

Tasmanian Government Submission

Inquiry into Workforce Australia Services

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Introduction

The Tasmanian Government welcomes the opportunity to make a submission to the House Select Committee's inquiry into Workforce Australia Employment Services.

The Tasmanian Government supports the Australian Government's commitment to improve and reform the employment services system and has taken the opportunity post-covid to implement its own labour market participation and employment agenda.

The Tasmanian Government is eager to explore opportunities to improve collaboration and coordination of effort between the two levels of government to better to address the challenges in the system and better meet the needs of Tasmanian job seekers and employers.

We have demonstrated in this submission, based on evidence and feedback from our industry and community stakeholders, that State and Federal systems can work together, but there are still inefficiencies, barriers and a level of distrust in the employment service system that is resulting in some poorer outcomes and possible cost shift.

It is acknowledged that the *Workforce Australia* model is in its relative infancy in implementation, and the commentary in this submission has been framed as a more effective model of working. This includes the retention of some elements already in place under the new model, in particular those enabling greater flexibility for providers and participants, but moreover a provision of service to both job seekers and employers that is more personalised, less transactional, and seated in trust and integrity.

We welcome the opportunity to work with the Australian Government to further explore a model of collaboration that drives real and sustainable outcomes through a place-based, person and business centric approach to employment services.

Executive Summary

Like the rest of Australia Tasmania's labour market is strong resulting in labour shortages across every sector of the economy. Despite this, some structural challenges remain that differentiate our labour market from other jurisdictions, including our lower rates of workforce participation, productivity, underemployment, and higher rates of long term, and youth unemployment.

Our State's significant share of small and micro business in the employing sector^[1], statewide accommodation challenges, strong reliance on networks and word-of-mouth to find work or candidates,^[2] higher median age and rates of disability, relatively high levels of disadvantage and dispersed population create additional challenges in bridging the gap with other states and territories.

The Tasmanian Government has implemented reforms to try to address these challenges by transitioning TasTAFE to become a more agile and contemporary public training provider and has created Jobs Tasmania and the Regional Jobs Hub Network, to better connect and coordinate services and training in our communities and to support businesses to find the staff that they need to meet workforce demand.

The Job Hub Network covers every regional Local Government Area in Tasmania, and every Hub is overseen by a Board with local expertise drawn from community, local government and business sectors.

This work is already delivering impressive results for job seekers and businesses, particularly in our regional communities with:

- Almost 3 000 Tasmanians have been supported into work and thousands of training hours coordinated in communities outside Hobart and other major population centres;
- Over 7 000 job seekers have registered with Jobs Hubs; and
- Over 5 000 Tasmanian employers have been supported.

Achieving the desired outcomes of both governments requires devolution of policy, program design and implementation to the state level; Vocational Education and Training (VET) investment needs to be system-managed locally (by the State Government) to meet unique industry needs, and employment services, while remaining an Australian Government responsibility, requires a more empowered and engaged state office to allow greater inter-governmental collaboration, local decision-making and flexibility.

The Premier's Economic and Social Recovery Advisory Council (PESRAC) identified gaps in employment services and social, economic, and structural barriers that are perpetuating both workforce shortages and unemployment.

PESRAC observed that the JobActive model was transactional, administratively burdensome for providers, created little incentive to place people in appropriate long-term jobs, and that many of these providers had developed a reputation for poor referrals and practice, despite the best efforts of local organisations.

However, as outlined in the State's submission to the *Employment White Paper*, more intentional collaboration and alignment of effort between Governments is needed between the Australian and Tasmanian governments. This could include piloting a new approach or at a minimum ensuring that programs and outcomes delivered by the State Government for Workforce Australia participants are paid for by providers.

^[1] Approximately 90% of all businesses in Tasmania are classified as small or micro business - Australian Bureau of Statistics, Data by Region, 30 June 2021

^[2] National Skills Commission, Recruitment Experiences and Outlook Survey, September 2022

Tasmanian Government's Position

As outlined in the State's submission to the *Employment White Paper*, a more coordinated approach and alignment of effort between governments is needed, and this submission further details the opportunities and recommendations to support this objective as it relates to the employment service system. In summary:

- A more flexible, agile service model would enable Workforce Australia providers to deliver place-based responses and adapt to local context and need.
- A place-based approach requires a more empowered State office (Department of Employment and Workforce Relations) to support local decision-making and to co-design solutions that address local needs.
- The employment service system is complex to navigate and can create further barriers for disadvantaged cohorts to access the support they need. A more connected employment service system will minimise cost-shifting between governments, enable service organisations to leverage shared networks and resources, and provide more holistic, wraparound support to job seekers.

