



**NYCA** NATIONAL YOUTH COMMISSION AUSTRALIA  
INQUIRY INTO YOUTH EMPLOYMENT AND TRANSITIONS  
National Youth Commission Australia

# EMPLOYMENT SERVICES **SUMMARY PAPER**

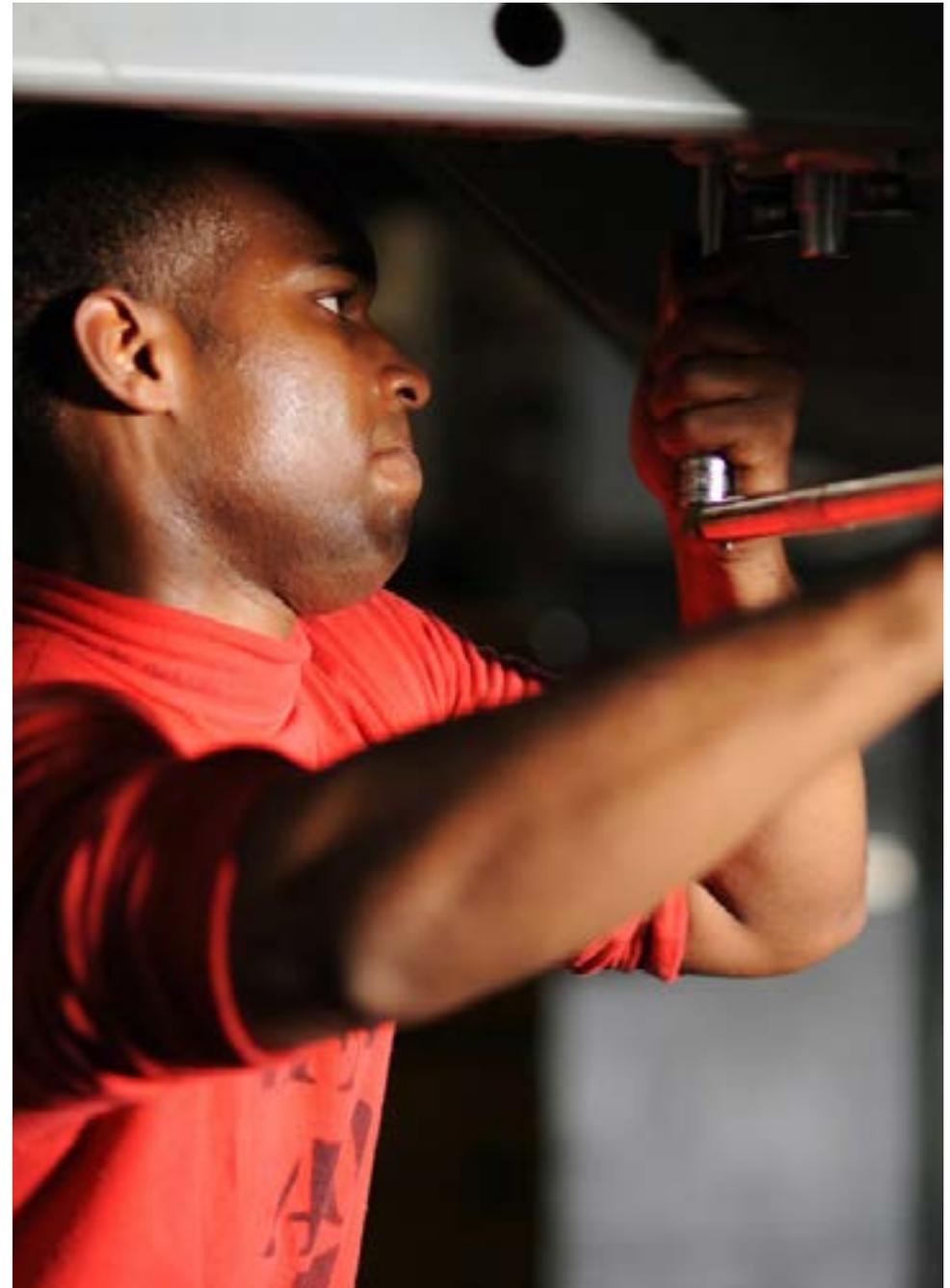
MAKING YOUTH EMPLOYMENT SERVICES FIT FOR PURPOSE

## WHY WE NEED REFORM OF EMPLOYMENT SERVICES

The purpose of employment services is to assist job seekers to prepare for and secure a job and to help employers find the right person for their business. Most young people need the support of individually tailored employment assistance to help them to effectively transition into the labour market.

