, it will not be possible for everyone to answer each question. We will hear two or three responses and then move to the next question. The Committee is keen to make sure that all participants have a chance to have a say. If you wish to respond to a question, please raise your hand and wait until invited to speak.

Please state your name each time you speak to assist our Hansard reporters. If there is an important point you did not have the opportunity to make at this forum, you are invited to provide the Committee with your additional comments in writing after the hearing, which we will treat as a supplementary submission. Thank you for your attendance. Questions from the Committee.

Ms CONNOLLY: How do you think that the Victorian Government should be encouraging more employers—I am interested in the employers' side of things—to engage with jobseekers facing disadvantage? What are they doing well and what are they not doing well?

Ms SINCLAIR: Thank you very much for the opportunity to appear before this very important Inquiry. I think it is a great question to actually start on.

The CHAIR: Your name?

Ms SINCLAIR: Sally Sinclair—I am the Chief Executive Officer of the National Employment Services Association. I had the opportunity last week to participate in a co-design of the JobsBank, which is a Victorian Government initiative. I think as an initiative to better engage employers in onboarding disadvantaged jobseekers, the Government is actually to be commended on that particular initiative, because one of the things we see when we look across Australia with delivery of a whole range of labour market assistance programs is how to get that coordination with employers, particularly where you are looking at large infrastructure projects or employers who may have large footprints, be it at a state level or nationally. The labour market assistance programs and the whole range of providers are all doing their best but often in a very place-based, very localised way, which is great for local employers but can be a bit of a challenge with employers where you are looking at a larger pool of jobseekers.

I think the other good thing that the Government is doing in that context is its social procurement model, because it actually facilitates a focus on getting disadvantaged jobseekers into work and keeping them in work, and one of the important elements of that will be the ongoing measurement and monitoring of the performance of that. There are many other things. I would say that we could be engaging with employers on a more individualised basis, but I do not want to take up the whole half an hour.

Ms CONNOLLY: I guess what I want to cut through to is: do you think the social procurement policy that we are undertaking and the bids for tenders is working? Do you think that companies are taking—

Ms SINCLAIR: Well, certainly the feedback we have—and we have had approaches from some of the major construction companies as the peak body for the employment services to be engaged and to get on board—is that they are clearly taking it very seriously. They are embedding it both in their bids and in their ongoing delivery of projects. I think it is probably early days, but all the signs are, I would say, very positive. Because I think one of the elements of the social procurement policy in Victoria perhaps, which builds on some of the early learnings in other states, is how it is actually being measured and monitored. So it is not just having the targets in there, but how are we going to ensure that the targets are not only met but that people are getting

sustainable employment out of it? So I think that that is a bit of a game changer, but again I would say at the moment our feedback is it is perhaps a bit too early to say how well or how effective it is actually being.

Ms STEERS: I would agree with Sally. I think it is early days. I think for the employers, though, when you are talking about long-term disadvantage and perhaps youth coming into first jobs, it is around having those support networks in place for those employers, because sometimes it is dealing with, I guess, some of the social issues that they are perhaps not really well equipped to deal with. So if you have youth coming out of leaving school early, they might already have alcohol and drug issues or they might have experienced family violence. You get them into some form of training that might get them into some form of work. There is a lot of additional responsibility on those employers when they are taking particularly those people with additional social issues. I guess it is around supporting them so that they can actually manage that, and that is challenging—and I think it is very early days in this space.

I suppose leading onto that is—and I know that it will probably come up later on—that link between coming out of school or some sort of VET training into those employment spaces and ensuring that is seamless and those supports carry all the way through.

Ms GILL: I just want to add to the discussion in terms of employer engagement. One of the big issues is actually improving understanding of who the disadvantaged cohort are. There are lots of myths and misconceptions about people who are unemployed. We hear lots of dole bludger comments—‘They don’t really want to work’. It is breaking those stereotypes and myths. It is quite clear that most people want to work. They get a lot of benefits from work. Being unemployed is not generally a positive lifestyle choice for anyone—it is certainly not an easy life for anyone—but the impressions that go with that sort of media commentary and—

The CHAIR: Perceptions, yes.

Ms GILL: perception actually increase the perception of risk from employers for employing disadvantaged jobseekers. In fact now with the prevalence of online recruitment platforms there is lots of discussion about algorithms and AI technology to help screen out people who have got gaps in employment in any of these keywords. So it is really about breaking down some of those misconceptions and getting a better understanding of who we are talking about when we are talking about disadvantaged jobseekers.