- As demonstrated by the success of Tasmania's Regional Jobs Hub Network, a more person-centric approach that focuses on genuine and meaningful job-matching is needed to deliver long-term employment outcomes for both job seekers and employers.
- The development of a performance and accountability framework will ensure a minimum standard of service and improve consistency of engagement with other service providers (including the Regional Jobs Hubs).

Tasmania's response to the Terms of Reference and Identified Issues

1. The implementation, performance and appropriateness of Workforce Australia Employment Services.
2. The extent to which Workforce Australia Employment Services delivers services in a way that is fair, leaves no one behind, respects individuals' diverse needs, and supports job seekers into secure work, in particular, its support for long term unemployed and young people.

The underlying policy objectives for employment services.

The Tasmanian Government is of the view that this inquiry provides an opportunity to create a considered and connected service system, that can better support people through various life stages to overcome barriers to employment and provide businesses with access to a skilled workforce.

Workforce Australia providers need to have capacity and flexibility to facilitate appropriate training, work experience and/or job placement based on what the candidate needs rather than what is available to that particular provider. A system that supports collaboration not competition and compliance is proving to drive better outcome. In some of Tasmania's regions now, where the communities' job seekers and employers are served by a neutral broker via the Regional Jobs Hub and all stakeholders share the outcome.

In Tasmania, the range of approved activities (under the new Points-Based Activation System) available to job seekers in regional communities through their local Workforce Australia provider is often limited. For example, in some communities there is only one not-for-profit organisation with the capacity to host job seekers, and limited access to public computers for online activities.

The current funding model is prohibitive for not-for-profit organisations to partner with Workforce Australia providers to design and implement activities that would deliver more meaningful experiences and opportunities for jobseekers, but in partnership with Jobs Hubs there is the opportunity to scale activities and training that may be both more appropriate and cost-effective.

The architecture of employment services, such as market and organisational structure.

In 2018 the Tasmanian Chamber of Commerce and Industry (TCCI) and Tasmanian Council of Social Services (TasCOSS) undertook a review of the Australian Government employment services delivery model (JobActive), as it operated in Tasmania. The objective was to identify the key structural and operational issues and develop a proposal for an alternative job seeker and employer engagement model.

Findings from the review were consistent with the anecdotal evidence from communities and organisations operating in the community and employment services systems – job seekers, particularly the most disadvantaged and those facing complex barriers to employment, were not adequately prepared for the transition into labour force, and employers again pointed to the failings of JobActive providers to refer suitable, job-ready candidates.

The Tasmanian Government's Regional Jobs Hubs are a point of self-referral for job seekers, and data to date points to more than half their caseloads not being connected to Workforce Australia at all (by choice or eligibility), thereby providing a greater pool of talent to accurately job-match and satisfy employers' specific needs. This service model – relational not transactional – builds greater credibility in and across the whole system for all stakeholders' benefit.

TCCI and TasCOSS' investigations found that most job seekers registered with providers did want to work, but felt their individual needs, abilities and aspirations were not sufficiently addressed and that more individualised services were needed to deliver more appropriate job-matching and pre-employment support.

Recommendations included:

- To improve the quality of service provision, a system of mutual accountability that upholds the rights and responsibilities of program participants and employment services staff in a culture of reciprocity.
- Greater flexibility in meeting mutual obligation requirements, allowing the job seeker to be an active participant in setting their own goals, making commitments and shaping their own destiny.
- Employment services that are more responsive to local labour market conditions through increased employer engagement and support.
- A place-based approach that is more responsive to local needs, supported by strong local partnerships to improve outcomes for job seekers and employers.

This place-based approach is the foundation of the Tasmanian Government's Regional Jobs Hub model, which has proven to deliver the more meaningful and sustainable employment outcomes for both job seekers and employers. The Workforce Australia model needs to provide the maximum flexibility to adapt to local context and accommodate regional barriers that can support Tasmanian job seekers' needs and unique barriers to employment.

Additionally, the traditional hub-and-spoke model continues to result in under-servicing and a lack of presence in regional areas. This is despite these services are likely to be needed more due to higher levels of disadvantage and other associated barriers to employment. Continuity of engagement and trust that comes with that are critical to achieving change.