The National Youth Commission Australia received evidence on the failure of the current employment services system to meet the needs of young people in preparing for and gaining employment. The employment assistance provided to young people in Australia falls a long way short of the intensive, personalised assistance provided by skilled and knowledgeable staff that is required by most unemployed young people.

The problems associated with the current employment services model are well documented. This summary report includes the key design principles for youth employment services and recommendations which the Commission believes will enhance the delivery of services to unemployed young people.



# KEY DESIGN PRINCIPLES FOR YOUTH EMPLOYMENT SERVICES

## 1. PERSONALISED SUPPORT

The general consensus amongst advocates and policy makers is that personalised services tailored to meet the needs of each individual is essential in helping young job seekers to make a successful transition into the workforce. This applies to young people entering the labour market for the first time as well as those who are at risk of disconnecting from the labour market and becoming entrenched in long-term unemployment.

Young people stated that they want to be treated as an individual and receive personally tailored

support. The reports from young job seekers confirm this is not the case with jobactive, indeed many of them suggested that they were regarded by the employment services provider as just another number in the long line of job seekers:

*I don't want to be treated as a number in the queue.*

Rick, Focus Group Participant, 13 April 2021

The Transition to Work program provides young people with the type of personalised assistance that all young people need and therefore should be entitled to receive.

**Recommendation 1:** All young people between the ages of 15-24 years who require it should receive employment support from the transition to work program.



## 2. CASELOAD SIZES

In outsourcing employment services, the commitment was that job seekers would receive 'one to one' counselling arrangements and ongoing, personalised relationships with the same staff person'.<sup>1</sup> Those appearing before the Commission consistently spoke of high caseloads which prohibit the development of personalised relationships with job seekers and limit the scope of individualised counselling and advice.

Case-loads need to be manageable to allow time and opportunity for the case worker to develop a constructive relationship and understand the needs and circumstances of each young person.

**Recommendation 2:** Contracts should stipulate maximum allowable caseload sizes (e.g. 40 per case manager).

## 3. SUSTAINABILITY OF JOB PLACEMENTS

Several of those who presented to the Commission commented on the perverse incentives within the jobactive payment structure that encourage providers to focus on finding short-term placements. It is more difficult and time consuming to provide ongoing support to assist young people to sustain longer-term placements. Given that providers receive a payment when the job seeker achieves a 12-week job placement, the tendency is to churn job seekers through short-term placements.

The fee structure for employment services needs to change to focus on the sustainability of job placement and incentivise providers to support young people in placements for up to 12 months. A Post Placement Support Diary should be introduced, to be completed by the employment services provider and young person, detailing specific issues arising post placement and documenting strategies to address these. Final placement payments to providers should be dependent on successful completion of post placement support as documented in the Diary.

**Recommendation 3:** Incentivise long-term placements of 52 weeks and introduce a post-placement support diary to record details of issues arising and remediation action.

## 4. SERVICE ETHOS

The operating ethos of employment services is centred on a corporate business model, where providers tender for a 'business share' in a contestable market. Any profits that accrue through the payment structure are retained by the organisation. It has been made clear to prospective tenderers that the tendering process is based on competitive neutrality that should result in a mix of for-profit and not-for-profit companies receiving contracts to deliver employment services.

There is significant research that suggests that the marketisation of human services generally has resulted in reduced quality of service and a focus on transactional cost scrutiny. Evidence presented to the Commission suggests that employment services are no exception.

The Commission supports a return to employment services that are accountable to the unemployed people that they are funded to serve, ideally delivered by a public sector entity or at the very least organisations that have a culture of service to the public rather than a focus on returning profits to executives or shareholders.