And I agree with Nicole; it is not just about getting people into work, it is ensuring that they actually advance once they get in there so they do not get stuck in low-paying jobs that are high-churn value and keep falling out of work and getting back in, because if we do not do anything about the skills then there are just cycles of unemployment rather than breaking the back. Employers need support to enable them to actually build people up to productivity and keep them moving forward.

Ms CONNOLLY: So can I just ask: when you say ‘support’, what do you mean? Can you give me a practical example of what that would look like?

Ms GILL: So some of the supports that providers try to deliver now for Australian employment services: they might be there to deliver on-the-job support to jobseekers; they might deliver peer or supervisor training, particularly, say, where the person placed might have a disability or a mental health issue, so they will create workplace buddies and work with them, help to do a bit of disability awareness training and break down some of the myths that might go with that; they might do just mediation if there is any conflict in the workplace; they might pay for training to keep the person moving forward in their role or upskilling. There are a range of different things that can be done, but the overall investments in those post-placement support services are pretty slim nowadays. They used to be a lot more robust than they are now, but that has been part of the ongoing cut in investment in Australian employment services over the years.

Ms CONNOLLY: Just one last question on that. Those support services that you have just given an example of, do you think they work best with small business or do you think that they are equipped to work best in big business with thousands of employees?

Ms GILL: They work really well with small and medium-sized employers, but they work well with any employer who is willing to partner to deliver them. So some employers are willing to take on a disadvantaged

jobseeker and know that you are going to support them, but they do not want that to happen in the workplace or on the job; they want it out of the workplace and they are happy for it to go on. Other employers embrace it happening and are part of the process, so they will actually give feedback and say, 'The person is doing really well. Need to communicate a bit better with their peers', so that then there can be active involvement. So I would say that where it works best is where the employer is actually part of the partnership and it is designed to help the person get up to speed and move ahead.

The CHAIR: Just on that, let us face it, the path of least resistance is probably the most convenient thing for all stakeholders in relation to this really tough issue. I mean, that is where the local and social procurement comes into it. From an employer perspective they have got a job to do. They have been given a contract. They have got to do this job. This is all in the hard basket—'It's not our problem. It's someone else's problem. They should prepare this person before we get them'. With opportunities of 457s, getting an external skill base coming in and doing the job, it is all part of a process which is too hard to do. Let's see how we can have different hurdles to prevent this from happening. What we want to do is extract employers in terms of what they want out of the Government in terms of help and assistance and, at the same time, when Government has a local procurement policy ensure that it is very stringent, just to tackle this very important issue. Otherwise it is just a merry-go-round. So we are looking for ideas from these hearings on how we can get that to happen and take it out of the hard basket and put it in the doable basket, which is our objective.

Ms SINCLAIR: Well, on that, as I said earlier, I think that there is enormous potential with the way the procurement policy has been designed, because it does not stop at the employer gate; it has got ongoing metrics and measurement and management. But what we see in our role as the peak body for employment services is that there is lots of different active labour market assistance programs at both a federal level and also you have got the state program such as JVEN. With the best will in the world, with a focus on collaboration, invariably the silos work against one another. The levers intersect in an inconvenient way. The incentives are often not aligned. So one of the things that the Government could do would be to focus on getting rid of those intersections that work against the objective.

I think it is enormously frustrating for the employers, it is enormously frustrating for the intermediaries and it must be a minefield for the jobseeker. As yet, that is not something that we have seen evidence of. We hear a lot of discussion about it and a lot of desire, but when push comes to shove we do not actually see the various policy departments across jurisdictions really coming through and working in the best interests, ultimately, of the employer and the jobseeker.

Ms GILL: I would add, the other area is keeping forward projections of labour needs that might be achieved through the social procurement, because the most effective strategy is demand-led development of jobseekers, so you actually training people for the jobs you know that are coming up. What tends to happen is if we create demand the employers want the workers now, and we have got disadvantaged jobseekers and the skills gaps are too big. But if we can work in a demand-led context, we can start training, whether that is preapprenticeship, preconstruction or white cards, and we can get that training under the belt so that people are ready for a productive start and have got the best opportunity of actually moving forward. That demand-led focus I think for disadvantaged jobseekers is particularly strong.

Mr TAYLOR: Further to that, I would also note that parts of regional Victoria, particularly with regard to youth unemployment, have pretty high and pretty alarming statistics, and so there should really be a level of focus there on those training endeavours to build the capacity of some of the disadvantaged young people there, some of the workforces there, to be ready, to be literally shovel-ready, for those infrastructure opportunities as they emerge.

