



BROTHERHOOD
of St LAURENCE
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18 June 2007
Mr. George Seitz
Chair
Outer Suburban/Interface Services and Development Committee
Parliament of Victoria

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Dear Mr Seitz

Inquiry into Local Economic Development in Outer Suburban Areas

Thank you for the opportunity to make a submission to this Inquiry on behalf of the Brotherhood of St Laurence.

Our submission addresses some of the broader issues confronting economic development in these areas over the next decade and offers specific suggestions in regard to terms of reference five and seven.

The Brotherhood of St Laurence has worked in the outer suburbs of Melbourne for over fifty years. As in the past, our current work reflects our commitment to addressing economic and social disadvantage in these areas. Our experience has taught us of the importance of economic development at the local level and the importance of integrated economic and community planning. Such integrated planning is an important element of addressing disadvantage in outer suburban areas.

This submission details the Brotherhood of St Laurence's views about some of the issues covered by your committee's terms of reference.

We would be pleased to comment further upon more specific proposals as they emerge through the deliberations of the committee.

Yours sincerely

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Brotherhood
of St Laurence

Working for an Australia free of poverty

Submission to

*Outer Suburban/Interface Services and
Development Committee
Parliament of Victoria*

Inquiry into Local Economic Development in Outer
Suburban Areas

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Introduction

The Brotherhood of St Laurence welcomes the opportunity to make a submission to this inquiry into local economic development in outer suburban areas. The Brotherhood has many years' experience contributing to economic and community development in the outer suburbs and interface regions and in inner-city Melbourne.

Many outer suburban areas are grappling with high unemployment, underemployment and higher than average incidence of low-paid jobs. Recent figures on actual unemployment rates in the City of Hume Areas are indicating unemployment rates as high as 18%. The migration of people on low incomes to the outer suburbs, seeking affordable housing and better lives for their families is creating increasing social and economic demands on local government authorities in these areas. It is also creating increasing demand for employment and training opportunities in these areas.

The cost of road and public transport is exacerbating economic hardship for people on low incomes.

These areas face significant urban, economic, social and infra-structure planning issues over the next decade and beyond. In addition, solutions to climate change will have a significant impact in these areas because of the costs to household budgets of the carbon trading scheme when it is eventually introduced. The Brotherhood of St Laurence contends that the differential impact of climate change strategies on low income households is an issue that has to be factored into the climate change reform agenda.

The Brotherhood of St Laurence recognises the critical connections between employment, transport costs, affordable housing, educational opportunities and service infra-structure in the outer suburban areas. We support the need for stimulatory economic strategies to encourage business development and consequent increases in employment outcomes.

Economic development and community development cannot be viewed separately. For example, the connections between business and communities need to be factored into Local Economic Development Planning at an early stage. This is no more pronounced than in disadvantaged neighbourhoods and communities, and their ability to impact on the local labour market. Moreover, the emerging Community Enterprise Sector can assist communities to explore new ways of working and potentially create new jobs for local people.

Our submission will focus on terms of reference numbers 5 and 7.

Terms of reference

5. Examine and report on ways in which councils and government at all levels can encourage economic development, enhance and promote employment opportunities and attract new investment

Good local economic development planning can provide training and workforce participation opportunities for those who are disengaged from the workforce, thereby creating more wealth for the individual and the community as a whole.

Business, government and community partnerships

Local partnership approaches have the potential to connect business, community and government at all levels and are an effective strategy for generating business and employment opportunities. They can identify new prospects and levels of innovation that no one partner can bring to the table. This can lead to innovative economic development that enhances and promotes employment opportunities and attracts new investment. For example, The Brotherhood of St Laurence is member of the Laverton Partnership which aims to develop a new place-based model of community renewal. The project works to develop a combined community, government and business planning approach for that particular neighbourhood (similar to State Government's Neighbourhood Renewal Programme). Members have committed to a partnership strategy that connects local economic development, community action and environmental renewal. This is one example of "joined up thinking" that looks to reap the benefits of a coherent approach to the delivery of services to local people.

Transitional Employment Programs

An example of innovative economic development that can emerge from local partnerships is the Brotherhood's Transitional Employment Programs, the detail of which is provided in response to term of reference no 7. Transitional Employment Programs, which combine training with work experience and personal support, build stepping stones to unsubsidised employment. Such programs focus on the long-term unemployed by re-engaging them, then involving them in structured training and work experience to prepare them for competition in the open labour market. This is in contrast to many mainstream employment programs which assume jobseekers are ready for competition in the open market. Transitional Employment Programs target particularly disadvantaged areas and provide services that address a community need. Individual participants gain employment and social benefit is gained from the service offered. The programs also provide training and wages for the participant. The flow-on effect of this is a more skilled and prosperous community, leading to positive social flow-on effects.

