OECD Reviews on Local Job Creation

Employment and Skills Strategies in Australia

Australia

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LEED
BUILDING MORE AND BETTER JOBS
POUR PLUS D'EMPLOIS DE QUALITÉ

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Foreword

Across the OECD, policy makers are grappling with a critical question: how to create jobs? The recent financial crisis and economic downturn has had serious consequences across most OECD countries, with rising unemployment rates and jobs being lost across many sectors. Indeed, for some countries, the effects of the downturn are continuing, if not amplifying. Shrinking public budgets in some countries also mean that policy makers must now do more with less. In this context, it is necessary to think laterally about how actions in one area, such as employment and training, can have simultaneous benefits in others, such as creating new jobs and better supporting labour market inclusion.

Over recent years, the work of the OECD LEED Programme (Local Economic and Employment Development) on Designing Local Skills Strategies, Building Flexibility and Accountability into Local Employment Services, Breaking Out of Policy Silos, Leveraging Training and Skills Development in SMEs, and Skills for Competitiveness has demonstrated that local strategies to boost skills and job creation require the participation of many different actors across employment, training, economic development and social welfare portfolios. Employers, unions and the non-profit sector are also key partners in ensuring that education and training programmes provide the skills needed in the labour markets of today and the future.

The *OECD Reviews on Local Job Creation* deliver evidence-based and practical recommendations on how to better support employment and economic development at the local level. This report builds on sub-national data analysis and consultations at the national level and with local stakeholders in two case study areas. It provides a comparative framework to understand the role of the local level in contributing to more and better quality jobs. This report can help national, regional and local policy makers in Australia build effective and sustainable partnerships at the local level, which join-up efforts and achieve stronger outcomes across employment, training and economic development policies. Co-ordinated policies can help workers find suitable jobs, while also stimulating entrepreneurship and productivity, which increases the quality of life and prosperity within a community as well as throughout the country.

I would like to warmly thank the Australian Department of Employment for their active participation and support of this study.

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Acronyms and abbreviations

ABS	Australian Bureau of Statistics
AMEP	Adult Migrant English Programme
AQF	Australian Qualification Framework
AQTF	Australian Quality Training Framework
COAG	Council of Australian Government
DEEWR	Department of Education, Employment and Workplace Relations
EPF	Employment Pathway Fund
EPP	Employment Pathway Plan
ESA	Employment Services Assessment
FFP	Flexible Funding Pool
GDP	Gross domestic product
GTO	Group training organisation
IMF	International Monetary Fund
JSA	Job Services Australia
JSCI	Job Seeker Classification Instrument
LCTW	Local Connection to Work
LEC	Local employment co-ordinators
LEED	Local Economic and Employment Development (OECD)
LWIB	Local workforce investment boards (United States)
MSQ	Manufacturing Skills Queensland
NCVER	National Centre for Vocational Education Research
NEIS	New Enterprise Incentive Scheme
OECD	Organisation for Economic Co-operation and Development
PEA	Priority employment area
RESJ	Regional education, skills and jobs
RTO	Registered training organisation
SME	Small and medium-sized enterprise
TAFE	Technical and further education

TL3	Territorial level 3
VET	Vocational education and training
WIN	Workforce Intelligence Network (United States)

Executive summary

The OECD Local Economic and Employment Development (LEED) Programme has developed the *OECD Reviews on Local Job Creation* as an international cross-comparative study examining the contribution of local labour market policy to boosting quality employment and productivity. In Australia, the review has looked at the range of institutions and bodies involved in employment and skills policies. In-depth work was undertaken in two priority employment areas: Ballarat-Bendigo and Ipswich-Logan.

A key focus of this review was to examine the role played by local employment co-ordinators (LECs) in bringing together government, local employers, business leaders and community organisations to help deliver local solutions to skills and employment problems. The LEC Model has positively affected collaboration at the local level, and confirms the need for greater policy integration in Australia. It could be possible to build on the strength of the LEC Model by making it accountable to a local employment board, which would be tasked with adapting the Job Services Australia contracts to local conditions. Such modifications would add flexibility to the system while retaining strong accountability. Administrating the job contract regionally would have several other advantages, including giving local communities greater ownership, fostering policy integration and building horizontal accountability.

Employment services are delivered through an outsourced model by Job Services Australia (JSA) providers. Employment services are relatively flexible when it comes to service delivery, but local stakeholders indicated that flexibility in designing strategies and actions that fall outside the contract terms and conditions is more limited. Programmes are largely designed within a national framework and providers have limited ability to adjust programme design, eligibility and performance management to reflect local labour market conditions. There is a strong requirement that providers build strong linkages and work co-operatively with other stakeholders at the local level, which has been given increasing weight in the JSA system. However, the overall impression is that it is fragmented and arises when there is a need to combine resources to achieve a particular, often short-term outcome, but is not part of an integrated strategy.

Overall, it appears that the national/state level vocational education and training system in Australia is quite strong. There is a high level of employer engagement and there are high participation rates compared with other OECD countries. Efforts need to continue to build strong linkages at the local level, especially small to medium-sized enterprises (SMEs) that face many obstacles in accessing training. Local employment boards could strengthen these linkages by involving employers further in the design and delivery of employment and training policies.

Inclusion is the major objective of employment policy in Australia and is pursued by ensuring that mainstream services are accessible and suited to disadvantaged persons. The outcomes-based employment system in Australia provides an incentive for providers to serve the hardest to reach groups and has mechanisms to prevent creaming because

clients are assessed based on their level of disadvantage. A more localised partnership approach, such as the establishment of local employment boards, could tackle entrenched barriers by creating more integrated services for young people and jobseekers which ensure successful attachment to the labour market.

Key recommendations

Better aligning policies and programmes to local economic development

- Continue to provide employment services to individuals through an outsourced model, selecting providers according to their competitiveness in the market and remunerating them according to their outcomes.
- To promote more integrated and co-ordinated policy responses, better adapt and orient the work of employment service providers to local conditions by adjusting their contract at the level of local labour markets/functional areas/regions.
- Strengthen the Local Employment Co-ordinator Model by establishing local employment boards across the country, which could manage the employment service contract provisions locally.
- Consider what tools are available to stimulate local capacity and reduce administrative burden.
- Establish outcome targets to be pursued by employment service providers collectively in local communities.
- Task the local employment boards with building the necessary evidence base and intelligence to support local labour market planning. The Commonwealth government (through the Department of Employment) could provide expert advice and support through necessary data collection tools.

Adding value through skills

- Encourage employers to work with local employment co-ordinators and/or local boards to develop local solutions and raise the quality of employment. Target work-based training and skills development efforts towards SMEs.
- Build better pathways to vocational education and the labour market by ensuring that young people and adults have adequate local labour market information on job requirements and prospects.

Targeting policy to local employment sectors and investing in quality jobs

- Promote awareness and actions to ensure that skills are effectively utilised by employers across the country while ensuring that efforts are focused on sectors of local importance.

Being inclusive

- Continue to ensure that employment services and training programmes are serving disadvantaged groups, which are at risk of intergenerational unemployment and poverty. Examine the value of targeting initiatives to specific disadvantaged groups.

Reader's guide

The OECD Local Job Creation project involves a series of country reviews in Australia, Belgium (Flanders), Canada (Ontario and Quebec), the Czech Republic, France, Ireland, Israel, Italy (Autonomous Province of Trento), Korea, Sweden, the United Kingdom and the United States (California and Michigan). The key stages of each review are summarised in Box 0.1.

Box 0.1. **Summary of the OECD LEED Local Job Creation project methodology**

- Analyse available data to understand the key labour market challenges facing the country in the context of the economic recovery and apply the OECD LEED diagnostic tool which seeks to assess the balance between the supply and demand for skills at the local level.
- Map the current policy framework for local job creation in the country.
- Apply the Local Job Creation Dashboard, developed by the OECD LEED Programme (Froy et al., 2010) to measure the relative strengths and weaknesses of local employment and training agencies to contribute to job creation.
- Distribute an electronic questionnaire to local employment offices to gather information on how they work with other stakeholders to support local job creation policies.
- Conduct an OECD study visit, where local and national roundtables with a diverse range of stakeholders are held to discuss the results and refine the findings and recommendations.
- Contribute to policy development in the reviewed country by proposing policy options to overcome barriers, illustrated by selected good practice initiatives from other OECD countries.

While the economic crisis is the current focus of policy makers, there is a need for both short-term and longer term actions to ensure sustainable economic growth. In response to this issue, the OECD LEED Programme has developed a set of thematic areas on which local stakeholders and employment and training agencies can focus to build sustainable growth at the local level. These include:

1. Better aligning policies and programmes to local economic development challenges and opportunities.
2. Adding value through skills: Creating an adaptable skilled labour force and supporting employment progression and skills upgrading.
3. Targeting policy to local employment sectors and investing in quality jobs, including gearing education and training to emerging local growth sectors and responding to global trends, while working with employers on skills utilisation and productivity.

4. Being inclusive to ensure that all actual and potential members of the labour force can contribute to future economic growth.

Local Job Creation Dashboard

As part of the Local Job Creation project, the LEED Programme has drawn on its previous research to develop a set of best practice priorities in each thematic area, which is used to assess local practice through the Local Job Creation Dashboard (Box 0.2). The dashboard enables national and local policy makers to gain a stronger overview of the strengths and weaknesses of the current policy framework, whilst better prioritising future actions and resources. A value between 1 (low) and 5 (high) is assigned to each of the four priority areas corresponding to the relative strengths and weaknesses of local policy approaches based on LEED research and best practices in other OECD countries.

Box 0.2. Local Job Creation Dashboard

Better aligning policies and programmes to local economic development

1.1. Flexibility in the delivery of employment and vocational training policies

1.2. Capacities within employment and vocational education and training (VET) sectors

1.3. Policy co-ordination, policy integration and co-operation with other sectors

1.4. Evidence-based policy making

Adding value through skills

2.1. Flexible training open to all in a broad range of sectors

2.2. Working with employers on training

2.3. Matching people to jobs and facilitating progression

2.4. Joined-up approaches to skills

Targeting policy to local employment sectors and investing in quality jobs

3.1. Relevance of provision to important local employment sectors and global trends and challenges

3.2. Working with employers on skills utilisation and productivity

3.3. Promotion of skills for entrepreneurship

3.4. Promoting quality jobs through local economic development

Being inclusive

4.1. Employment and training programmes geared to local "at-risk" groups

4.2. Childcare and family friendly policies to support women's participation in employment

4.3. Tackling youth unemployment

4.4. Openness to immigration

The approach for Australia

This study has looked at the range of institutions and bodies involved in workforce and skills development in Australia. A key focus of the project was examining the role played by local employment co-ordinators in bringing together government, local employers, business leaders and community organisations to help deliver local solutions to skills and employment problems. Local employment co-ordinators were established in priority employment areas (PEAs) by the government in 2009 to provide extra assistance in areas of labour market disadvantage in response to the global financial crisis.

The measure was extended in 2011 to 30 June 2013 under "Building Australia's Future Workforce", to facilitate co-operation at the local level and ensure the development of regional employment plans. The recent Budget extended the Priority Employment Initiative to June 2014 and added Bendigo to the list of PEAs. This study focused on local activities in two PEAs: *i)* Ballarat-Bendigo; and *ii)* Ipswich-Logan.

A national expert within Australia interviewed two sets of stakeholders: first, public officials working in employment, skills and economic development; second, representatives of the local social partners plus other key local informants.

As part of the project in Australia, the OECD LEED Programme also initiated a questionnaire in co-operation with the Australian Department of Employment (formerly the Department of Education, Employment and Workplace Relations).[1] The aim of the questionnaire was to ascertain how well integrated employment service providers were with other local services and the degree of flexibility within the management of employment policies and programmes.

The survey was sent to both Job Services Australia providers as well as Disability Employment Services providers. In total, 500 responses were received. Some organisations responded to the survey in full, whereas others only responded to select questions.

Note

1. On 18 September 2013, the Department of Education and the Department of Employment was created out of the former Department of Education, Employment and Workplace Relations (DEEWR).

References

Froy, F., S. Giguère and E. Travkina (2010), "Local Job Creation: Project methodology", OECD Local Economic and Employment Development (LEED), OECD, Paris.

Chapter 1

Policy context for employment and skills in Australia

This chapter provides an overview of Australia's employment and skills system. While the global financial crisis placed significant pressure on the Australian economy, it has remained resilient due to a sound macroeconomic framework and continued robust demand for commodities. Employment policies are managed at the national level by the Department of Employment and delivered through an outsourced network of service providers (Job Services Australia). In response to the crisis, Australia implemented a series of measures aimed at stimulating employment in areas most vulnerable to future downturns. This included the introduction of local employment co-ordinators, who identify the needs of local areas and match them with employment, education and training opportunities.

Australia's economy and political administration

Australia is a vast country with a population of about 23 million people and a total land area of 8 600 000 km^2 (ABS, 2012a). It is a federal structure made up of six states (New South Wales, Queensland, South Australia, Tasmania, Victoria and Western Australia) as well as two territories (the Australian Capital Territory and the Northern Territory). Similar to Canada and the United States, Australia has a written Constitution based on federalism which defines the responsibilities of each level of government.

