

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 Shivani Nadan, Engagement Manager, and

Ms Annabel Brown, Program Director, Centre for Policy Development;

Associate Professor Leah Ruppanner, Co-Director, The Policy Lab, the University of Melbourne; and

Dr Sue Olney, Research Fellow, Public Service Research Group, UNSW Canberra.

The CHAIR: Welcome to the public hearings for 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 the Parliament's website. Rebroadcast of the hearing 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, and PowerPoint presentations and handouts will be placed on the Committee's website as soon as possible.

I will run through the form of the proceedings. It is fairly technical, so I want to make sure that everybody understands the proceedings. This 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 do 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 supplementary submissions.

If there are any media present, we welcome any media covering the hearing today. We remind you of the following guidelines. Cameras must remain focused only on the person speaking. Operators must not pan the public gallery, the Committee or witnesses, and filming and recording must cease immediately after the completion of the hearing. Broadcasting or recording of this hearing by anyone other than accredited media is not permitted.

This is a very important Inquiry obviously, and it goes to the crux of making sure that we do not leave anyone behind in relation to job opportunities going forward. That is why this is such an important Inquiry that we will be conducting and making recommendations on going forward. How can the Victorian Government move towards a more job seeker-centred approach in its employment programs and initiatives? Are there inadequacies, or is there anything that we could do better going forward to help this cohort of Victorians?

Ms CONNOLLY: Please do not hold back. I do not want to have to extract it.

Ms BROWN: I am happy to start.

The CHAIR: If you can just state your name.

Ms BROWN: Annabel Brown from the Centre for Policy Development. Hello, everyone. Our work has primarily been with refugee jobseekers. We have been looking at how to boost refugee social and economic participation, but we believe what we have found to be applicable across a number of disadvantaged jobseeker cohorts. We think the approach that could be taken has two elements. One is enhancing the universal employment services. I would like to say that I think Jobs Victoria has actually been quite strong from our perspective in working with refugee jobseekers—strong around flexibility, around responsiveness to individual need and around encouraging collaboration between other services. But what we have found to be of significant support to refugee jobseekers is a comprehensive and family-based assessment of need, so not just for individuals but for a family, and ideally there is one assessment for multiple services and ideally that assessment will be owned and held by the client themselves rather than them telling their story to a number of different services; also sorts of pre and post placement supports, so supports in job readiness, career planning, and then post-placement supports for people to sustain that employment; one case manager, ideally with some bicultural experience, or they should work with a bicultural worker; and a consistent case manager. You might be aware that the case management within the jobactive program rolls over 40% annually, so people do not have consistency of case management. That is very important.

There is also flexible delivery through digital delivery but also the ability, for instance, to deliver language supports in workplaces—so much more flexibility—and also industry liaison and support to local industry in seeking and sustaining placements. The other element which was strong in our submission was the use of place-

based approaches and place-based delivery. That would be the other element of how to make it more jobseeker centric. That is using local consortia, an integrated service delivery model with other relevant and appropriate services, meeting the specific needs of cohorts in specific places and making those connections to both community and industry in place.

The CHAIR: Anyone else would like to add to that?

Assoc. Prof. RUPPANNER: I will go. I am Leah Ruppner, Associate Professor at Melbourne Uni and also the Co-Director of the Policy Lab. One of the things that I think is important that I wanted to get through and why I responded to the Inquiry is that I have done research now for the past 15 years looking at gender and families' intersection and what the barriers are that box women out of employment. So you guys are talking more concretely about the kind of applied logistics of it; I want to just advocate to take a little bit of a step back. So you asked the question about why only 30% of people are dropping out of TAFE. I think what we are missing in this is an understanding of what is happening in the family—that people's job opportunities are not just about their resources or the structures around them; it is also about their responsibilities to their children. Where is the child care? So one of the things that I was advocating in my piece that I am sure you read in great detail—I am sure it got a gold star!—is that this is really an issue about family life, right. And if you do not have affordable, accessible, available child care and you do not have it at the times at which families need it—I am not talking about necessarily from 7 till 6; I am talking about moving people into jobs that are going to be non-standard work—that it needs to expand beyond.