People living in regional and remote communities in Tasmania are more likely to have trouble accessing transport, and have lower levels of literacy, numeracy, and digital competency, which further impacts their ability to negotiate the complex bureaucratic processes associated with the employment service system. Ultimately, many of these people become completely disengaged with work or training, which despite a strong economy and unprecedented demand for workers further drives Tasmania's lower levels of workforce participation.

The move to online servicing of Stream A clients – who are regarded as inherently more 'work-ready' – may exacerbate the challenges of Workforce Australia providers as credible partners to business and industry. There is already evidence that many of these job seekers are being supported by the Regional Job Hubs or other Tasmanian Government programs interventions which may potential be leading to a cost shift for those participants.

The ways in which services are delivered to individuals versus what services they may need. Supporting jobseekers into suitable, sustainable jobs.

Jobs Tasmania has appointed the Brotherhood of St Laurence in partnership with the University of Tasmania to evaluate Tasmania's community-led employment model. Through the co-design of impact indicators with the Regional Jobs Hub Network it has been identified that one of the most important features of the Hubs' service to communities is trust and care. Hub staff do more than just connect job seekers to job vacancies, they take the time to understand people's aspirations and needs to reveal the underlying barriers preventing them from reaching their goals or identify the skills and qualities they have for successful, sustainable job-matching.

Feedback from the Hubs indicates that some Workforce Australia providers do not engage with their participants in the same way, a trend that has not changed from the transactional approach seen in the previous JobActive system.

It is also evident that the Hubs are often providing support to participants that should be delivered or funded by their Workforce Australia providers, including;

- supporting job seekers to update or draft a resume or cover letters,
- supporting job seekers with job searches and application processes, and interview preparation.

Where the job seeker's relationship with their provider is not constructive, Hubs are also assisting job seekers to advocate for themselves and are providing support to navigate the associated red tape. The high staff turnover rate in the Workforce Australia providers leading to inconsistent service provision and variability in staff skills and experience.

Stories from across the Network, as highlighted in the case studies below, demonstrate how Hubs make a difference by getting to know and understand their participants first, so that they can connect participants with the right supports and opportunities to help them achieve their goals.

Case Study 1: Transactional approach to supporting Job Seekers

A Workforce Australia job seeker attended a Regional Jobs Hub at the request of their provider. The job seeker was unsure why they had been referred to the Hub, and the Hub had not received any communication from the Workforce Australia provider to introduce the participant or provide detail about the job seeker's history or circumstances.

Without these key points of communication and connection, the job seeker felt like they needed to 'tell their story all over again', including details about their challenges or barriers that were difficult to talk about. This disconnect also demonstrates the power imbalance that can occur between job seekers and providers – in this case, the job seeker attended a meeting at the request of their provider without knowing if the service would be aligned to their journey.

Hubs have also reported that participants feel they are directed towards training that does not align to their employment goals, is not reputable or recognised by employers, or does not align to employment opportunities in their area.

However, from their first interaction the Hub was able to start building trust and credibility with the jobseeker by offering relevant advice on local training opportunities and complementary support services.

In this instance, stronger collaboration and communication between State and Federal employment services would have improved the provision of support, building trust between the job seeker and their Workforce Australia provider and progressing them further on their journey towards employment.

Case Study 2: Advocacy for supports aligned to actual needs

A Regional Job Hub recently connected with a job seeker, and Hub staff met with the individual to discuss their employment aspirations and suitability.

The job seeker disclosed that many years ago they had suffered an injury that prevents them from working full time, and that due to this injury the job seeker (with their family) decided they would be a full-time carer for their children.

When the children commenced school, this person transitioned from a parenting payment to job seeker payments, which required them to attend appointments with a JobActive Provider (and now a Workforce Australia Provider).

Although the job seeker has full-time mutual obligation requirements, they believe that they would require workplace modifications and supports to be successful at work due to the previous injury and current state of their health and has advised they have raised this with their provider.

The Hub is supporting this job seeker to advocate for a Job Capacity Assessment and/or an update to their job seeker classification instrument – noting it is extremely difficult to have a participant re-assessed once that are in active servicing.

Workforce Australia providers should have identified the discrepancy between information contained the system and the individual's actual circumstances, providers should be empowered to request updates to the information held in the Workforce Australia System, and should be able to provide information to assessors within Services Australia including observations, relevant history to support the assessed capacity of job seekers.