During the past two decades, Australia has enjoyed an almost uninterrupted period of strong economic growth. This growth was temporarily put on hold by the onset of the global financial crisis at the end of 2008. In 2009, GDP growth slowed to 1.4%, well below the long-term trend of 3.3%. Employment growth came to a standstill and unemployment peaked at 5.9% in June 2009 (Department of Treasury, 2012; IMF, 2011). However, Australia was one of a few OECD economies to avoid a recession. A supportive macroeconomic policy response, a well-functioning financial system, the flexible exchange rate and continued robust demand for commodities from Asia and the People's Republic of China combined to maintain economic activity at a high level.

Real GDP increased by 2.8% in 2010 with private demand and commodity exports beginning to take over from public demand as the main drivers. Business profits rose, especially in mining, as demand for commodities continued to push trade activity to a 60-year high. This increase contributed to the continued rise in national income and improved the current account balance. In 2011, GDP increased by 1.8% in the face of continued uncertain global conditions. During 2012, conditions improved again and GDP growth is expected to return to its long-term trend of about 3% during 2013 and beyond (ABS, 2012a).

Despite the crisis, total employment increased by almost 1 million persons during 2007-12 (about 9%). Employment growth was strongest in the early stages of the recovery. In 2010, employment increased by 3.3% and by the end of the year, unemployment had dropped to 4.9%. During 2011, the growing demand for labour was largely met by an increase in hours worked. Employment growth in mining and construction has been particularly strong; however, shortages of skilled labour put pressure on investment projects within these sectors. Job growth has been stagnant in manufacturing and some service sectors that are not benefiting from high commodity prices (ABS, 2012a; 2012b).

Table 1.1. **Labour market indicators, July 2007 and July 2012**

		July 2007	July 2012
Total employment	In thousands	10 542	11 514
	Change (in thousands)	972	
	Change (%)	9.2	
Unemployment rate (%)		4.1	5.0
Youth (15-24 years old) unemployment rate (%)		9.4	11.5
Long-term unemployment rate (%)		0.7	1.0

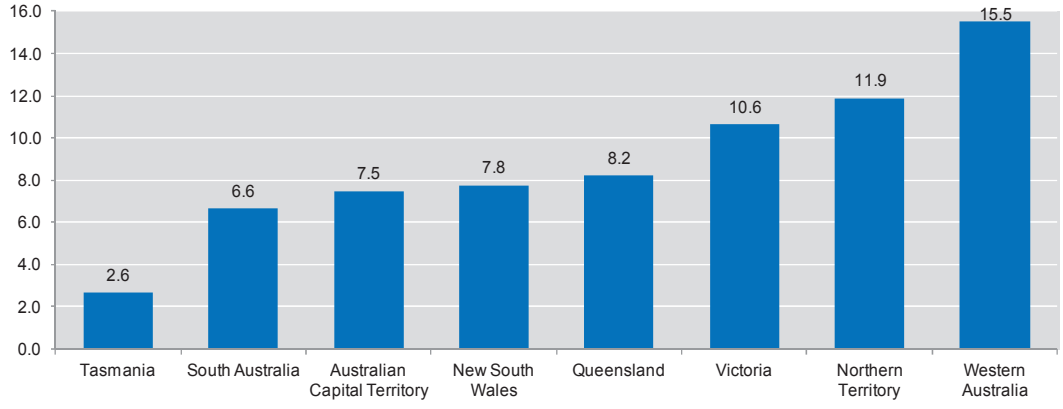
Source: ABS (Australian Bureau of Statistics) (2012), *6202.0 – Labour Force Australia*, Australian Bureau of Statistics, Canberra.

A multi-speed economy

For some time, the term "a two-speed economy" was a popular way of describing Australia's economic development. There was a very fast-growing resource sector while non-resource related sectors were growing at a more modest rate. This two-speed economy lead to substantial regional differences in economic activity, employment and unemployment. Major changes in employment by occupation occurred between 2007 and 2012. While growth in the resources sector of the economy has been exceptional, there has also been strong growth in healthcare, social assistance, professional scientific and technical services, and the education and training sectors. Conversely, growth has been relatively stagnant in manufacturing, retail trade, telecommunications and agriculture. In recognition of these more varied developments, perhaps the term "a multi-speed economy" may be a better characterisation of the Australian economy (DEEWR, 2012a). Employment in professional and community and personal services have increased respectively by 1.5% and 0.9% while less-skilled occupations, and in particular labourers, have registered a decrease in the share of employment (ABS, 2012b; DEEWR, 2012a).

Looking at changes in employment at the state level from 2007-12 (Figure 1.1), one can see that Western Australia experienced the highest percentage change in employment (15.5%) followed by the Northern Territory (11.9%), Victoria (10.6%) and Queensland (8.2%). Tasmania experienced the lowest employment growth at 2.6% (ABS, 2012b).

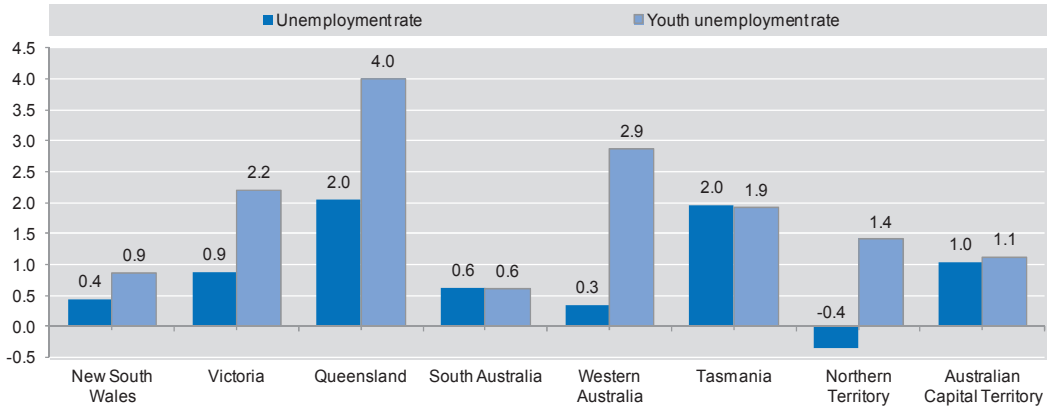
Figure 1.1. **Changes in employment in Australian states and territories (2007-12)**



Source: ABS (Australian Bureau of Statistics) (2012), *6202.0 – Labour Force Australia*, Australian Bureau of Statistics, Canberra.

While there has been positive employment growth across all eight states and territories in Australia, this has not translated into lower unemployment rates. With the exception of one state/territory – the Northern Territory – the unemployment rate grew in all areas within the observed period. Considering that employment figures (as shown above) also increased in all states/territories, part of the problem may relate to skills mismatches in the labour market. The slowdown in employment growth has also limited the decrease of long-term unemployment, which remains above its pre-crisis level. Youth unemployment has increased in all states and significantly more than total unemployment. This has been particularly the case in Queensland where youth unemployment increased 4 percentage points from 2007-12 (Figure 1.2).

Figure 1.2. **Changes in total unemployment and youth unemployment rates in Australia (2007-12)**



Source: ABS (Australian Bureau of Statistics) (2012), *6202.0 – Labour Force Australia*, Australian Bureau of Statistics, Canberra.

A good supply of skills

While there are some recent indications of challenges in the labour market, Australia has a solid supply of skills on which to build and sustain economic growth. Looking at the skills of the workforce, OECD has shown that Australia has achieved good outcomes (OECD, 2012a). Nearly 45% of Australians aged 25-34 had attained tertiary education in 2010. Attainment of upper-secondary education by adults aged 25-34 was 85% in 2010, which was above the OECD average of 82%. This was a marked improvement from previous generations: only 58% of 55-64 year-old Australians have completed upper-secondary school. OECD has also shown that a significant feature of the tertiary education system in Australia is the large influx of foreign students that choose Australia for their studies (about 7% of foreign students chose to study in Australia). High rates of educational attainment have a positive impact on employment and earnings, which is demonstrated in Australia's relatively strong employment rate of 72.7% (OECD, 2012a).

The governance framework for employment policies

Australia's federal governance structure means that both levels of government (i.e. national and state/territory) can influence employment policies and programmes. At the national level, one of the main departments for employment policy is the Department of Employment.[1] The department is responsible for employment services and many of the active labour market programmes associated with them.

Employment services connect unemployed individuals and those that receive income support with jobs. In Australia, employment services are outsourced to a network of contracted employment service providers known as Job Services Australia (JSA). Prior to 2009, it was known as the Job Network. A total of about 100 organisations are contracted to provide employment services at the local level, operating from over 2 000 different locations across Australia. These employment service providers include a mix of small, medium, large, for-profit and not-for-profit organisations. A similar type of arrangement exists for Disability Employment Services, which provides assistance and services to individuals with disability who are searching for a job.

As part of the mainstream employment services, the Department of Employment has a number of programmes that support the labour market integration of at-risk and disadvantaged groups. These include programmes for special categories of individuals, such as the long-term unemployed, youth, Aboriginal and Torres Strait Islander peoples and older workers. One of these programmes is "Work for the Dole", which gives eligible jobseekers the opportunity to learn new skills, get work experience and improve their chances of finding a job. Individuals aged 18-49 who have been registered with a Job Services Australia provider for 12 months must participate in a work experience programme like Work for the Dole to continue receiving income support payments from the government.

The income support system provides assistance to mainly three groups of persons: the unemployed, persons with disability or illness and single parents. As in many other OECD countries, this assistance is not unconditional. Persons in all three categories are expected to work, or make reasonable efforts to obtain work, according to their ability and circumstances. First and foremost is the requirement for active job search which is operationalised into a set of activity requirements. Such searches range from simply registering with a JSA provider and attending regular interviews to a "Compulsory Activity Phase" for those who have been unemployed for 24 months; to undertake activities (work experience or training) for 11 months of every year they remain unemployed. These requirements are an integral part of employment policy as they shape the incentives of people to engage with the employment services.

The JSA providers are funded through service fees and outcome fees for the jobseekers on their caseload, and the amount of funding tied to a jobseeker depends on their personal characteristics, meaning the system is set up to direct more funding to individuals with greater needs. The JSA providers retain some discretion in how to assist individual jobseekers. However, the contracts between the government and the JSA providers are quite specific about the type of services that should be delivered and include comprehensive administrative and reporting requirements. It is important to note that the government is committed to reducing unnecessary administrative burden whilst ensuring appropriate accountability with regard to the expenditure of public funds.

The role of states and territories

While many employment programmes and policies rest at the national level, states and territories do play a role in promoting skills development. For example, while now abolished, in 2007, Queensland introduced a programme called Skilling Queenslanders for Work, which provided job search assistance, work placements and training for long-term unemployed persons. States play an important role in policies that link education and training with employment because they have the primary responsibility for the engagement and attainment of young persons in education and training, and their successful transition into employment. In recent years, the traditional responsibilities of federal and state governments have been changing via National Partnership Agreements, which has resulted in the development of common goals for education and training policies.

The Job Services Australia (JSA) Model

The JSA Model was introduced in 2009 to shift the focus of providers' efforts to the most disadvantaged groups. Most JSA services are demand driven and tailored to the individual needs of the jobseeker. Unemployed people contact Centrelink (before they go to an employment service provider), which formerly had agency status but is now part of

the Department of Human Services. The Department of Human Services assesses a jobseeker's eligibility for payment, administers the Job Seeker Classification Instrument (JSCI) to determine a jobseekers relative level of disadvantage (and "stream" of support) and if necessary, refers jobseekers to an Employment Services Assessment (ESA). Jobseekers are offered a choice of JSA provider and are booked into an initial interview. The provider then delivers individualised assistance to jobseekers according to their assessed stream. More resources are allocated to the higher streams with the most disadvantaged jobseekers, particularly those with more serious and complex barriers to employment (DEEWR, 2009a).

Table 1.2. **Classification of jobseekers by degree of disadvantage (stream)**

Stream 1 (limited)	Stream 1	Stream 2	Stream 3	Stream 4
Limited eligibility (not on activity tested income support)	Job ready	Moderate barriers to employment	Significant barriers to employment	Complex and severe barriers to employment

The form that the assistance takes is negotiated between the jobseeker and provider and formalised in an Employment Pathway Plan (EPP), which sets out the activities the jobseeker will undertake to find or make progress towards finding employment. This plan could include training, work experience, job interviews and other forums of vocational and non-vocational assistance. The EPP is supported by the Employment Pathway Fund (EPF), a flexible pool of funds that JSA providers can draw on to purchase services and goods such as travel assistance, work clothing and safety equipment, wage subsidies, work tools, tickets and licenses, interpreters, and training to help jobseekers find employment. While they remain unemployed, jobseekers continue to meet with their providers to review their progress in finding employment. As highlighted above, after a year in one of the streams, jobseekers in most cases enter the Work Experience Phase during which, for the first 24 months they are obliged to participate for 6 months of each year in a Work Experience Activity, and thereafter for 11 months of each year, with part-time work, voluntary work, training and "Work for the Dole" among the main options.

Service contracts and performance measurement

The JSA employment services are procured by open tender using a value for money criteria to select tenders that best demonstrate their capacity for delivering high-quality services. The request for tender that forms the basis for the contract that successful providers sign is almost 400 pages. Current contracts with JSA providers expire on 30 June 2015 and the government is examining ways to deliver the next generation of employment services (DEEWR, 2012a). Like any contract, the key parts are the accountability provisions of services delivery to ensure that providers have the capacity and incentives to deliver the service.