I have done some research showing too that getting kids into public school is not the silver bullet for women's employment. So if you want to say, 'We just need to support families until kids are primary school age', it is not enough and that actually the institutional resources—this is a government problem, not an individual problem. You are government people, so that is what I am trying to advocate quite clearly—that you need that piece of the puzzle to come together too in addition to how the program actually works. People here are obviously much more expert and have very excellent suggestions, but taking it back to looking at what on a bigger perspective you can do, the childcare piece is really a big piece not only for these women but for actually all working women.

Ms ADDISON: Can I talk further on that as a mother of an eight-year-old and a 10-year-old, and Kat has got two under—

Ms THEOPHANOUS: Under two.

Ms ADDISON: Two under two, and I know Sarah—well, I think lots of people have kids; I should not just talk about the women. But having been someone who has actually worked in a girls boarding house and had to stay overnight as well as work weekends in the education field, this idea of providing additional child care is really important to me. Often we look at child care through the lens of the Federal Government. What role would you see for the State Government in providing this service? What role do you see for the State Government?

Assoc. Prof. RUPPANNER: How much money do you have and what can you do, right? It feels to me like it is just kicking the problem around: 'Okay, well, this is something the Federal Government needs to solve'. Okay, well, if there is no appetite there, then who does it, right? This is something individual families need to solve. We typically think of this as a market solution—I am sorry that I am dominating this—we typically think of this as, 'Okay, well we need to turn to the market because that is the best way to redress this, because the markets will respond to the needs of the family', but you guys are talking about people who are in vulnerable positions, right? They are not you and me with more resources, money, education and can afford to pay for high-quality non-standard care.

So I guess I am going to throw the question back at you, which is: is there an appetite? Who is going to do it? If not the State Government, then who? Where can you step in? What is the money? What can you do? Are you starting with the jobseekers and seeing what works? Is this an opportunity to roll out and kind of test different models for child care and then see if you can scale it up for a general population?

Ms ADDISON: Yes.

Assoc. Prof. RUPPANNER: Yes. Sorry, and then the other thing is that you do not have to reinvent the wheel, right? There are governments around the world that are doing things like this. It is not like you have to say, 'Oh, okay, I just have to figure this out alone'. Other governments are grappling with the same issues, so you can take the best practice from other countries, other governments at different levels, and see what actually is working. I can talk more about that. I actually have a book about this on US states. I could talk more about that, but I will just zip it at this moment.

The CHAIR: If you could provide further information at some point, that would be good.

Assoc. Prof. RUPPANNER: Do you want to read my book? Signed copy.

Ms BROWN: I think we might get to this later but perhaps just to add to that and what the State Government could perhaps do, one thing that we have suggested is that there is a strong opportunity for Jobs Victoria and employment servicing at the state level to really complement jobactive and the employment services from the federal level. The jobactive system is obviously being reformed as we speak, and we can go into details about that, but I think there is a really strong position for Jobs Victoria and employment services here to be filling those gaps. I think child care is a really interesting example of where that could happen. So perhaps it is providing access to child care above and beyond the 6.00 am until 6.00 pm standard, for instance, or certainly around helping with the local engagement of employment services with industry and community. That is a really strong role, I think, for state-based employment servicing. So it is a sort of complementary approach that we would be suggesting.

Dr OLNEY: I have a question for the Committee. Sue Olney from the Public Service Research Group in Canberra. I am interested in what the Committee regards as sustainable employment, whether that to you means a job that is sustainable or whether it is capacity to string together unsustainable work into something that becomes ongoing work.

The CHAIR: The hearing is mainly about determining what needs to be done going forward and making recommendations on the basis of sustainable employment for the disadvantaged—that cohort of people that are finding it really difficult to not only find a job but be in a job for longer periods of time. So what do we do as a Government to make sure that they are not only job ready but also trained properly and accredited properly to see them into a career which is sustainable, where they can actually be in a job and be happy in a job for a long period of time. That is the objective of this Inquiry.