Mr BLACKWOOD: In relation to early school leavers, I see your submission notes that early intervention is required for early school leavers. How can schools and perhaps the Government better identify and support early school leavers? I guess that follows on from talking about disadvantage.

Ms GILL: I will start with just noting that when young people leave school early, quite often they are not eligible for income support in their own right. They tend to not be engaged in the system at any point. Even though they are allowed to volunteer for employment services, most would not know they are able to volunteer. So you have a period of time where young people are disengaged, they are not participating in learning and

development that might help them to actually gain the skills they need and quite often are ineffective in job searching on their own. By the time they enter into employment services they may have been out of school for two years, and that is a long time to be disengaged from anything. It does not do any good to a person's mental wellbeing. Therefore they are going backwards in terms of building the gap.

I would like to think that we could start earlier in high school in terms of career guidance—actually educating and developing, promoting better awareness of the services that are out there. Not all young people are going to finish school, but at least if they know where they can go and what supports they can get, despite whether or not they are eligible for income support, so they are actually engaged in those activities, that is going to help them transition into the workforce sooner rather than later. That would be fantastic. I think that that is the sort of thing that it would be great to see a greater partnership with even the youth services sector as they come in contact with young people that are disengaged, helping them feed in. But there tends to be a lack of information about what people can do, what is available to them and what those services may or may not make them do. There are a lot of misconceptions out there about the help. But it would be nice to be able to engage people earlier, and I do think there is a role for more information to be out there in schools with better regard to the fact that an academic pathway is not necessarily the right fit for all young people.

Ms STEERS: I just want to add to what Annette said with a focus, I guess, on regional, more remote areas and some of the growth corridors and disadvantaged areas. Add to that kids leaving school perhaps early and the opportunities even with the best intent are not necessarily there. There is just not work in the environments where they live. Add to that public transport—lack of, completely. How do they get to training? How do they get to work? Mum and Dad might already be completely out of the area because they have to commute to get work, because there is no work in the area as well; or Mum and Dad are fly-in fly-out or not working themselves. So I think there is a massive challenge in those disadvantaged suburbs, the regional areas and some of those growth corridors. The growth corridors are great and they are getting further and further out, but the access to work, and sustainable work, and to all those supports to get young people to work is really extraordinarily hard. And then, as Annette said, next minute they are one year, two years out of work, they are bored, they are hanging around. Then things start to perpetuate into all the other issues, and it just becomes a very difficult situation for these young people, who had the best intent right the way back.

Mr TAYLOR: There really is a gap there where people drop out of school for instance in Year 10. There is really an absence of support. Unless people are going to be motivated to engage in various programs, they can be simply discarded till they turn 18 when there is a level of compliance. That is probably quite strong evidence of sort of siloed service systems operating between state and federal governments. Those two years—that absence of support, that absence of engagement, that absence of meaningfully trying to ascertain exactly what this young person wants and whatever their career path will lead them to—can be quite telling, and that can manifest in increasing disadvantage as they reach into early adulthood. We have been seeing articles with regard to increasing numbers of people on Newstart struggling to find housing services and so forth. This can all be symptomatic of that entrenched disadvantage which has occurred at a younger age where people have literally dropped out of any sort of support system for a period of time.

Ms SINCLAIR: I just wanted to, I suppose, further reflect also on some of Annette's comments, and that is in particular in relation to early intervention and more specifically around skills formation and development. I think in reality if we look at some of the international best practice examples we are seeing skills formation and development—VET pathways—happening as early as Year 7 and 8. Particularly now that we have got 19 jobseekers on average for every vacancy, according to the latest Department of Employment studies, it is important that people have those foundational skills—that they meet the literacy and numeracy benchmarks—and now of course digital literacy has become a very important factor. We can all say, 'Young people are digitally literate'. That might be about how they operate a smartphone, but it is not necessarily the core digital literacy skills.

So the skills formation and development at an even earlier stage and stronger encouragement around VET pathways—picking up Annette's point that an academic or a university destination or journey is not for everyone—I think is possibly something that the Government could have a stronger focus on.

Ms ADDISON: Can I ask a question without notice, and if you do not know the answer to this, it is just something that has come to me. Is there any evidence or have you come across anything about kids who get

their first job early, whether it be in hospitality or in a shop or even doing a paper around? Are they more likely to then be able to go from job to job to job?

Ms GILL: Yes.