The specific service requirements differ by stream. In general terms, providers are required to conduct an initial interview, work with the jobseeker to develop an Employment Pathway Plan, use the Employment Pathway Fund to support the jobseeker's agreed Employment Pathway Plan, have regular face-to-face contact with the jobseeker, provide ongoing training and development activities, and assist the jobseeker in obtaining sustainable employment. Providers also have a compliance role. They are required to monitor the jobseeker's attendance at appointments and participation, place the jobseeker in appropriate activities during the Work Experience Phase and maintain appropriate records.

Providers are paid mainly performance-based fees, which provide a powerful financial incentive to effectively assist jobseekers. The payments take three forms: service fees, placement fees and outcome payments. The service fees are payments for simply registering and meeting with jobseekers to attend to the administrative requirements associated with these activities. A placement fee is paid when a jobseeker is referred to a vacancy and commences employment. Finally, an outcome payment is paid if a jobseeker remains in employment for a period of at least 13 weeks or remains in education for at least one semester of a two or more semester course. The outcome payments are paid twice – at 13 weeks and a further payment of the same amount at 26 weeks – if the jobseeker remains in a job or training.

Service fees are paid for each 13-week period a jobseeker remains registered with the provider and the amount is differentiated according to the degree of disadvantage (stream) and the length of time a jobseeker has been with the provider. As an example, for stream 1 jobseekers, a provider receives AUD 63 for the first 13 weeks. If the jobseeker remains unemployed for a whole year (four 13-week periods) the total service fee amounts to AUD 581. However, for a stream 1 (limited) jobseeker, who is partially eligible for assistance, only the initial AUD 63 is payable. At the other end of the scale, the initial 13-week service fee for a stream 4 jobseeker is AUD 587 and the first year total is AUD 1 919. A placement fee is payable after a jobseeker has been placed in a job and worked for two weeks. The placement fee for a full-time job is AUD 550 for streams 2-4. Placements in part-time jobs and for stream 1 jobseekers are paid at a lower rate.

The outcome payments have a more complex structure. They are differentiated by three factors: the jobseeker's stream, the reduction in income support payments or hours they are employed relative to their participation requirements, and the duration of unemployment. Table 1.3 shows how the payments vary according to these factors. For most persons, a full outcome means being in full-time work and not receiving any income support. The lower pathway outcome payment applies to a jobseeker that has gained part-time work or is undertaking education or training. The amounts for jobseekers in higher streams are much larger with a maximum of AUD 2 940. Taking all types of payment into account, the total payment, including service fees, jobseeker placement fees and jobseeker outcome fees for placing a fully eligible jobseeker into a full-time job, in the first 12 months of service (but with an employment duration of 60 or more months) ranges from AUD 63 to a maximum of AUD 8 349.

Table 1.3. **Thirteen- and 26-week outcome payments for brokered outcomes**

In AUD

Payment type	Period of unemployment	Stream 1	Stream 2	Stream 3	Stream 4
Full	0-12 months	x	743	1 560	1 560
	13-60 months	629	1 032	2 228	2 228
	61 months or more	629	1 032	2 940	2 940
Pathway	0-12 months	x	491	491	980
	13-60 months	277	491	491	980
	61 months or more	277	491	980	980

Note: x = not applicable.

Source: DEEWR (Department of Education, Employment and Workplace Relations) (2012), *Employment Services Deed 2012-2015*, Commonwealth of Australia, Canberra.

There is a performance management system in place, which continuously monitors employment service providers through a "star ratings" system. The star ratings system measures each provider's performance relative to other providers, taking into account differences in caseload as well as labour market characteristics using a regression analysis. From this base data, an overall measure of each provider's performance is calculated and expressed as a star rating. Two weighted performance measures are also calculated that reflect the efficiency of a provider and how effectively they achieve outcomes. The quality of providers' service is assessed by a separate process that includes feedback from jobseekers and employers and whether the service is accorded with the specified code of practice. These performance measures are used in the mid-contract business review when funding is reallocated from low- to high-performing providers. They are also used when re-contracting at the end of each three-year contract period. Renewal of a contract is normally dependent on having performed at an average or above level. Finally, providers are also subject to ongoing monitoring. This monitoring is primarily related to compliance matters (e.g. fraud) but is also used to provide advice about operational issues.

Vocational education and training policies

The vocational education and training (VET) system is governed by a national and common framework developed jointly by the state/territory and federal Commonwealth government. This common framework is then incorporated by the state governments into their own VET systems. There are three key elements of the Australian VET system. First, it is a nationally agreed system for recognising and registering qualifications and quality assuring training providers. Secondly, the system is industry-led in the sense that employers, unions and professional associations of an industry define the outcomes that are required from training. Thirdly, it includes national standards frameworks for qualifications (the Australian Qualification Framework, AQF), training products (training packages) and training providers (the Australian Quality Training Framework, AQTF).

The AQF is a unified, quality-assured framework for qualifications across all sectors of education and training and all state and territory governments that ensures the quality, consistency and portability of training outcomes across Australia. A training package is an integrated set of nationally endorsed units of competency, the AQF qualifications and assessment guidelines designed for a specific industry, industry sector or enterprise. The AQTF is the national set of standards which assures nationally consistent, high-quality training and assessment services.

State and territory governments implement the nationally agreed framework into their own systems and plan, regulate and fund the delivery of training. A statutory agency is formally responsible for VET policy and there is a state government department that administers policy. These agencies are supported by a network of consultative bodies that provide industry and community input into the planning and operation of training at the state/territory level.

VET is provided by training organisations (both public and private) which register with the government to teach accredited courses. The Technical and Further Education (TAFE) institutes are the dominant public sector providers, but secondary schools, colleges, universities, and agricultural and technical colleges also deliver training. Private registered training organisations also offer a range of accredited (recognised under a formal training framework) and non-accredited courses. They include firms training their own employees, private training and business colleges, specialist bodies providing

training within their industry, and adult and community organisations. Many employment services providers are registered training organisations and deliver training to their own jobseekers.

Training is delivered in a traditional classroom setting, in the workplace, on the Internet, by correspondence and in community venues, using a variety of methods to meet employer and individual needs. It can be customised to meet the requirements of particular employers and to the specific skills and abilities of students.

In most Australian states, anyone over 15 years of age can access training courses. Around half of all school leavers undertake vocational training within a year or two of leaving school. About half of all students undertaking training are over the age of 25 and the vast majority of students study part time. Many people with university qualifications, such as degrees, also undertake training to obtain specific skills. Students also participate while still at school through "VET in Schools" programmes. About 12% of Australia's population aged 15-64 years participate in government-funded VET. Among young persons (aged 15-19 years), the participation rate is 30%. Among all students, 86% are in part-time study, 55% are aged over 25 years, 4% are Aboriginal and Torres Strait Islander, 15% speak English as a second language and 6% report having a disability (NCVER, 2007; Knight and Mlotkowski, 2009).

In the past decade, the VET system in Australia has been undergoing continuous reforms to adapt education and training to changing economic circumstances. Most of these reforms have been instigated at the national level through co-operation between the state, territory and federal governments, then implemented by individual states and territory governments. These reforms are ongoing, which means that the status of the system is not fixed but continually evolving. The April 2012 Council of Australian Government (COAG) agreement provides for a national training entitlement to a Certificate III qualification, reducing the upfront costs for students undertaking higher level qualifications (diploma and advanced diploma), while improving access to information about training options. At the state level, most of the reforms relate to extending and improving the operation of demand-driven training.

Complementing VET in Australia is the adult community education sector, which comprises community-based organisations that deliver general education for adults. This education is primarily directed to people with special needs, people from diverse cultural backgrounds, with a special focus on people who have had limited prior access to education. The overall aims are to cater for the learners' needs, support them to return to study, improve their literacy and numeracy skills, gain a qualification, as well as broaden their employment options and learn new skills.

Apprenticeships and traineeships

Apprenticeships and traineeships are an integral part of the Australian VET system. Apprenticeships have been the principal route for young people to enter a manual skilled occupation (a trade in Australian terminology) since the time of settlement. Although it has undergone many changes, it retains its essential characteristics: supervised work in a trade combined with vocational education at a technical college. In most cases, an apprenticeship takes four years, which includes spending about three-quarters of the time at work and the remaining time at a vocational education institute.

Traineeships have a different history. They were first introduced as a labour market programme for early school leavers but now they have been embraced by employers in service industries as a route for the employment and training of new entrants to their industries. Over time, there has been a convergence of the two schemes, although some differences remain; apprenticeships are generally longer and are at a higher level (Certificate III or IV). Traineeships are at Certificate II or III levels and take less time to complete (usually one to two years).

There are two types of employment arrangements in use. The most common is the direct employment of the apprentice/trainee by a single employer that provides all on-the-job training and undertakes all of the legal employer responsibilities. The other method is a group training organisation (GTO), which employs apprentices and trainees and then places them with host employers, who provide the on-the-job training. Under group training arrangements, the GTO is the legal employer, who signs the contract, pays the wages and undertakes all the administration involved. The host employer pays a fee to the GTO for this service. The GTO method is becoming increasingly important as individual employers have become more reluctant to commit themselves to employ and train apprentices for up to four years. Wages for apprentices are relatively high in Australia. At about 60% of the wage of a fully qualified worker, employers of apprentices incur a significant net cost. In addition, many small to medium-sized employers are unable to provide on-the-job training in all aspects of a trade. In recent years, annual yearly intake has been about 80 000 apprentices and 200 000 trainees (NCVER, 2011). Most of the apprentices are young persons, with about two-thirds aged 19 and under. Traineeships, however, are not just for the young as more than half of participants are over the age of 25. Apprentices and trainees represent 25% of the 1.7 million VET students and 3.8% of the entire workforce (NCVER, 2011).

Economic development policies

At the national level, the closest equivalent to an economic development body is a national network of 55 regional committees made up of local leaders who work with all levels of government, business and community groups to support the development of their regions. Regional Development Australia committees operate at the strategic level by consulting and engaging with communities, promoting and participating in regional programmes and initiatives, providing information and advice on their region to all levels of government and supporting informed regional planning. Their work partially overlaps with state/territory government regional development agencies, but they also have an important funding role in the development of infrastructure projects and investment attraction initiatives.

The specific role of a regional development committee differs according to the area. In some areas, the focus is on the economic, social and environmental issues affecting regions, including developing regional business growth plans and strategies to support the creation of new jobs. This often includes skills development, business investment, environmental and social inclusion strategies. Regional development plans often focus on the development of workforce skills and identify emerging trends and how education and training providers can respond. Such regional development plans provides a common planning platform to mobilise action from the many different stakeholders in an area.

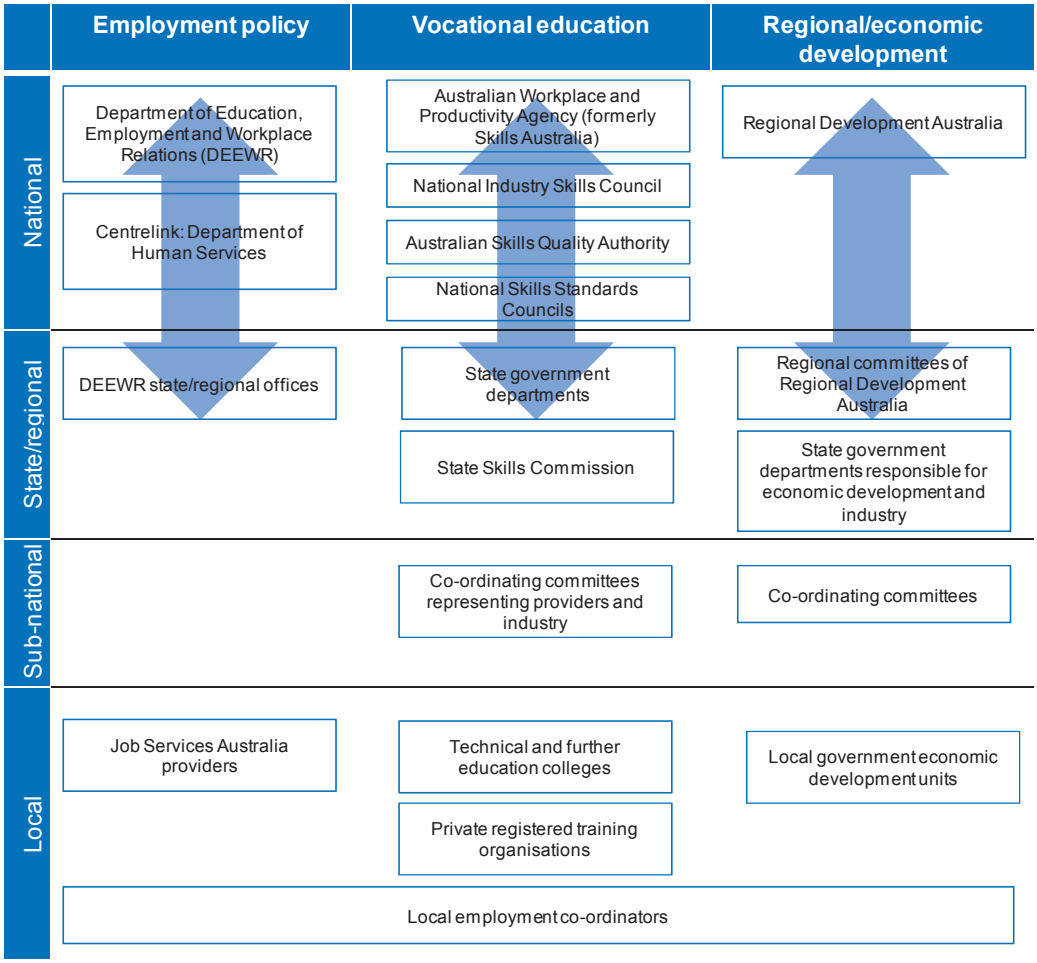
At the local level, economic development initiatives are undertaken by the local government economic development units. The main role of these units is to attract businesses to the region, assist in the growth and development of local businesses, build

partnerships between public sector agencies and the private sector and assist local people establish enterprises. They can play an important leadership role within their communities, participating in strategic planning and the co-ordination of programmes across and within the tiers of government, and in encouraging networking between firms. Many local governments also have explicit skilling or education, training and employment strategies. These strategies commit the local government to play an active role in the development of education and training, facilitate skill formation in an industry and ensure that the whole community has the opportunity to develop their skills.