Dr OLNEY: So then I would say part of that is that our focus is very much on changing the jobseeker, so changing their skills and attitudes and approach to searching for work.

The CHAIR: A combination of a number of different things of course.

Dr OLNEY: But, yes, I think the issue is that a lot of jobs available to disadvantaged jobseekers can be unsustainable work, and there are incentives built into the system for service providers to move people into that sort of work. Historically evidence has said if you put people into short-term work, then they build up capacity to work and they become engaged in the labour market, but more recently we find that that is in fact not the case and that churning in and out of employment and having long breaks between jobs is in fact working against these people in terms of their attractiveness to employers.

Assoc. Prof. RUPPANNER: It is called 'scarring', right? You are talking about the scarring.

Dr OLNEY: Yes, I am.

The CHAIR: Do you have any data or stats?

Dr OLNEY: Yes, there is quite a lot of academic research on that. I am happy to provide that later, and I am sure Leah can too.

The CHAIR: That would be good.

Ms ADDISON: So just to clarify, people who are seen as going in and out of the job market are then seen as unreliable or unsuitable or inconsistent, so it is actually a mark against your name?

Dr OLNEY: It becomes a barrier to work.

Ms ADDISON: Not an, 'Oh, look, you are gradually improving and perhaps this will be the final piece that we are waiting for to get the sustainable role'.

Dr OLNEY: I would be happy to provide evidence around that.

Assoc. Prof. RUPPANNER: And there are long-term effects too. The Melbourne Institute are doing a lot of work on this. There are long-term consequences. So it is not just initially following it, but it lingers and there is some evidence that it gets passed down to their kids—that those that have this kind of precarious scarred employment, their children have worse outcomes. So again it is thinking about it as a whole.

Dr OLNEY: And part of that is the incentives within the welfare-to-work system that drive providers to behave in certain ways about moving people in and out of work.

Ms THEOPHANOUS: Annabel, you mentioned place-based approaches. I am interested in what you think are the aspects of that that make it work.

Ms BROWN: Yes, absolutely. This is something that we have done quite a bit of work on, looking particularly at place-based approaches to boosting social and economic participation for refugees. But there is huge applicability I think. The sort of element that we have discovered as being fundamental to the success is the backbone organisation or anchor organisation. So ideally that organisation is truly local. They are respected, they are relatively neutral in terms of service provision, they have connections to community and they have connections to industry.

Ms THEOPHANOUS: Do you have any examples of an anchor organisation?

Ms BROWN: Yes. In Wyndham, which is the closest we have to an emerging place-based approach on this issue, it is the Wyndham City Council which is playing the backbone role.

Ms THEOPHANOUS: I was going to ask if it was council.

Ms BROWN: The local government role, that is right. They work very closely alongside WCEC, which is a local service provider, but they also of course have links to industry and to community. They have got the motivation for a bigger social and economic inclusion framework and piece, so that makes them really ideal. For that local actor to have the authority and the ability to coordinate between other providers and support services is really important, and ideally you would have some sort of governance over those local consortia which allows them to adapt any national programming or perhaps even state programming to the local context. Then pooled funding from different funding sources is ideal, but it is not absolutely a necessary prerequisite as long as there is one single reporting and accountability system so those consortia or those providers are not spending all of their time meeting multiple accountability demands. We have been working on an idea of the tight-loose-tight framework, which essentially makes relatively tight outcomes around what a place-based approach is trying to achieve that are collectively understood and looseness in how those providers are allowed to go about achieving those outcomes—so looseness in terms of delivery and then tightness around the measurement of outcomes to set up that system. We have also, as I said earlier, found that a holistic case assessment—some sort of tool—and then a case management process that is based on that holistic assessment is also really crucial.

The CHAIR: Can I get your views on mutual obligation in relation to how you think that policy works?

Assoc. Prof. RUPPANNER: Can you define 'mutual obligation' and what you are thinking about there?