Case Study 3 and 4: Collaborative effort

A Regional Jobs Hub advised that an employee of one provider consistently provides an email notice in advance when referring a participant to a Hub, and then attends initial appointments with participants at the Hub, allowing for more comfortable and supported discussions on their personal circumstances, history, and barriers to employment.

The support demonstrated by this provider is one that empowers their staff to put the job seeker at the centre of their approach. It aligns with the methodology that it takes time, trust and rapport to support job seekers into employment.

This approach also demonstrates credibility and trust-building between services, and as a result the Regional Jobs Hub engages with this provider with in-kind support through referrals to available training and employment opportunities and by facilitating connections to additional business support and community networks.

It is acknowledged that not every provider can attend all appointments with all job seekers, but this example also demonstrates how services can build trust between each other to benefit job seekers.

In another example, a Regional Jobs Hub, unable to fill local vacancies through their pool of registered participants, worked with a local Workforce Australia provider to identify potential candidates from within the provider's caseload.

Due to the existing and trusted relationship with the Hub, the employer was more willing to consider these candidates, and all referred participants were offered employment.

The employer also indicated that they would be more likely to accept candidates directly from the provider in the future. Additionally, the Hub supported the participants to access transport to work initially through the Area Connect¹ program, and the provider is now working with one of the successful candidates to obtain a driver licence, with a view to providing transport (via car pool) to the other successful candidates in the future.

Examples like this demonstrate that employer engagement with Workforce Australia can be improved – through intentional collaboration with the Hubs, providers can leverage their networks and trusted relationships to facilitate better connection with employers and industry.

Hubs have demonstrated that it takes time to develop a relationship and build rapport with participants – often a participant's relationship with their Workforce Australia provider can feel transactional, and at its worst, distressing. A more holistic and person-centred approach is needed to create conditions for long-term and sustainable outcomes.

¹ The Area Connect Service is operated by Community Transport Solutions Tasmania and provides flexible, free or low-fee transport solutions to help connect regional Tasmanians to work, training or education where no other easy and/or traditional transport options exist.

Meeting the needs of employers and demand-led approaches

As described above, one of the key findings from TCCI and TasCOSS review was that employers did not feel that JobActive services were meeting their needs. Employers reported that participants referred to vacancies lacked basic employability skills, were not suited to the vacancy, and in many cases not interested in the role on offer. As a result, many Tasmanian employers chose not to engage with the Australian Government employment service system and have not returned under the new Workforce Australia model, which as mentioned will be further tested under the new model of digital and enhanced services.

Employment Service providers have reported that it is often difficult to meet the expectations of employers, increasingly so in the current labour market. With the new structure, which provides participants the option to receive provider-based or digital-based services, participants under a provider servicing arrangement are more likely to require additional support, training, and investment of time, and providers struggle to meet employer demand for job-ready candidates.

The issue of labour supply, and the lack of experienced, work-ready candidates, is a critical priority for the Tasmanian Government, and the Regional Jobs Hubs are proving to have a key role in addressing labour shortages, business growth and sustainability. The Hubs are embedded in – and accountable to – the communities they support, and they have trusted relationships with local employers that enables frank conversation and exploration of alternative solutions to better understand what they really need and help them to access candidate pools they might not otherwise consider; the Hubs focus on genuine job-matching and both employers and job seekers benefit.

Again, Workforce Australia providers can leverage the reputational advantage of the Hubs, which over time can boost the reputation of the provider and the system more broadly to facilitate better connection with employers and industry. However, it would be the Tasmanians Government expectation that the costs of these partnerships are recognised.

The nature of mutual obligations, activation, compliance and enforcement.

Although the Points-Based Activation System under the new Workforce Australia model provides more flexibility for participants to meet their mutual obligations, the nature of the structure has not substantially changed. It is often viewed as a ‘tick-box’ to qualify for financial support and can create an imbalance of power and contribute to psychological stress that compounds existing barriers to employment. The stress associated with meeting requirements for payment can cause both the provider and participant to focus more on achievement of points and less on personal and career aspirations and goals, and as a result employment outcomes – if achieved – are less meaningful and more likely to be temporary.

Critically, while there are considerable consequences for the participant, there is little tangible accountability for the provider.