Summary of institutional arrangements

Figure 1.3 provides a graphical overview of the institutional arrangements governing employment, vocational education and training, and economic development policies in Australia.

Figure 1.3. **Australia institutional map at the national, state/regional and local level**



Recent policy developments

Recent policy developments in Australia have seen a shift away from supply-side approaches to recognising the importance of job quality. This shift replaced the traditional focus of training provision on skills formation and acquisition with a more complex understanding of the relationship between supply and demand. The challenge with supply-side approaches is that they assume that skills are efficiently developed and deployed within the firm (Eddington and Toner, 2012). The reality is that many firms lack adequate recruitment practices or the capacity to mentor and further develop the complex mix of skills that are needed to work within many firms. Therefore, when employers are reporting skills shortages, the focus is not on quickly developing a training programme to respond to demand but determining the cause of the shortage, which may be related to unattractive pay and working conditions on offer (Richardson, 2007).

This approach avoids supply-side or "provider-driven" training solutions, which may not address the breadth of an enterprise's organisational context. Instead, providers are encouraged to take on a workforce development role while the funding goes directly to employers. Policy makers in Australia have been increasingly focused on skills utilisation approaches, which examine the role of work organisation, job design, forms of employment, industrial relations, business strategy, as well as inter-firm and inter-organisational linkages (Hall and Lansbury, 2006).

Skills utilisation approaches focus on how well employers are utilising the skills of their employees, which can improve productivity and profitability. Individuals also gain from the better utilisation of their skills through greater job satisfaction and autonomy. At the national level, the Australian Workforce and Productivity Agency (formerly Skills Australia) has become the principal advocate of workforce planning, including greater access for industry to government funding for workforce development. The agency has outlined effective practices for improving the utilisation of skills (Box 1.1).

In July 2012, the federal government responded to this debate by establishing the Skills Connect Initiative. Skills Connect is a new approach to integrate workforce development programmes and services and to make them widely accessible to businesses. It provides access to programmes and funding via a national network of advisers, who provide support and advise about workforce development issues. This includes workforce planning as well as attracting, retaining and developing employees. The specific programmes include support for Australian apprentices; literacy, language and numeracy training; and assistance with developing or improving the skills of employees. At this stage, the National Workforce Development Fund is the principal component of Skills Connect. This programme assists businesses to identify and address their current and future workforce development needs by subsidising the training of new and existing workers. So far, AUD 700 million has been allocated to this fund for the period 2011-12 to 2015-16.

Policy responses during the crisis

In response to the global financial crisis at the end of 2008, the Australian government implemented a large package of fiscal stimulus measures to maintain a high level of employment during the expected economic downturn called Keep Australia Working (DEEWR, 2009b). Australia's Keep Australia Working strategy made the co-ordination of employment policies at the local level a priority, with increasing recognition of the need to bring together government, local employers, business leaders

and community organisations to help deliver local solutions to skills and employment problems and boost labour market participation. It was also designed to assist jobseekers and employers to access relevant programmes and training. It included additional support and services under the Jobs and Training Compact, including for workers who became retrenched and funding for job creation projects that built community and social infrastructure (Jobs Fund).

Box 1.1. **What practices promote more effective skills utilisation?**

The Australian Workforce and Productivity Agency (formerly Skills Australia) outlines the following types of initiatives designed to make the use of skills more effective:

- **Job redesign:** involves changing the role or description of a job so that the skills of the employee are put to better use. This can include teamwork and flexibility in job descriptions and work arrangements with colleagues.
- **Employee participation:** includes involving employees in discussion on business strategy, which aims to more effectively use employees' knowledge and experience.
- **Autonomy:** includes giving employees more freedom and autonomy to make decisions in how they perform their job.
- **Job rotation:** involves facilitating the learning of new skills by shifting employees into different jobs and positions within the company.
- **Skills audit (training needs assessment):** aims to identify the skills that employees currently have and identify which skills are most needed.
- **Multi-skilling:** is related to job rotation and involves training employees in multiple skill sets, which enables them to perform other tasks, which are not included in their job description.
- **Knowledge transfer:** these types of initiatives can include developing new skills and training that is related to work or working with experienced workers to develop mentorships opportunities for younger staff.

Source: Skills Australia (2012), *Better Use of Skills, Better Outcomes: A Research Report on Skills Utilisation in Australia*, Commonwealth of Australia, Canberra, www.awpa.gov.au/publications/documents/Skills-utilisation-research-report-15-May-2012.pdf.

One of the measures included the identification of priority employment areas (PEAs) – areas most vulnerable to the expected downturn and future unemployment – with the aim to ensure that they received their appropriate share of additional funding and support. The analysis to identify these areas took place from late 2008, when employment growth came to a halt, and was progressively refined until mid-2009. Following the identification of these areas, local employment co-ordinators (LECs) were appointed and advisory committees were established comprising local stakeholders from employment, vocational education and training, as well as economic development backgrounds.

To get the PEAs established, Keep Australia Working forums were held during August-October 2009. The two major objectives of those forums were to engage with the local communities and identify some of the key issues that had to be resolved. Four issues were common to a large number of areas:

- the need to simplify the apprenticeship system and consider better financial incentives

- the need for vocational training to address current and future skill shortages and better meet in-demand skills
- better linkages between employers and training providers
- information, assistance and services could be targeted to local communities, employers and jobseekers – many stakeholders found it difficult to navigate through the many alternatives.

These forums were followed up with Jobs and Skills Expos (Box 1.2) organised by the local employment co-ordinator to bring together employers, industry groups, employment services providers, government and community organisations, as well as training and education providers. Local jobseekers were personally invited to attend the Jobs Expo.

Box 1.2. **Jobs and Skills Expo**

One of the key roles played by the local employment co-ordinator in the priority employment areas has been to organise a Jobs and Skills Expo. The Expo is a "one-stop jobs and skills marketplace", bringing employers, employment service providers, labour and recruitment agencies as well as registered training providers together with other agencies, all under one roof, all on one day. For example, the Jobs and Skills Expo in Ballarat, Victoria in April 2012 was attended by about 2 000 people. They had the opportunity to meet with more than 50 local, state and national businesses; employment service providers; private recruitment agencies; and registered skills training organisations. It provided a good opportunity for businesses to connect with the community at large, and to disseminate information about their skill needs. Jobseekers, for their part, got an overview of the variety of jobs and skills training opportunities that were available and could meet potential employers face-to-face.

Source: DEEWR (Department of Education, Employment and Workplace Relations) (2012), *Australian Jobs*, Commonwealth of Australia, Canberra.

The role of priority employment areas/local employment co-ordinators

The initial role of the priority employment area was to focus on a range of government activities, designed to respond rapidly to the needs of workers who were made redundant, and to ensure maximum effectiveness of government, community and business efforts to stimulate the local economy and generate new jobs, and to provide additional assistance to address local labour market issues. To achieve this, the main role of the local employment co-ordinator was to:

- identify the needs of the area and match them with employment, education and training opportunities
- target business and industries to identify emerging employment opportunities
- develop and maintain a relationship to an advisory committee
- identify employer needs, skills and labour shortages, and structural barriers that compromised job matching.

The more specific goals and means of attaining them were set out in regional employment plans developed by the LECs and the PEA advisory committees. These plans outline local initiatives that aim to achieve immediate, medium and longer term employment and training outcomes to support the projected growth and the longer term

visions of the areas. The skills and workforce development activities endorsed under the plans support the goals of existing regional plans and identify collaboration opportunities across the local labour market to optimise local investment and potential job creation and skills development. The goals of the plans include:

- maximising opportunities created by the Nation Building – Economic Stimulus Plan
- maximising employment and training opportunities created by the Jobs Fund
- creating local employment opportunities
- providing targeted support for youth engagement in social and economic activity
- improving employer and industry peak body awareness of support and services available
- increasing workforce diversity and improving access to employment and skills development
- addressing local skills development needs.

The strategies developed implied that the attainment of goals outlined would be highly dependent on the co-operation of a range of stakeholders including the Department of Human Services, Job Services Australia providers, local governments, regional development agencies and many others. It was also recognised that the strategies would build on existing initiatives in the area (DEEWR, 2010a; 2010b). During 2009-10, a major role of the LEC was to work with community stakeholders to identify and develop projects that might be funded through the Jobs Fund. The first round of applications were approved in May 2009 when 172 projects were announced nationally with a total value of over AUD 132 million. These projects were expected to create or retain over 6 000 jobs, more than 1 800 traineeships and around 3 600 work experience places.

By the time of the 2011-12 Budget, economic conditions had become more favourable but there were still areas of entrenched disadvantage, preventing some Australians from benefiting from the growing economy and opportunities for work. Some regions were not doing as well as others and needed extra support to get people back into work. Therefore, the Budget provided for continued assistance to the 20 priority employment areas for activities that responded to the needs of local labour markets and work across government, community and business to stimulate the local economy and generate new jobs. A total of AUD 45 million was provided to extend these initiatives, including LECs and Jobs and Skills Expos until 30 June 2013.

Of the total funding of AUD 45 million over two years, AUD 20 million was allocated to a Flexible Funding Pool (FFP). This funding was to support the activities of the LECs in the 20 PEAs and assist them to drive local responses to local labour market problems and boost participation. Working with local stakeholders, they identify projects or activities which may be funded through the FFP and which deliver employment and skills development outcomes. Projects or activities funded through the FFP are expected to have direct links to the broad goals and specific strategies outlined in the regional employment plan for the relevant priority employment area.

On 9 May 2013, the Australian government announced that a further extension of the Priority Employment Area measure until 30 June 2014. A total of AUD 15.7 million has been allocated to continue the work of 20 LECs based in PEAs across Australia and fund another 10 Jobs and Skills Expos.

On 1 June 2013 in response to Ford Australia's announcement that it will be closing its Geelong and Broadmeadows plants by October 2016, the government, as part of a larger package of assistance, established Geelong as a priority employment area through to 30 June 2014. This includes the engagement of a local employment co-ordinator with access to the FFP, and the holding of a Jobs and Skills Expo. The Broadmeadows plant is already covered by the North Western Melbourne Priority Employment Area. The establishment of the Geelong priority employment area brings the total number of priority employment areas to 21.

Assessments of the PEA/LEC Initiatives

The PEA/LEC Initiative is part of a wide range of programmes and policies and there has been limited assessment of the initiative to date. The only assessment undertaken was by a Department taskforce looking into the performance of the JSA providers in March 2011. The taskforce suggested that the LEC performed an important role by linking local stakeholders' efforts to create employment opportunities. It also recommended that LECs should be retained and saw a broader role for the PEA concept, particularly as target areas for the expansion of the Department of Human Services' role under the Local Connection to Work (LCTW) Initiative.

Regional Development Australia areas

In the 2011-12 Budget, the government also announced an additional regional initiative as part of the Building Australia's Future Workforce package. This package had a different, but overlapping, focus and four key areas were nominated: early childhood education and care, Year 12 attainment, participation in vocational education and training and higher education, and local job opportunities. To drive the implementation of initiatives in these areas, the Department of Employment appointed 34 regional education, skills and jobs (RESJ) co-ordinators to most of the 46 Regional Development Australia areas that cover non-metropolitan Australia. The primary objective of these co-ordinators is to develop and implement regional education, skills and jobs plans which provide local strategies to improve participation in and outcomes from education, skills training and employment. The underlying rationale is that improved co-ordination and integration of existing programmes and services and more effective local planning will maximise opportunities for regional communities to participate in education, skills development and employment.

Their work may include developing solutions to locally identified priorities in education, skills and jobs development through better connection of stakeholders and/or programmes and ensuring regional communities are aware of the opportunities available through the Department of Employment programmes and how to access them. There are similarities in roles and occasional overlap in geographic areas between the local employment co-ordinators and the RESJ co-ordinators, however, it is noted that the focus of the two measures are different. The RESJ co-ordinators' primary focus is on education and skills development, including over the longer term, across regional Australia, responding to a disparity in educational attainment and retention in regional Australia. The primary focus of LECs is on strategic short- to medium-term labour market strategies in areas of identified disadvantage. Both areas of focus require significant investment by the relevant co-ordinators. Where the RESJ areas and PEAs overlap, the RESJ and LECs work collaboratively.

Note

1. On 18 September 2013, the Department of Education and the Department of Employment was created out of the former Department of Education, Employment and Workplace Relations (DEEWR).