The CHAIR: Well, in relation to the requirement of mutual obligation to access some funds through the period of time when you are looking for a job. In that time obviously you have no income, so there are certain

mutual obligation agreements in place between the Federal Government and the jobseeker. What are your views on that?

Dr OLNEY: I can start with that. I think that there is an enormous cost to governments in that mutual obligation requirement the longer that someone is unemployed in relation to the benefit that it provides in preparing them for work. I think we have a lot of people who have been unemployed for a long time swirling around government-funded systems meeting their mutual obligation requirements and it is not moving them any closer to work. In fact with reforms to vocational education and training we have a number of unemployed people who are incurring debt for training in order to sustain a very minimal amount of income support while they are unemployed. I have done some research into long-term unemployment, and there is no doubt that people end up on a treadmill of activity that is not helping them to find work.

Ms BROWN: Certainly from what we have seen from the jobactive system I think it is not just about the mutual obligation aspect but it is also about the incentives and pay points for providers when they are coupled together. So, for instance, if a jobactive provider is paid upon placement and not paid for anything else, then they focus their attention on placements wherever that placement may be and no matter how sustainable the placement is. When that is coupled with mutual obligation which is excessive, meaning the clients are literally spending all of their time meeting these accountability demands, it means that they are just applying for anything that they can apply for, with no wraparound supports for instance, with questions such as—where is your career heading, what is it that you would really like to do, will you be able to stay in this job and do you have the support you need to do that? So the system really sets itself up for churn, essentially. Churn of everybody involved—churn of clients, churn of case managers.

Mr ROWSWELL: And that was at the heart of the questions I was asking the earlier witness in relation to the requirement of the 26 weeks of sustained employment and the minimum of 15 hours per week. I just wonder if that is in fact a benchmark that once it is almost reached and then reached both the employer and the employee have a sigh of relief as to, 'We have reached the benchmark, that box has been ticked' as opposed to that broader picture, caring for the needs of the person and the individual, saying, 'What are the options beyond this 26 weeks?'. You are giving evidence here today suggesting that the system is set up for churn. You would agree with those statements?

Ms BROWN: Yes, I would. Certainly what we know of the jobactive system as it has been delivered—

Mr ROWSWELL: So what needs to change?

Ms BROWN: So one of the issues, as I said, is around incentives and pay points—what is valued, and therefore what is paid for—so we have been suggesting, for instance, that you have different pay points around employment readiness, around development of career planning and around post-placement supports. So you are not just valuing getting somebody into any job as soon as possible. There are also the case loads around jobactive. It was understood to have a 1 to 148 case load—case management. It is impossible to support somebody's individual needs when you have got that sort of case load and when there is this compliance that is simply setting you up to churn. So there are a few tweaks you can make in that kind of system.

Mr BLACKWOOD: I was going to ask you, just going back to earlier comments about short-term employment opportunities being counterproductive to finding long-term employment, what do you think we can do and how do you think we can encourage employers to be more aware of that and encourage them to be more involved with disadvantaged jobseekers in that space?

Dr OLNEY: The research that I have done suggests that putting the focus on the employer rather than the jobseeker, in the case of disadvantaged jobseekers, is useful. So if there is some benefit to the employer to take on a disadvantaged jobseeker in preference to the many other people looking for work—because the elephant in the room of course is that we have 700,000 people on Newstart, we have 1 million people who are underemployed looking for work and very soon we will have close to 200,000 people with disabilities coming through the NDIS scheme looking as well. That is an enormous labour pool for employers to draw on. So if we say that, in order to reduce the lifetime costs of disadvantaged jobseekers being marginalised in the labour market, then I think we have to really focus on employers and say what benefit it is to employers to put those

people into work in preference to someone else. And that is not going to happen by focusing on sending the disadvantaged jobseeker to TAFE or making them go to parenting classes.

I mean, I am speaking bluntly because I think that this is the way to get people into work. And the costs of these disadvantaged jobseekers to government over their lifetime is far more expensive than someone who is just frictionally unemployed for short periods of time.