Ms ADDISON: And perhaps is that something we should be focusing on in terms of even before they are leaving school, trying to engage more young people to get their first start while they are still at school? Would there be an advantage in that?

Ms SINCLAIR: There certainly is evidence. I might let Annette talk to some of that.

Ms GILL: Yes, there certainly is a lot of evidence that early work experience really underpins better employability skills. It helps to build resilience and a range of other things that can have long-term advantages for young people. I am trying to remember the name of one study and I cannot remember it, but if I find it, I will send it on.

Ms ADDISON: I am happy to take that on notice.

Ms GILL: I will say equally there is also a plethora of research that shows periods of unemployment in young people at their prime school-leaving age has adverse impacts that usually take a couple of decades to wash out in terms of their earning potential. So the legacy issues from youth unemployment are long term. There is a long-term impact on their earning potential, and obviously that has impacts for the community.

Ms SINCLAIR: And indeed, just on that, the Federal Government has done a detailed actuarial analysis on income support recipients and has implemented what they call Try, Test and Learn pilots, which are modelled on the investment approach adopted by the New Zealand Government. That is all focused on young people, young carers, young people with mental health conditions, because the actuarial analysis and the evidence showed that those particular cohorts have the highest probability of lifetime welfare dependence if there is not adequate early intervention.

The CHAIR: So is that the new employment service model, that there is a trial I think by the Federal Government?

Ms SINCLAIR: It is not necessarily Try, Test and Learn, because it is not underpinned by the actuarial analysis, but it is, if you like, an investment approach in relation to looking at if a lot of the red tape is eliminated in the system and the system is sort of rebalanced for a greater focus on the most disadvantaged, what that will look like. So the trial goes through to mid-2022 and is designed to focus on cashing out, for want of a better expression, the current funding envelope for those who are most disadvantaged and giving providers more flexibility in terms of how they service those jobseekers.

The CHAIR: So how can the Victorian Government fit into that? What role can we play to fit into that new model? And I think the rollout will be by 2022?

Ms SINCLAIR: Yes. So at the moment there is one trial in South Australia and there is one in New South Wales, so a trial in Victoria might be good, particularly given that Victoria has a whole range of initiatives in play which, as I said earlier, I think if we could find ways to actually eliminate some of the duplication we could probably get better outcomes for the citizen. So I think that would be a good thing. I also think the uniqueness in Victoria is you have got JVEN in the mix as well, and JVEN kind of is a whole lot of new employment services trials in some respects, but it would be good to look at how that can be more prominent in the Federal Government's trialling; yes, definitely.

Ms GILL: Can I also add the proposed model for new employment services will see about 60% of current jobseekers participating in the system moved to a digital-only service. So that is all of the jobseekers who are currently in stream A. So the papers talk about that group of jobseekers being job ready. That is a classification, it is not an actual assessment of their job readiness. Amongst the people in stream A we have about 40% who are either long or very long-term unemployed. There is a considerable number of young people in that group. There is a considerable number of people who are experiencing other complex issues, such as homelessness or

mental health—people with disabilities. So it is quite a group of disadvantaged jobseekers amongst that stream A cohort that are referred to in that category as job ready.

So one of the other suggestions is that, given there is going to be the removal of face-to-face services for some Victorian citizens, it could also be good to see the Victorian Government programs aligned to maybe fill the gap for those people who are no longer going to get a face-to-face service—which we have concerns for, obviously.

Mr TAYLOR: We share those concerns. The digitisation of the employment services sector for those in stream A will capture those sorts of cohorts which Annette mentioned and also people such as those who may have a history of incarceration. So it is not, as one would think on the face of it, that stream C necessarily captures the most complex. Their way of assessment is quite nuanced.

So there are certainly concerns that there will be people who will be missing out on the face-to-face support and that there will be people who will be relying on digital self-servicing. And there is still not necessarily an assurance as to what the treatment of those who will be getting the face-to-face support will actually look like. There is no clear evidence at this stage, or information, regarding what exactly the evaluation of this new model will look like, and so certainly any sort of involvement from the Victorian Government, and a view to looking at how that is working, would be most welcome.

The CHAIR: Thank you very much—very helpful.

Ms CONNOLLY: That is really interesting.

The CHAIR: Now, we have run out of time, unless there is a pressing issue. Thank you very much.

Ms SINCLAIR: Thank you very much for the time.

Ms GILL: Please feel free, if there is anything that does come up, we are happy to provide some additional information.

Mr TAYLOR: And good luck with your ongoing interviews.

Witnesses withdrew.