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Chapter 2

Overview of the Australian case study areas

To better understand the role of the local level in contributing to job creation and productivity, this study examined local activities in two priority employment areas in Australia: i) *Ballarat-Bendigo; and* ii) *Ipswich-Logan. Both areas face unique employment and labour market challenges, which affect their growth and competitiveness. This chapter provides a labour market and economic overview of each region as well as the results from an OECD LEED statistical tool which looks at the relationship between skills supply and demand at the sub-national level.*

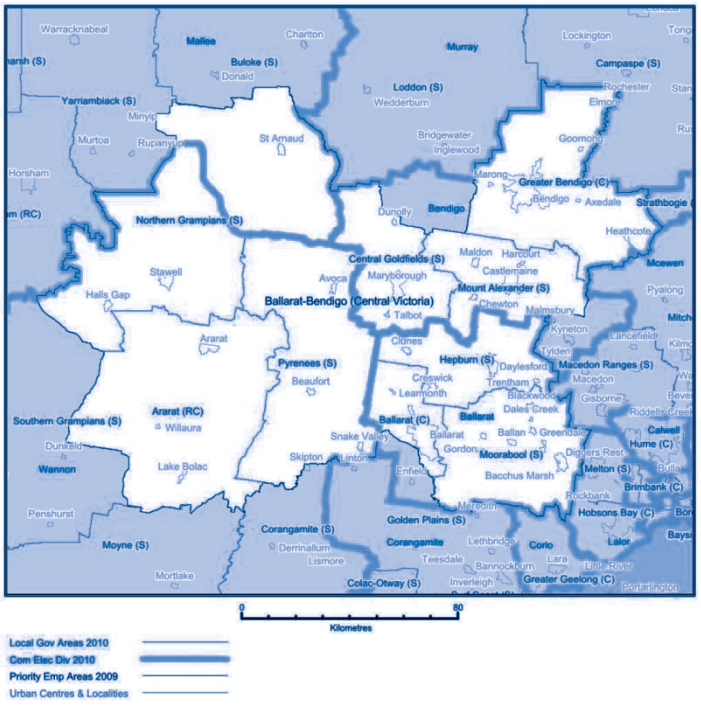
Overview

In Australia, this study has taken a case study approach focusing on local activities in two priority employment areas: *i)* Ballarat-Bendigo; and *ii)* Ipswich-Logan. Key economic and employment trends in each priority employment area (PEA) help contextualise their labour market challenges and opportunities.

Ballarat-Bendigo Priority Employment Area, Victoria

The Ballarat-Bendigo Priority Employment Area is centred on two large provincial cities (Ballarat and Bendigo) about 100 kilometres west and northwest of Melbourne (Figure 2.1). Both cities have a long and rich history beginning with the Victorian gold rush in the 1850s. Now they are both major regional centres, each with a population of about 100 000. They have a diverse economic base built on a strong manufacturing heritage. As in most developed countries, manufacturing has been in structural decline for some time but still makes a significant contribution to regional economic output. In addition, the existing manufacturing skill base also provides a foundation for the introduction of more advanced and value-adding manufacturing businesses (DEEWR, 2010a).

Figure 2.1. **Ballarat-Bendigo Priority Employment Area**



Note: This map is for illustrative purposes and is without prejudice to the status of or sovereignty over any territory covered by this map.

Source: DEEWR (Department of Education, Employment and Workplace Relations) (2010), *Regional Employment Plan Ballarat-Bendigo Priority Employment Area*, Commonwealth of Australia, Canberra.

The Ballarat-Bendigo Priority Employment Area has a population of 300 000 persons. Areas within this region have lower median income and higher proportions of individuals using public housing compared to the state and national figures. In September 2011, about 23% of the working-age population in Ballarat were in receipt of an income support payment. This was a similar trend in Bendigo (24%) with both areas being considerably higher than Victoria and Australia (both at 17%). Interestingly, this does not translate into a higher unemployment rate. In February 2012, the unemployment rate was 4.9%, below the national average of 5.5%. While unemployment was below the national average, the youth unemployment rate was 13.2%, well above the national average of 11.3%.

One of the challenges facing the region is the lower level of skills it has relative to other areas in the country. Using data from the 2011 Census, a smaller proportion of people aged 25-34 years old had completed Year 12 or equivalent in the Ballarat (64%) and Bendigo (61%) areas when compared to Victoria (74%) and Australia (69%). Furthermore, the proportion of 25-34 year olds having attained a Bachelor degree or higher is lower in Ballarat (36%) and Bendigo (35%) than Victoria (49%) and Australia (45%). On the other hand, the proportion of 25-34 year olds who had completed an advanced diploma, diploma or certificate level qualification was higher (54%) than Victoria and Australia (40% and 43% respectively).

Although the area has been identified as a PEA, it does have a diverse economic structure, which provides a good base for future economic development. Looking at occupations in the area, healthcare accounted for a larger proportion of employment (about 13%) than any other industry. This was followed by retail trade (12%) and manufacturing (10.5%). There is potential in the defence and renewable energy sectors, but a more specialised and education workforce is required. The financial services industry, which is anchored by a major regional bank, also has good prospects, but access to capital has become more difficult and the industry has had difficulties in attracting and retaining high-level managerial staff. Tourism is also an industry with good future prospects. The region is looking to enhance its reputation as a tourist destination and has an impressive range of attractions; many of which are associated with its gold mining past.

Education and health services in the region are strong and continue to grow as services centralise within the western Victorian region. Unlike many regional areas, Ballarat has its own university that has created strong links with local employers. The University of Ballarat has a major campus at Mount Clear, a technical and further education (TAFE) campus in Ballarat and satellite campuses in Horsham, Stawell and Ararat. La Trobe University and Bendigo TAFE have separate campuses in Bendigo and satellite campuses in Castlemaine and Maryborough as well as others outside the PEA.

The latest survey of employers' recruitment experience in September 2011 noted that the labour market was relatively subdued across the Ballarat area but stronger in Bendigo. Signs of improvement were evident in both areas with some unmet demand and recruitment difficulty or low competition for some vacancies. The Regional Employment Plan outlines a number of occupations reported by employers as being difficult to fill during the 12 months to September 2011 (DEEWR, 2010a). These include occupations requiring a Bachelor degree or higher VET qualification, such as electricians, plumbers, cooks and chefs. Other occupations which would be considered as lower skill occupations were identified as shortage areas, including housekeepers, truck drivers, sales assistants, kitchen hands and general store persons. In general, employers regarded the majority of

applicants as unsuitable because they lacked sufficient experience, qualifications and employability skills.

The Regional Employment Plan identifies three broad goals as well as specific strategies to achieve them (DEEWR, 2010a). These broad goals include:

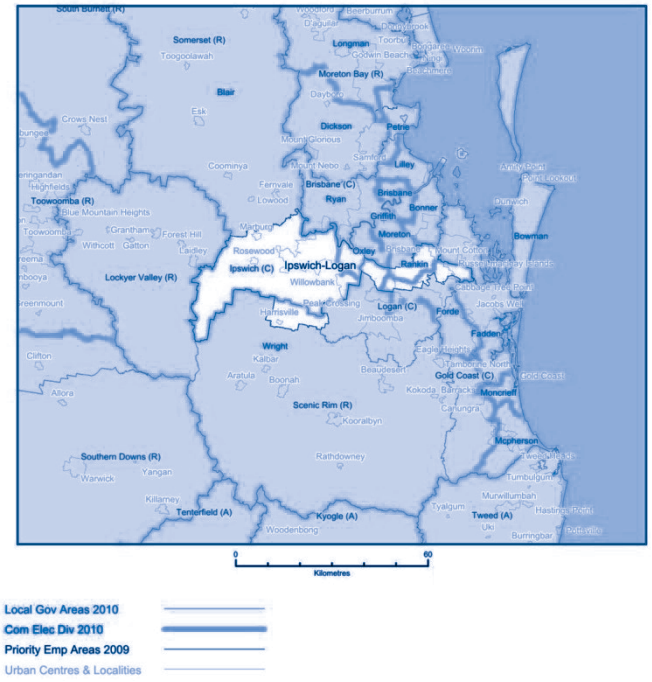
- supporting employment, workforce participation and skills development through maximising government investment
- helping retrenched workers transition into new employment and/or training
- facilitating employment and training opportunities for jobseekers, including disadvantaged groups, with a focus on the skills shortages experienced by industries.

Ipswich-Logan Priority Employment Area, Queensland

The Ipswich-Logan Priority Employment Area in southern and western Brisbane comprises the Local Government Area of Ipswich and part of Logan with a population of 360 000 (Figure 2.2). It is an area that expects strong population growth – by 2030, it is expected that 800 000 persons will live in the area (DEEWR, 2010b).

The region has a highly diverse population with over 150 languages spoken and a range of underutilised and unrecognised skills and qualifications. It has a young population, 15% is aged between 14-24 and this age group, particularly school-aged children, has been identified as a key group for targeted skills development and investment to meet the future needs of the local industries and the community.

Figure 2.2. **Ipswich-Logan Priority Employment Area**



Note: This map is for illustrative purposes and is without prejudice to the status of or sovereignty over any territory covered by this map.

Source: DEEWR (Department of Education, Employment and Workplace Relations) (2010), *Regional Employment Plan Ipswich-Logan Priority Employment Area*, Commonwealth of Australia, Canberra.

In February 2012, the unemployment rate for the Ipswich-Logan Priority Employment Area (6.4%) remained higher than the overall rate for Queensland (5.4%). Similar to Ballarat-Bendigo, the Ipswich-Logan area has pockets of highly complex disadvantage including relatively low levels of educational attainment, high rates of registration for Centrelink benefits, high rates of jobless families and intergenerational unemployment. At the end of 2011, statistical local areas with very high levels of labour market disadvantage included Woodridge, which has an unemployment rate of 19.6%, and Kingston (19.5%).

Ipswich-Logan also has a lower level of skills relative to other areas in the country. Using data from the 2011 Census, a smaller proportion of people aged 25-34 years old had completed Year 12 or equivalent in Ipswich and Logan (63% for both areas) when compared to Queensland and Australia (69% for both). Furthermore, the proportion of 25-34 year olds having attained a Bachelor degree or higher was lower (26% in Ipswich and 27% in Logan) than Queensland (38%) and Australia (45%). On the other hand, the proportion of 25-34 year olds who had completed an advanced diploma, diploma or certificate level qualification was slightly higher in both Ipswich and Logan (59%) than Queensland and Australia (48% and 43% respectively).

Employment in the area is concentrated in the manufacturing and construction sectors, which employ around a quarter of the region's workforce. Health and social assistance, retail trade, as well as transport and logistics are also significant employers in the regions. The region has over 40% of the available industrial land in South East Queensland and the local councils encourage the growth of new and existing industries and employment in the region. Both cities have identified a range of opportunities to further develop and diversify the region's industry and skills base. Target industries for growth include health and community services, education, advanced manufacturing, aerospace, creative industries, and knowledge and sustainability industries. The substantial infrastructure and residential development required to meet the projected regional growth also provides significant opportunities for skills development and local job creation.

One of the major workforce issues that the area faces is the potential mismatch between the local workforce and the needs of employers in the area. Many employers express concerns about the attitude and work ethic of jobseekers who in many cases do not meet the standards employers expect. The same concern is sometimes expressed about school leavers. In the manufacturing and construction industries, employers in the area find it difficult to recruit and retain skilled workers in the traditional trades. Competition from the high-paying resource sector is strong, affecting both the supply of fully skilled workers and apprentices.

The latest survey of employers' recruitment experiences indicate that labour market conditions in the Ipswich-Logan Priority Employment Area remain subdued with further softening in recruitment activity since the region was surveyed in January 2012 (DEEWR, 2013). There were few recruiting employers, few unfilled vacancies, low levels of recruitment difficulty and strong competition for vacancies. Additionally, a low proportion of employers expected to recruit or increase staff numbers in the year following the survey. Recruitment activity among employers in the manufacturing industry, a major employer in the region, was particularly soft. Recruitment expectations were positive in some industries, with a high proportion of employers in the healthcare and social assistance and accommodation and food services industries expecting to recruit in the future. Likewise, demand for technicians and trades workers is high with a

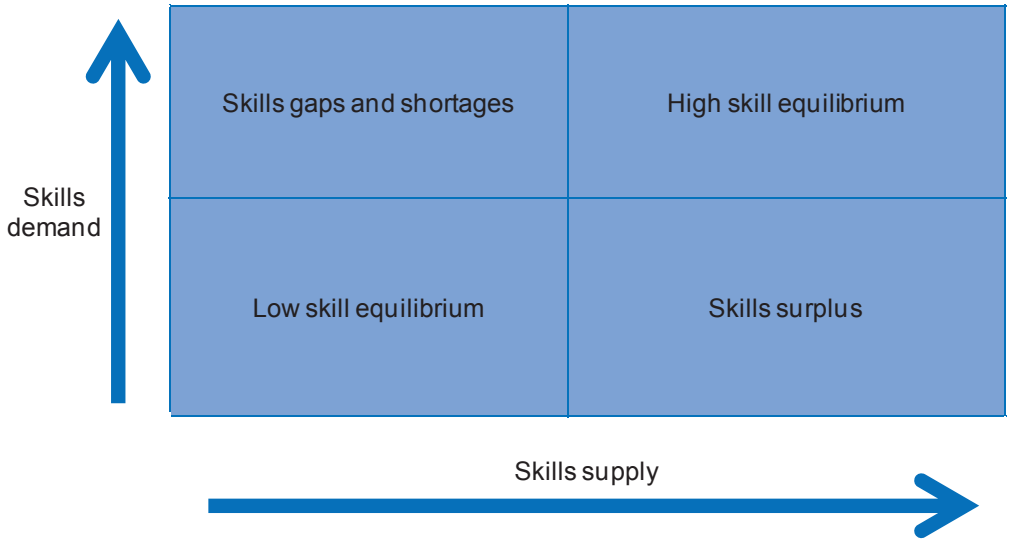
relatively high proportion of vacancies remaining unfilled, and several occupations were mentioned by employers as difficult to fill, including for chefs, motor mechanics and structural steel and welding workers.