**Recommendation 4:** Develop a public service ethos and limit profit-taking by providers.

## 5. ENGAGEMENT OF YOUNG PEOPLE

Jobactive providers are contractually bound to monitor the activities of job seekers to ensure that they comply with Mutual Obligation requirements. The confused and conflicted double role of helper and enforcer has created 'ethical tensions for human services professionals working on the front line of welfare reform'.<sup>2</sup> This dual role had a detrimental effect on the provider's ability to build constructive and trusting relationships with young people.

Employment services should focus on coaching and mentoring to support young people, rather than maintaining a punitive compliance approach.

**Recommendation 5:** Reform the concept of mutual obligation and replace punitive requirements with a positive reinforcement approach for all young people.

## 6. STAFFING RETENTION AND SKILL DEVELOPMENT

A significant issue impacting on the effectiveness of jobactive is the high level of staff turnover. A survey undertaken by the National Employment Services Association (NESA) showed that staff turnover within jobactive was 42 per cent in 2016, which is almost three times the national average.<sup>3</sup> Large caseloads and the pressure to achieve performance outcomes was adding to the stress levels felt by jobactive staff and is a contributing factor in the high level of staff turnover.<sup>4</sup>

Young people expect and need consistency in support, several commented on the high turnover of staff and how it affected their ability to develop rapport with the person who is supposed to be assisting them into employment:

*They've changed my worker three times.*  
Tim, Focus Group Participant, 13 April 2021

The Commission heard consistently that the staff employed by jobactive providers lacked the skills needed to provide holistic support to young people, particularly those young people who have experienced significant disadvantage.

It is critical that employment consultants receive training and skill development across the range of health and welfare issues that impact young people, for example, mental health issues, homelessness, addictions, impact of poverty and social disadvantage.

**Recommendation 6:** Require providers to enhance the training and skill level of staff to enable them to work effectively with young people with complex needs.

## 7. CONSULTATION WITH KEY STAKEHOLDERS

The employment services system is complex and staff are caught up in a rigid regime of bureaucratic tasks dictated by a highly prescriptive contract. Public sector contract managers tend to focus on process compliance and imposing unnecessary red tape.<sup>5</sup>

The young people who participated in Commission's consultations noted that they wanted to have input into the development of programs and services that specifically affect them. They expressed views about what they described as 'a disconnect between government policy and what young people need.' They noted that there is a misunderstanding of young people and an overly simplistic view that young people should just go and get a job.

Throughout the Inquiry, the Commission witnessed the passion and ability of young people to have constructive dialogue and input into policy and

program design. Young people should be involved in the design and development of employment services, not only at the inception of new approaches but in an ongoing capacity.

**Recommendation 7:** Implement co-design focussing on people-centred service delivery.

## 8. RELEVANT LABOUR MARKET INTERVENTIONS

The process driven nature of jobactive combined with a 'one size fits all' mentality, means that training opportunities provided to young people tend to focus on a limited list of standard courses that are often disconnected to prospective jobs within the local labour market. The Commission heard of many instances where young people have been compelled to undertake training to meet Mutual Obligation requirements, rather than giving any consideration to training that would assist the individual to gain the skills needed by local employers.

To ensure that training and skill development opportunities are informed by current local labour market intelligence, the Commission proposes the establishment of Local Governing Committees, comprising employers, education and training providers, welfare services, employment services and consumers.

# CONCLUSION

Australia should be making every effort to support all young people by providing them with personalised and tailored employment assistance. The Commission believes that all young people deserve and should be afforded support from an employment services system that will effectively prepare them to meet the challenges of a dynamic labour market.

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<sup>1</sup> Vanstone, A. (1996) *Reforming Employment Assistance: Helping Australians into Real Jobs*, Commonwealth of Australia.

<sup>2</sup> Murphy, J, Murray, S, Chalmers, J, Martin, S, & Marston, G. (2011) *Half a Citizen: Life on welfare in Australia*, Allen and Unwin, Sydney, p.12.

<sup>3</sup> National Employment Services Association (2016) *Employment Services Workforce Survey of Remuneration and Human Resource Management Performance*, [www.nesa.com.au/employment-services-workforce-survey](http://www.nesa.com.au/employment-services-workforce-survey).

<sup>4</sup> Work Industry Futures Research Program Queensland University of Technology, Submission, 29 November 2019.

<sup>5</sup> Shergold, P. (2012) *A Social Contract for Government*, McKinsey & Company.





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