Ms ADDISON: Drawing upon Annabel's response and Sue's response, the Jobs Victoria network is funded to operate until May 2020. You have started to talk about what you would like to see in terms of what is valued and what is paid for. What would you suggest would be, looking forward, a better model or an improved way of doing business for these people?

Ms BROWN: I will start but I will not go too long. Our submission put forward three recommendations in this regard. They are not just about jobactive, but about where Jobs Victoria sits within the broader service system, including federally. So one would be we believe that now is a great time to be investing in place-based approaches—building on what Jobs Victoria has already learned and the strengths—and supporting the sorts of trials that are already going on like in Wyndham but also potentially investing in other areas and integrating employment services into the broader place-based approaches that the Victorian Government might be considering for disadvantaged cohorts, and making sure employment is in there as a really important service.

The second area would be the enhanced services part of the new jobactive system is currently being trialled in a couple of places, or the trials are coming online in a few months, but we do not think that there are enough trials and we do not think that those trials are with specific cohorts. So Jobs Victoria, or the Victorian Government, could invest in more trialling of that enhanced system, perhaps with a complementary state service. Those trials are going to be really important in informing the next jobactive system, which as you know is a big system and runs for a long time.

Thirdly, we would suggest that Jobs Victoria and jobactive essentially come together as one employment service for Victorians post 2022, which is when the jobactive system is up. The jobactive system is always going to struggle with local connection. It has got very low employer penetration at the moment—4% of employers are engaged in jobactive—so it is always going to struggle with local industry engagement. All of those things Jobs Victoria or a state-based employment service can really complement and assist with.

Mr ROWSWELL: May I throw a philosophical cat amongst the pigeons? Is it the role, in your view, of government to be providing such services, or is it the role of government to be providing the resources to service providers whose bread and butter is to be providing those services? Is this a direct role of government, or are we going to get better employment outcomes if governments step back from direct involvement in this and simply provide the resources to service providers?

Assoc. Prof. RUPPANNER: Can I answer just on the child care front? I think some of the evidence is that when governments step back and deregulate child care and have it become a for-profit industry, what happens is they make profit, right? So I think for me as a philosophical question: yes, the government has a role in this and in particular in thinking about what are the public goods. So we think about this in terms of education, we think about this in terms of health and roads. There are a million things that you guys would say, 'Yeah, yeah, yeah, I agree that profit is less important than having a good service'. I think for the child care piece, which is the piece I can speak most directly on, that this is something that has been assumed to be able to be addressed in the market, but when governments do that what happens is the services are not necessarily better and the costs do not go down, but people make more money. And so if we can reconceptualise that dimension as, 'That should be a public good', in which we do not think about resources and profit but we think about outcomes.

Mr ROWSWELL: Anyone else?

Dr OLNEY: Yes. I think when we are talking particularly about disadvantaged jobseekers, preparing and equipping them for work spans a lot of different government portfolios and jurisdictions. So we would have to say, 'Who is it that would have the overarching authority to work their way through competing priorities in these services, who will decide the most effective way to prepare someone for work and who will make sure

that the jobs are there for them?'. That is something that I think the market will not solve, because that is something that the Government, as Leah said, is working towards as a public good.

At the moment we do not have anyone capturing metadata about what is happening. We do not have anyone who has got authority to. For example, one of the first referrals that a disadvantaged job seeker will get from jobactive is to go to a GP. Would you suggest that a GP is part of that system of preparing someone for work? These are the sorts of issues that you have to tease out, because one of the trends that we are seeing globally is that there is a tendency to medicalise long-term unemployment. So we see a lot of early assessment of people who are excluded from the labour market as having mental health issues. Obviously we know that drug and alcohol issues are common in that group as well, so it is a messy space to work in. It is not just about saying, 'How do we skill people up for jobs?'; it is about what jobs are available and what people are around that we expect to work.

The CHAIR: We have gone over time. It has been very interesting. Thank you so much for your presentation. Thanks very much for being here.

Witnesses withdrew.