Similar to Ballarat-Bendigo, Ipswich-Logan has identified the same three broad strategies for regional development. These broad strategies are designed to improve linkages between local labour market supply and demand as well as harness existing programmes and resources through the extensive network of local stakeholders in employment, vocational education and economic development.

The balance between skills supply and demand

As part of its Skills for Competitiveness project, which was carried out in 2009, the OECD LEED Programme developed a statistical diagnostic tool which helps to understand the balance between skills supply and demand within local labour markets (TL3 areas). According to this methodology, local economies can fall into four different categories: low skills equilibrium, skills gaps and shortages, skills surplus and high skills equilibrium.[1]

Figure 2.3. **Understanding the relationship between skills supply and demand**



Source: Froy, F. and S. Giguère (2010), "Putting in place jobs that last: A guide to rebuilding quality employment at local level", *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2010/13, OECD Publishing, Paris, http://dx.doi.org/10.1787/5km7jf7qtk9p-en.

Looking at Figure 2.3, in the top-left corner (skills gaps and shortages), demand for high skills is met by a supply of low skills, a situation that results in reported skills gaps and shortages. In the top-right corner, demand for high skills is met by an equal supply of high skills resulting in a high-skill equilibrium. This is the most desired destination of all high-performing local economies. At the bottom-left corner, the demand for low skills is met by a supply of low skills resulting in a low-skill equilibrium. The challenge facing policy makers is to get the economy moving in a north-easterly direction towards the top-right corner. Lastly, in the bottom-right corner, demand for low skills is met by a supply of high skills resulting in an economy where what high skills are available are not

utilised. This leads to the out-migration of talent, underemployment, skill under-utilisation, and attrition of human capital, all of which signal missed opportunities for creating prosperity.

Figures 2.4 and 2.5 show the relative performance of local economies in Victoria and Queensland in 2011 correlated to the national average unemployment rate. These figures show whether local areas in Victoria and Queensland fall into a high-skills equilibrium, low-skills equilibrium, skills shortages/gaps or skills surplus. This diagnostic tool can provide policy makers with important information on the relationship between supply and demand to inform place-based policy approaches at the local level. It can help policy makers in determining whether certain areas may be experience skills mismatches.

Applying this analysis to the priority employment areas, the Bendigo-Ballarat Priority Employment Area would fall into the Loddon and Central Highlands statistical areas. In Figure 2.4, the Loddon-Mallee area is in the skills shortages and gaps quadrant, indicating that the demand for high skills is greater than the supply. This would imply that local efforts should be targeting policies which are aimed at retaining and attracting higher skilled individuals to live and work in the area. The Central Highlands-Wimmera area falls in the low-skills equilibrium, indicating that there is a low supply of skills being matched by low demand from employers. This suggests that this area has a large number of low-quality jobs. In both areas, the unemployment rate is above the national average. In Victoria, one can see that there is a strong relationship between being in a high-skills equilibrium and lower unemployment rates. Areas which tend to fall outside of the high-skills equilibrium quadrant mostly have unemployment rates above the national average (with Gippsland being the only exception).

In Queensland (Figure 2.5), the Ipswich-Logan Priority Employment Area would fall into the Ipswich City and South and East Brisbane statistical divisions. Both areas fall in the low-skills equilibrium showing that the demand and the supply of skills are relatively lower than in the rest of the country. In Queensland, the correlation between being in a high-skills equilibrium and having a better performing unemployment rate is weaker when compared to Victoria. The Gold Coast areas fall in the low-skills equilibrium quadrant but have lower unemployment rates. This could be related to the strong tourism sector in these areas, which provides many jobs that are not necessarily high-skilled.

Looking at Australian-specific studies on skills mismatches, some research has been conducted using HILDA survey data to differentiate between higher education holders, VET graduates, Year 12 school graduates and those qualified below Year 12 (Mavromaras, 2009). The findings indicate that graduates from the vocational education and training system are the least likely to be mismatched in their jobs. The prevalence of skills mismatch is the lowest for vocational education and training and higher degree graduates (between 9-10%). The highest level of mismatch relates to Year 12 graduates and those qualified below Year 12 (about 18%).

Figure 2.4. **Skills supply and demand, Victoria (2011)**

Figure 2.5. **Skills supply and demand, Queensland (2011)**

Note

1. In order to approximate the demand for skills a composite index was developed including the percent of the population employed in medium-high skilled occupations and gross valued-added (GVA) per worker. The supply of skills was measured by the percent of the population with post-secondary education. The indices are standardised using the inter-decile method and are compared with the national median. The analysis is carried out at the level of Territorial Level 3 regions (regions with populations of approximately 150 000-800 000). Further explanations on the methodology can be found in Froy et al. (2011).

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DEEWR (Department of Education, Employment and Workplace Relations) (2013), *Survey of Employers' Recruitment Experiences Ipswich-Logan Priority Employment Area and the Inala-Richlands Regions*, Commonwealth of Australia, Canberra.

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Froy, F. and S. Giguère (2010), "Putting in place jobs that last: A guide to rebuilding quality employment at local level", *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2010/13, OECD Publishing, Paris, http://dx.doi.org/10.1787/5km7jf7qtk9p-en.

Mavromaras, K. (2009), "A skilled workforce for the future", *Insights*, Vol. 6, University of Melbourne.

Chapter 3

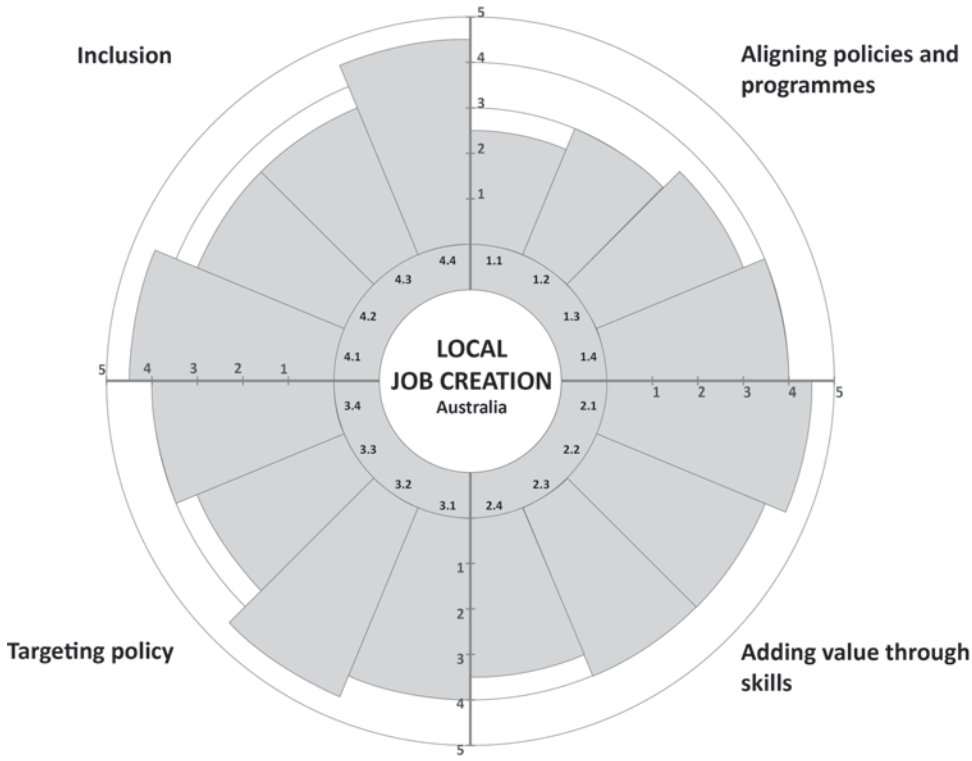
Local Job Creation Dashboard findings in Australia

This chapter highlights findings from the Local Job Creation Dashboard in Australia. The findings are discussed through the four thematic areas of the review: i) *better aligning policies and programmes to local employment development;* ii) *adding value through skills;* iii) *targeting policy to local employment sectors and investing in quality jobs; and* iv) *inclusion.*

Overview of results from the Local Job Creation Dashboard

The full results of the Local Job Creation Dashboard across Australia are presented in Figure 3.1. Overall, the findings from the dashboard and the questionnaire indicate that the weakest priority area for development relates to aligning policies and programmes to local economic development. It would appear that despite the introduction of the Local Employment Co-ordinator Model, stronger efforts could be made to align and integrate employment policies with vocational education and economic development.

Figure 3.1. **Local Job Creation Dashboard for Australia**



While providers have good flexibility when it comes to service delivery, the flexibility in the management of employment programmes and policies outside of the Job Services Australia (JSA) contract is limited. The ability and incentives for providers to collaborate at the local level is limited by the design features of the JSA contract, which leads to competition between local actors, particularly in the area of employment.

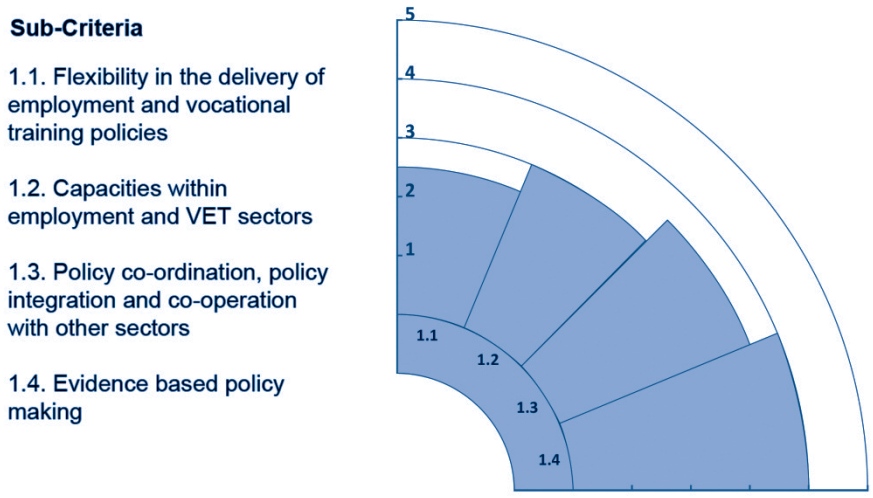
In terms of adding value through skills, Australia's vocational education and training (VET) system is a best practice in the OECD. There are a wide range of training courses available, which are adapted to meet both individual and employer needs. There are also numerous policies and programmes in place targeted to local employment sectors and quality jobs. In particular, other OECD countries could learn from efforts undertaken in some states/territories in Australia to promote the better utilisation of skills.

Lastly, policies and programmes designed to support inclusion appear to be quite strong in Australia. There are a range of specialist providers who target specific groups and communities that face disadvantage. Additionally, Australia has promoted the importance of place-based approaches targeting specific communities through the Priority Employment Area Initiative. There are some groups in Australia, such as the Aboriginal

and Torres Strait Islander population, that still face significant challenges towards full integration into the labour market.

Theme 1: Better aligning policies and programmes to local economic development

Figure 3.2. **Dashboard results: Better aligning policy and programmes to local economic development**



1.1. Flexibility in the delivery of employment and vocational training policies

The OECD defines flexibility as "the possibility to adjust policy at its various design, implementation and delivery stages to make it better adapted to local contexts, actions carried out by other organisations, strategies being pursued, and challenges and opportunities faced" (Froy and Giguère, 2009). Flexibility deals with the latitude that exists in the management of the employment system, rather than the flexibility in the labour market itself. The achievement of local flexibility does not necessarily mean that governments need to politically decentralise (Froy and Giguère, 2009). Governments just need to give sufficient latitude when allocating responsibilities in the fields of designing policies and programmes, managing budgets, setting performance targets, deciding on eligibility and outsourcing services.

Employment services

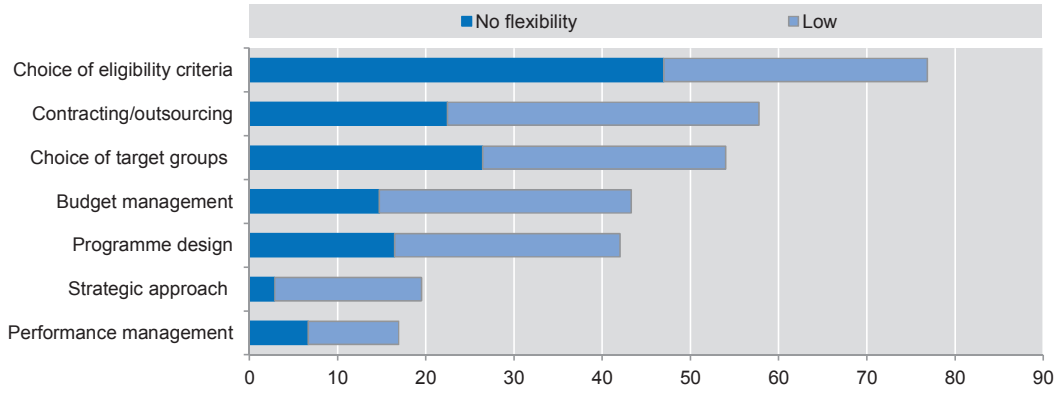
Employment services in Australia are delivered through an outsourced model by Job Services Australia (JSA) providers. Previous OECD research has highlighted the relatively strong central management of employment services in Australia, which is necessary to create a level playing field for providers to operate and compete (OECD, 2012a). Furthermore, it is only in a centralised management system that an accountability system such as the star rating system, which measures the performance of the JSA providers, can be maintained. The OECD has also pointed to the effectiveness of the quasi-market delivery system of employment services and its role in progressively increasing the labour market participation rate (OECD, 2012a).