A high degree of 'localism' is important in the delivery of economic participation programs such as Transitional Employment Programs. In our experience, local governments have the potential to play an important role in the facilitation of local outcomes. They are able to use local knowledge to bring local community, business and

government sectors together ensuring that strategies are connected and ongoing challenges are addressed..

The Brotherhood of St Laurence has experience running Transitional Employment Programs in the Yarra city Council LGA focusing on labour intensive, skills shortage industries. The details of our model are provided below.

7. Identify new and emerging sectors and how they can assist economic development in outer suburban areas, including innovative examples of business incubators, home based businesses and social enterprises

Although the Brotherhood has most experience delivering Transitional Employment Programs in inner-city Melbourne, the model could be easily applied in interface regions. We believe that the expansion of a model such as this, together with focused support from Council Economic Development Units in the outer suburbs, could contribute to employment prospects for the long-term unemployed in outer-suburban areas.

Brotherhood's program

The program targets the long-term unemployed in disadvantaged communities, and leads to one-year traineeships with one of the Brotherhood's community enterprises, which include a concierge, community information and referral service for the Victorian Office of Housing on two housing estates in inner Melbourne and a street cleaning service for the local council in the same area.

Engagement with local communities is the first step and the building of trust among people in the target communities, such as the two housing estates, who have been disengaged from the labour market long-term and may be disillusioned by the experience of other programs that did not lead to permanent jobs. Many of them may not even be looking for work, due to lack of confidence, appeal to employers, work experience, and lack of appropriate skills.

In Collingwood and Fitzroy, local engagement included:

- onsite Job Club that assists those keen to work with writing CVs and other practicalities
- developing relationships with community leaders
- general presence on the estates
- promotion through ethnic publications

A local presence is critical for recruiting people to the program. On new sites the process of making connections with disadvantaged people would be replicated by organisations that already have a presence there.

Participants undertake a five-week pre-employment course, which is a pathway to a 12-month traineeship. It includes work experience and training in the field they are preparing for at the next phase, and participants are also trained in "work readiness" skill, such as

punctuality and reliability. Program workers give feedback to case workers from agencies such as Job Network about those who are not ready for a traineeship.

The participants gain traineeships in BSL community enterprises, including the concierge service, called the Community Contact Service, and the street cleaning service. They are also trained for a nationally accredited Certificate II or III. Unlike positions in open employment, they receive intensive supervision and the support of a field officer for personal issues. They can then join the open job market with the advantage of a nationally accredited certificate and a year's industry experience and skills.

Once the traineeship is completed the field officers continue to support, advise and motivate participants, who are also referred back to mainstream job-placement agencies. The program helps them find jobs through its links with employers and is establishing relationships with other employers to provide more pathways to work. Support from more businesses through employment opportunities would assist participants to gain jobs – participants who have demonstrated skills, work experience and work ethic through completing the program.

At the engagement stage of the program external funding comes from the Victorian Government's Neighbourhood Renewal scheme for disadvantaged communities. At the pre-employment stage the funding sources – which are also available to mainstream businesses – are the Federal Australian Apprenticeship Access Program and Workforce Participation Partnerships from Department of Victorian Communities.

Funding sources during the traineeship/work experience phase include Federal traineeship incentives, wage subsidies (funded by Department of Employment and Workplace Relations) negotiated with Job Network and revenue from the enterprises the trainees work in. These sources are also available to mainstream businesses. At the open employment stage participants can access mainstream services funded by the Department of Employment and Workplace Relations for job placement.

Ripple effects of targeting long-term unemployed from particular disadvantaged communities include:

- community pride is boosted
- positive role models lead by example
- individuals and communities benefit from wealth creation
- new workers are brought into the economy
- benefits of workforce participation include further skills development

Focusing community enterprises on people in a particular area is part of the Brotherhood's aim of countering “postcodes of poverty” through such programs to strengthen disadvantaged communities.

The model need not apply only to community agencies. For-profit businesses could also implement similar transitional pathways, with funding support from government.

The model does not work for all industries, working best in skills-shortage industries, where on-the-job training is feasible, advanced skills and knowledge are not needed and the enterprise is labour-intensive.

The approach focuses expenditure earlier in the process of moving long-term unemployed into the labour market, rather than at the job-search stage, where many other programs kick in. Public sources of funding for the engagement phase and for pre-employment training are limited.

The costs at the stage of engaging the long term unemployed and providing pre-employment training are additional to the costs of other employment programs, but the Brotherhood expects that in the long term costs will be reduced as formerly long-term unemployed people move into sustainable employment and stronger communities are created.

Income from community enterprises is an important component of revenue for the Brotherhood's transitional employment programs. The Brotherhood runs the enterprises largely through contracts with like-minded purchasers of services. For example, the Victorian Department of Human Services requires tenant employment for some public housing contracts.

Transitional employment programs would be boosted through working collaboratively to identify training and employment prospects. Such "social procurement" presents a significant opportunity for government to create better social and economic outcomes from the services it contracts out.

For further information regarding this submission, please contact

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