In contrast, there are no obligation or eligibility requirements for an individual to engage with a Jobs Hub, and the Hubs are highly accountable as operators and staff come from and live in the communities they support. This creates more trust, improves engagement, helps participants to feel supported and valued, and ultimately delivers more meaningful, sustainable employment outcomes.

This is reflected in the strong engagement and uptake of services through the Hubs; to date, over 7,000 job seekers have sought assistance through a Regional Jobs Hubs, resulting in close to 3,000 employment outcomes for Tasmanians. This is likely an under estimate due to others, including Workforce Australia providers, getting outcomes as a result of Hub’s support.

Oversight and assurance of services, with transparency of research and evaluation.

The Workforce Australia Joint Charter commits to delivering quality services that are respectful, connected, simple and supported. Given the short time since establishment, it is difficult to fully assess Workforce Australia's performance against these principles, however, feedback from the Regional Jobs Hub Network and other key players within Tasmania's support service ecosystem reflects that quantitative key performance indicators and a lack of accountability for the quality of services limits the capacity and incentive for providers to substantially address previous JobActive service-delivery issues.

To ensure the Joint Charter's guiding principles are upheld, the Tasmanian Government recommends the development of a performance and accountability framework that supplements the Deed of Standing Offer and Service Guarantee and includes:

- Benchmarks / standards to define minimum levels of service provision.
- Benchmarks / standards to define minimum levels of collaboration and cooperation with other service providers (e.g. the Regional Jobs Hubs).
- Indicators of qualitative measures in relation to service delivery.

3. Other matters in relation to Workforce Australia Services

Cooperation, Collaboration, Coordination

Workforce Australia represents only one aspect of the employment services ecosystem, and Workforce Australia services may not be the best form of support for all job seekers. There is an opportunity – and in fact a real need – to improve the interconnectivity, collaboration, and reciprocity within the employment services system.

The benefits of a more connected employment service system are significant, both in terms of outcomes and return on government investment. Work is needed to avoid cost shifting and duplication of services and ensure there is no gaps in support for segments of the labour market.

While there are examples of a genuine collaborative efforts in Tasmania, there are many more instances where the relationship between Workforce Australia providers and other organisations operating in the employment service system is challenging and unproductive. In part this can be attributed to a lack of understanding about the role the different services providers fulfil, and in turn the way providers can – and should – work together to achieve mutual outcomes. However, some service providers have identified a culture of competition and mistrust, compounded by differences in funding structures and approach to service.

Case Study 4: Disconnect between local support / advice and funding decisions

An organisation working in the employment services sector was supported by the local employment facilitator (Local Jobs Program) to develop a funding submission to the local recovery fund.

The project was designed by the organisation and despite support and guidance from the facilitator the submission was unsuccessful, and feedback provided was very limited.

This demonstrates a disconnect between the local taskforce, the employment facilitators, and the funding decisions, impacting the facilitator's relationships with supporting providers and ability to build local relationships that drive outcomes.

Alternately, a State Office that is empowered to make local funding decisions and provide feedback to stakeholders would support local relationships to be developed and sustained, and would better support local organisations to develop programs that meet local needs.

Case Study 5: Collaboration between providers

The Employment Partnership Group is a collective of local employment service providers including Workforce Australia, who meet regularly to identify and develop collective opportunities that benefit the Burnie community. Recently the Employment Partnership Group coordinated an event for the 2022 year 12 Leavers at Hellyer College, the intent was to increase the awareness of services available post school for the graduating class. That the group has been in place for a decade is testament to the power of collective effort, and an equivalent group has now been established in Devonport.

Collaboration and cooperation will minimise cost-shifting between governments and duplication of effort and provide considerable benefit to job seekers and employers through easier access to locally appropriate support.

Conclusion

The Tasmanian Government supports the Australian Government's commitment to improving employment services and is grateful for the opportunity to make a submission to this inquiry. We have provided examples that demonstrate how a more coordinated, community-led and person-centred approach can drive meaningful, long-term employment outcomes.

We encourage the Australian Government to consider the State's recommendations and offer to collaborate and develop a model of working that could be replicated across other jurisdictions.

Tasmania's Regional Jobs Hub Network continues to deliver training and employment outcomes by connecting local people to local opportunities, but more importantly, we are using the experience to test and try ways of working to better meet the communities' expectations. The Australian Government has an opportunity to meaningfully contribute and partner in this work.



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