Local stakeholders in the case study regions indicated that employment services are relatively flexible when it comes to service delivery, as providers are able to cater

services to meet client needs at the local level. Contracts reward outcomes, which help to stimulate the innovation and creativity of providers in achieving them. However, flexibility in designing strategies and actions that fall outside the terms and conditions of the contract is more limited. Programmes are largely designed within a national framework and local providers have limited flexibility to adjust programme design, eligibility and performance management. The contracts between the government and the JSA providers are quite specific about the type of services that should be delivered, outcomes that should be achieved as well as the administrative requirements. Funding is based on the "stream" of the client, which directs more funding to placing those individuals which are hardest to serve in employment as determined by the national level. There are a range of tools used to stream clients based on assessment of disadvantage but local stakeholders indicated that they have limited influence into this process. Several local stakeholders noted that the restrictive nature of the contract reduces their ability to adapt programmes and services to their local labour market context. Outcome and performance measurement of the providers themselves through the star ratings system is also fixed at the national level and not necessarily tied to local considerations.

Responses from employment services providers across Australia were similar to the findings in the case study areas (Figure 3.3). Providers responded that they have limited to no flexibility in the choice of eligibility criteria, contracting/outsourcing, choice of target groups, or budget management.

Figure 3.3. **In your opinion, what flexibility do you have in how you implement the following aspects of your work?**



Vocational education and training

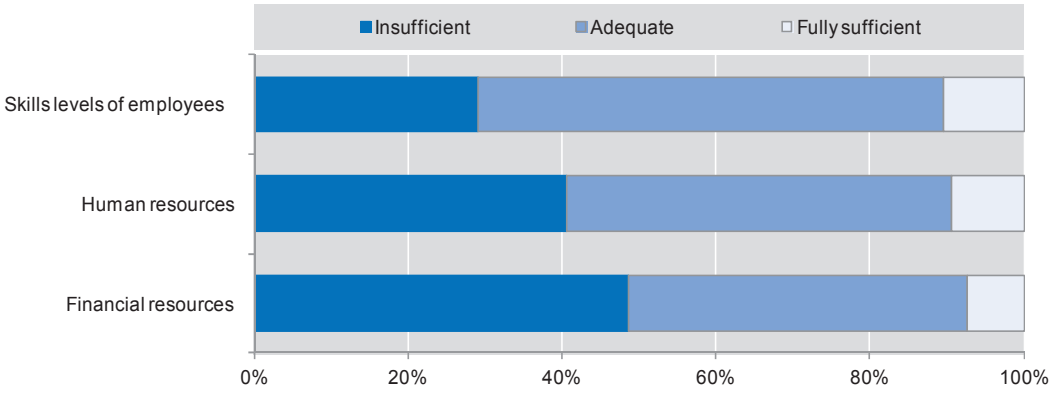
Looking at flexibility within the VET system, Australia has for some time been moving towards a market-driven system for access to public funds to deliver VET. In Victoria, all diploma and above programmes became open to competition in 2009 and were subsequently extended to all VET programmes in 2011 (Skills Victoria, 2011). Other states are also moving in the same direction. This means that public funds are tied to students and accessed by providers through services to these students. One of the flexible features of the system is the two-level specification of the training curriculum. Australia's VET system is based on teaching industry standards and learning outcomes, via training packages set out the competencies to be achieved, but do not prescribe how the training should be delivered. Registered training organisations then develop teaching strategies and assessment methods to impart the competencies specified according to the local needs, abilities and circumstances of the students and industry. Compared to

employment services, the VET system has a much stronger attachment to the local community. The dominant providers (the TAFE institutes) have been an integral part of the local community since their establishment, and their governing boards, staff and teachers see themselves as serving this community.

1.2. Capacities within employment and vocational education and training sectors

The capacity of the employment and VET sectors is an important consideration if local areas are to be given more flexibility in the management of employment and training programmes. Employment service providers in the case study areas indicated that they generally have the number of staff and resources required to achieve their objectives. National responses to the electronic questionnaire also indicated that the skills levels of employees were adequate to fully sufficient. However, in terms of human resources (i.e. the number of staff), 40% of respondents indicated that resources were insufficient while for financial resources, 49% responded that they were insufficient (Figure 3.4).

Figure 3.4. **In your opinion, are resources sufficient to meet your objectives?**



One should interpret these results with caution as they are subject to response bias given how resources are closely linked to the level of fees and outcomes payments. Local stakeholders consulted for this study describe their situation as sufficient to deliver the required services; however, the fixed fee contracts mean the real value of the fees decline over the duration of the contract. A potential concern relates to the high level of turnover of staff, leading to a shortage of persons with relevant skills and experience with employment services. While turnover is often between organisations, persons with specialised skills (i.e. those who would provide services to individuals with special needs and mental illness) can be particularly difficult to find. This concern is potentially offset by a well-developed system of training and development in the employment services industry. Box 3.1 provides an example of activities of Best Community Development, which is an employment services provider in the Ballarat-Bendigo Priority Employment Area.

Box 3.1. **Delivering employment services in Australia**

Best Community Development

Best Community Development is a non-profit community based employment services provider based in the Ballarat-Bendigo area. It was established in 1974 as a federally funded co-operative society, Ballarat Community Education Centre. In the early 1990s, its services were expanded to cater for the broader community and an employment arm, Ballarat Employment Service and Training (BEST) was established in 1996. In March 2012, Best Community Development and BRACE Education Training Employment amalgamated, bringing together two of Ballarat's not-for-profit organisations. This amalgamation is part of a trend in the industry; being able to deliver a wide range of services over a larger area is a key to financial viability.

Like many other organisations, this organisation has a broad remit. Its mission is to "enhance individuals and enrich the community by delivering employment, education, training, and community and business services." In addition to being a Job Services Australia employment service provider, it operates as a specialist disability employment service provider. As a registered training organisation, it delivers accredited training in the fields of community services, business, hospitality, retail and IT. Through its for-profit arm, Best CDG, it delivers training programmes in states other than Victoria. It also has a commercial arm, BEST Quickprint, photocopying and printing business operating under the umbrella of Best Community Development.

Best CD has about 100 employees of which two-thirds are full time. In addition, it draws on a large number on volunteers to assist with its community development activities. It is financed by federal and state programmes and funds, donations from local businesses and individuals and its commercial activities. Employment services are operated from five full-time and five outreach sites in the Ballarat-Bendigo area. In 2011, Best Community Development assisted about 1 000 jobseekers, 650 of whom obtained sustainable and ongoing work.

Many jobseekers can be placed directly into jobs. For others, training may be the first option, delivered by themselves or by other training organisations. For jobseekers that face significant barriers, such as homelessness, depression, anxiety and drug and alcohol dependence, Best Community Development works with other service providers to overcome these. This assistance is individually tailored to meet the needs of each jobseeker. Other jobseekers are best assisted by work experience activities. These are organised with the assistance of local non-profit organisations to improve, renovate and redevelop facilities, club rooms, grounds, parks and heritage buildings.

Source: Best Community Development (2012), *Annual Report 2011*, Brisbane, www.bestcd.org.au/report2012.pdf.

Within the vocational education and training sector, local stakeholders indicated less concern about resources in the sector, although it can be difficult to achieve the right mix of staff – a surplus in some areas and difficult to find staff with the right skills in others. On the other hand, the increasing demand on VET teachers and their capacity to respond to these demands will be an important consideration going forward. One review by the Productivity Commission suggested that all trainers should have an educational qualification that is relevant to their role and that many trainers could refresh their industry skills (Productivity Commission, 2012). The Australian Workforce and Productivity Agency has called for a national VET workforce development strategy that includes a programme to lift the professionalism and skills of the vocational education workforce (Skills Australia, 2012). Vocational education and training in mainly funded by state and territory governments (and to a lesser extent by the national government). Employers also contribute by purchasing training for their employees, while students

contribute through the payment of course and administration fees. The past two decades have seen a large expansion of the training sector, including an expansion of privately provided training.

1.3. Policy co-ordination, policy integration and co-operation with other sectors

There is a strong emphasis that employment service providers build strong linkages and work co-operatively with other stakeholders at the local level, which has been given increasing weight in the JSA system. Prospective providers are required to specify the strategies they will follow to achieve this engagement and their performance is assessed at the mid-contract review and at re-tendering stages. This specific requirement aside, local stakeholders in both case study areas emphasised that the performance of a provider depends on its ability to work with a range of other stakeholders. Additionally, many of the not-for-profit providers are part of a community service organisation that regards itself as being a part of the local community in which it operates. All employment services providers interviewed for the purpose of this study confirmed that they have a strong sense of responsibility to the other local stakeholders and the community at large.

The overall impression is that information sharing and collaboration at the local level is fragmented. It arises when there is a need to combine resources to achieve a particular, often short-term outcome, but is not part of a coherent and integrated strategy. There is some collaboration between employment providers but in the case study areas, local stakeholders indicated that the outcomes-based employment system creates competition between them, which is a barrier to collaboration. Responses to the OECD questionnaire also indicated that there is limited co-ordination between employment providers and economic development organisations with 40% of respondents indicating that they do not collaborate. Interestingly, and somewhat surprising, low collaboration was also reported between employment service providers and employers (35% indicated that they do not collaborate) and unions (87% indicated no collaboration).

Local Employment Co-ordinator Model

Established in 2008-09, local employment co-ordinators (LECs) are a relatively new co-ordination mechanism at the local level, designed to bring together local stakeholders to develop local labour market solutions in designated priority employment areas. In both Ballarat-Bendigo and Ipswich-Logan, the Local Employment Co-ordinator has been involved in several local employment initiatives (Box 3.2). The overall impression among local stakeholders from employment service providers, vocational education institutes, employers and economic development organisations is that the LECs have helped to establish connections between stakeholders locally. The LECs have been important in building informal relationships and facilitating the establishment of common objectives and strategic actions.

1.4. Evidence-based policy making

The evaluation of programmes and policies is generally carried out at the state or national level. Generally, there is limited *ex post* evaluation conducted on the impacts of employment programmes and policies. Looking at data availability, local agencies do not collect their own data but rely on national and state agencies. At the local level, performance monitoring is a more appropriate term and this applies both to VET, as well as employment services. Since the funding to both employment services and training is dependent on outcomes, performance monitoring has a direct impact on the strategies

pursued. More specifically, the JSA providers need to pay close attention to the many factors that determine their star rating as it is crucial to their survival as a provider.

Box 3.2. **Breaking down policy silos: Examples of the role of the local employment co-ordinator**

In both priority employment areas, the local employment co-ordinator (LEC) has been a catalyst for bringing local stakeholders together to develop place-based initiatives. The LEC has played an instrumental role in developing the following initiatives in Ballarat-Bendigo and Ipswich-Logan:

Ballarat-Bendigo Priority Employment Area

Young Adult Empowerment Project: The Young Adult Empowerment programme was developed to address some of the systemic factors which underlie youth unemployment including well-being, confidence, motivation, presentation and employability skills. Some of the main components of the programme include physical fitness training, team building, beliefs and barriers, equine therapy, employer visits and mock interviews.

The aim was to prepare participants to engage and remain in the workforce. It was designed for long-term disadvantaged, disengaged and unemployed youth. Candidates who complete the four-week programme are matched with suitable employment opportunities provided across a range of business and community sectors. The project linked existing youth service providers in Ballarat, with an aim to assist those young people that were not currently serviced by mainstream Job Service Australia providers.

The project received funding of AUD 342 138 through the Local Employment Co-ordinator Flexible Funding Pool, as well as by the Committee for Ballarat. The Committee for Ballarat is a member-based industry/business organisation which guaranteed work experience and employment outcomes to suitable graduates of the programme. The programme was well received and was extended to run additional courses. A total of 75 young adults have participated, and early reporting indicates that more than half of them have engaged in employment or training as a result of the course. As the programme was extended, final outcomes are yet to be advised.

Maryborough Building our Community Flexible Funding Pool Project: Maryborough has been a well-known manufacturing rural hub; however, in the last ten years, it has lost many business and employment opportunities to larger city centres or closure. Maryborough has faced many challenges in local redundancies, lack of adult skills training facilities, social distress, economic disadvantage, ageing population and weakened population growth.

Local jobseekers have been faced with entrenched long-term unemployment, a higher reliance on government welfare and high youth unemployment rates. To address these significant local issues, the programme was designed to address both employer and jobseeker needs. It provided employers with clear information regarding the skills and qualities that could be obtained through opening employment opportunities to all members of the community. More than 50 local businesses undertook professional development sessions, which included strategic planning. Of the more than 50 jobseekers who participated, more than 70% have found employment or further training pathways.

CALD Career Ballarat: The Ballarat Multicultural Summit was conducted in May 2012, and identified a number of gaps in existing service delivery for new migrants in Ballarat. These included barriers in accessing accurate and relevant information that was critical to effective settlement, difficulties in working with a number of service providers, language barriers that impacted adversely on access to social inclusion, and employment and education access issues.

Box 3.2. **Breaking down policy silos: Examples of the role of the local employment co-ordinator** (*cont.*)

The CALD Careers programme was designed to close some of these service delivery gaps by assisting migrants to achieve their academic and career goals, and helping them to develop a career path through their participation in a 16-week programme which included assistance to access employment opportunities. The programme was holistic, covering both specific industry skills and employability skills, which were adapted to meet the individual needs of participants, two days per week. The project provided employment opportunities in partnership with employers who were experiencing skills shortage, but particularly in the manufacturing sector. Final outcomes are yet to be determined but several participants immediately engaged in apprenticeships or open employment with businesses in the area.

Ipswich-Logan Priority Employment Area

TransAction: In 2012, the Local Employment Co-ordinator worked with Westside Buses (the Redbank operations of Bus Queensland) to connect with the Redbank Plains High School community and recruit from the parents of students at this school. Together with the company, the school, RTO Strategix, the partnership broker Worklinks and the state government's Transport Industry Capability Unit, the TransAction programme was developed to train and licence ten local parents in bus driving and to form a long-term partnership with the school community for the future recruitment of suitable employees.

The programme was mostly funded through the Flexible Funding Pool with some additional commitment from Westside Buses and the state government. As a result of this programme, Westside Buses developed some of its own staff in the requisite training qualifications and implemented its own internal training programme, regularly recruiting through the local community. Of the participants in TransAction, nine obtained a MR or HR licence and seven found work (not all with Westside Buses but other transport and logistics companies).

In 2013, Bus Queensland won the Outstanding Employer award from Queensland Bus Industry Council on the basis of the TransAction programme. The project partners are currently working together to expand the reach of this successful model of recruiting through engaging with the local community, with a second Flexible Funding Pool project called Growing TransAction, which will work with three schools in the Ipswich area, a number of employers including Westside Buses and will train 25 parents in medium to heavy rigid vehicle operations and plant operations to support the local transport and logistics industry.

Source: DEEWR (Department of Education, Employment and Workplace Relations) (2010), *Regional Employment Plan Ballarat-Bendigo Priority Employment Area*, Commonwealth of Australia, Canberra; DEEWR (2010), *Regional Employment Plan Ipswich-Logan Priority Employment Area*, Commonwealth of Australia, Canberra; DEEWR (2011), *Taskforce on Strengthening Government Service Delivery for Job Seeker*, Commonwealth of Australia, Canberra.

In deciding on the best way to assist jobseekers, employment service providers are informed of the characteristics of individual jobseekers and generally have an intimate understanding of the needs of individual prospective employers. Aggregate data about skill gaps and shortages is also available at the local level. The main source is surveys of employment recruitment conducted by the Department of Employment that provide information at the state and regional level. The government also takes a comprehensive approach to monitoring and assessing the JSA delivery model through pilot projects at the local level (Box 3.3).

Box 3.3. **Job Services Australia Demonstration Pilots programme**

Finding the best way to assist jobseekers is an ongoing challenge. In recognition of this, the Department of Employment operates a JSA Demonstration Pilots programme to continue to develop and enhance the Job Services Australia service delivery model. These pilot projects allow providers to explore new approaches and partnerships with the aim of achieving improved employment and education outcomes for highly disadvantaged jobseekers, including those with multiple barriers to employment. The relative success and design of these pilot projects are then used in the development of the next round of JSA contracts.

High-performing JSA providers in identified disadvantaged areas were invited by the Department to submit proposals under this programme during 2011-12. Of these, 20 project proposals were selected. One of these demonstration pilots were given to CVGT, a JSA provider in the Ballarat-Bendigo Priority Employment Area.

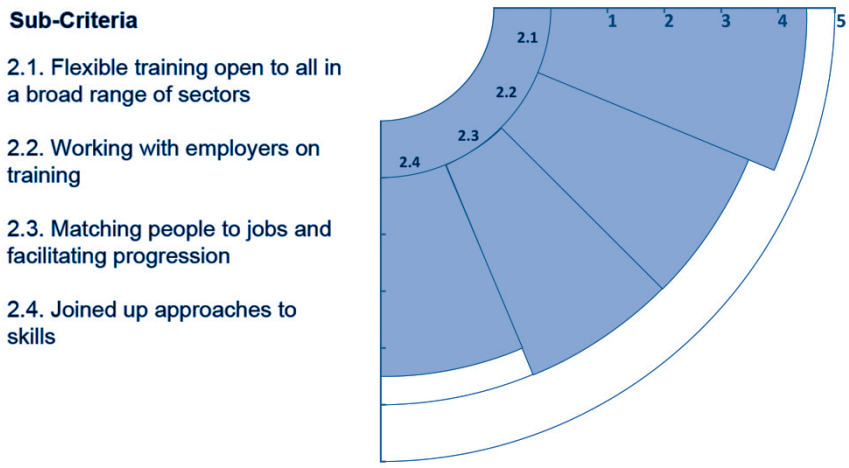
CVGT Australia partners with local health services to provide a voluntary comprehensive health assessment for all participating stream 4 jobseekers on the provider's caseload. These health assessments provide an entry point to engage the jobseeker in a range of non-vocational areas and are supported by follow-up appointments to help the jobseeker achieve their life and employment goals. The health assessment also opens doors for jobseekers to engage with other resources in their community. Participants in the pilot are also given the opportunity to attend two programmes: the Bounce programme, which works on improving motivation and self-development, and the Community Kitchen, which provides participants with nutritional advice, practical advice on budgeting for food and group meal preparation.

Max Employment in the Ipswich-Logan Priority Employment Area runs another of these pilots. It includes an 11-week programme that has been developed in partnership with the Salvation Army Riverview Farm to suit single parents and young jobseekers who are in stream 4 and who are on the provider's caseload. During the programme, participants undertake activities and then reflect on their involvement and group interactions to learn about themselves and their strengths and weaknesses. Building on jobseekers' increased motivation and self-confidence achieved through the programme, the pilot engages participants in vocational training at MAX employment offices before they undertake work experience with local employers. The programme also encourages jobseekers to improve their overall health and well-being by engaging them with Ipswich Fitness.

Source: DEEWR (Department of Education, Employment and Workplace Relations) (2012), *Job Services Australia Demonstration Pilots: Programme Guidelines*, Commonwealth of Australia Government, Canberra.

Theme 2: Adding value through skills

Figure 3.5. **Dashboard results: Adding value through skills**



2.1. Flexible training open to all in a broad range of sectors

The Australian training system offers a very large number of accredited courses; however, not all are available within a particular locality. In 2010, there were 1 416 training package qualifications offered by training providers with an average number of 34 full-time equivalent students (NCVER, 2012). Vocational training aims to be highly relevant to industry. Major regional centres such as Ballarat and Bendigo as well as outer metropolitan areas (i.e. Ipswich and Logan), offer a wide range of training courses. Outside of these centres in the priority employment areas examined, most students have to travel to participate in their preferred course, although a variety of delivery methods (i.e. mixed location, online courses) are used to mitigate this demand.

The training system in Australia can be described as quite flexible in the delivery of its courses. Training can be delivered in a traditional classroom setting, in the workplace, on the Internet, by correspondence or in community venues, using a variety of methods to meet industry and individual needs. Local stakeholders contacted for this study also highlighted the system's ability to engage employers. Training can be customised to meet the requirements of particular employers and to the specific job and skills of students. Almost all training is delivered on a modular basis, meaning that a qualification comprises a certain number of modules. Modular training enables students to undertake only a part of a qualification that they regard as necessary but the drawback is that they will not receive a full qualification. All training conforms to a national qualifications framework – the Australian Qualification Framework.

Student's fees can be described as being small to moderate. Students pay about 4% of the total cost of tuition for publicly provided VET (NCVER, 2007). In addition, they may have to pay for the cost of material used in the course. Significant progress has been made in Australia in the integration of generic skills into curriculum and student assessment (Australian National Training Authority, 2003). More recently, there has been a move to focus upon employability skills, but there is still an ongoing dialogue within the VET sector about how best to teach these skills (Guthrie and Nechvoglod, 2011).

Employment service providers provide a broad range of training options for jobseekers and, as described earlier, many are their own private registered training organisation. Local stakeholders interviewed for this study and national results to the OECD questionnaire indicate that providers deliver a good range of courses, which support generic skills, such as literacy and numeracy, as well as coaching for job interviews through assistance with CV preparation and presentation skills.

2.2. Working with employers on training

Training in Australia is highly industry driven and employers play a significant role in the governance and operation of the system. Over 50% of employers are users of the formal training system (Australian Chamber of Commerce and Industry, 2011). Employer training expenditures (about 1-3% of payroll) is about average for OECD countries but this percentage is higher in the public sector and within larger employers (Smith et al., 2008). Employer's involvement in the formal training system is strongest for apprentices and trainees, which represents 25% of the 1.7 million enrolments and 3.8% of the entire workforce. Pre-apprenticeship courses are widely available and account for about 4% of VET enrolments, but most of these students do not progress to an apprenticeship. Less than 10% of apprentices have undertaken a pre-apprenticeship prior to commencing an apprenticeship.

Customised training is delivered by both the public sector (TAFE institutes) and private registered training organisations (RTOs). Although the public sector makes a strong effort, local stakeholders indicated that private RTOs are more capable of delivering customised training. Skill development within small to medium-sized employers presents particular challenges for the VET sector. Two-thirds of SMEs do not provide any structured training and 14% had not been involved in any training of their employees during a 12-month period (Australian Chamber of Commerce and Industry, 2011). In the past, there have been a number of discrete programmes that were specifically directed towards SMEs. As the training market has been opened up in Victoria and, to a lesser extent in Queensland, policy has shifted towards assisting SMEs to navigate the wide range of training opportunities that are available. The expectation is that a well-functioning market ensures that the training delivered is appropriate to all businesses and individuals. Private training organisations are envisaged to play a key role by delivering training in a form that takes account of the particular circumstances of SMEs.

Looking at the engagement of employers with employment services, local stakeholders indicated that employers are reluctant to engage and work with providers. Some JSA providers have used wage subsidies as a way of incentivising engagement with employers and giving individuals work experience to link them to the labour market (Box 3.4).

2.3. Matching people to jobs and facilitating progression

Career planning for youth is well developed. The National Partnership on Youth Attainment and Transitions supports young people to complete their Year 12 or equivalent qualification and has generated the national framework for career development, the National Career Development Strategy. The implementation of the National Partnership is tailored to the circumstances of each state and territory, and in Victoria, this translates into a comprehensive programme for career education supported

Box 3.4. **Wage Connect programme**

Employment service providers have always been able to subsidise the wages of jobseekers they place in employment by using funds from the Employment Pathway Fund or from their own expected outcome payments at placement and after the jobseeker has been employed for 13 and 26 weeks. However, the amounts are small and providers have only used wage subsidies in exceptional circumstances on the grounds that the limited funds are better used for other expenditures that enhance the employability of jobseekers.

The Australian government itself has also been reluctant to use wage subsidies but with the rise in long-term unemployment, the government introduced Wage Connect in 2012, a capped wage subsidy programme directed at the very long-term unemployed to assist their transition to sustainable, ongoing paid employment. It is paid directly to the employer for a period of up to six months at a rate equivalent to the unemployment benefit (Newstart) to offset the cost of employing a person. At this rate, the subsidy is equivalent to about 30% of the minimum wage. Any suitable work can be offered but jobs must be ongoing and sustainable and expected to last after Wage Connect has ceased.

To avoid large displacement effects, the programme is capped at 10 000 places per year. But with over 350 000 eligible jobseekers, the uptake of the programme has been very strong. The capped allocation for the 2012-13 financial year was over-subscribed after only seven months.

Source: DEEWR (Department of Education, Employment and Workplace Relations) (2012), *Evaluation of Job Service Australia 2009-2012*, Employment Pathway Fund, Commonwealth of Australia, Canberra.

by specialist career co-ordinators. All students aged 15 years and over in government schools are provided with an individual career action plan (MIPs/pathways plan), which supports successful transitions from the senior secondary years of education to further education, training or full-time employment. Beyond school, career development services for youth are delivered mainly by TAFE institutions and universities, but a range of other publicly funded agencies as well as career practitioners also play a role. Some concerns were expressed regarding information that is provided to high school students on local career opportunities. In the Ipswich-Logan area, one local high school has developed a successful school to work programme, which also assisted in addressing intergenerational unemployment in the area (Box 3.5).

For adults, employment service providers and the Department of Human Services provide a basic service for unemployed persons and those on income support. However, the Department of Human Services, through the delivery of income support can only play a relatively minor role in the provision of careers advice. Employment service providers, on the other hand, have a more direct responsibility for placing jobseekers into sustainable jobs, which implies that the jobseekers' preferences and capacities need to be taken into account. All fully eligible jobseekers have to negotiate an Employment Pathway Plan with their employment services provider immediately after registration. This plan is a comprehensive document that sets out the activities that the jobseeker should undertake to gain or progress towards employment. Employment service providers receive outcome payments for jobs that last for at least 13 weeks and a further payment if the job lasts for 26 weeks. Therefore, they have a strong incentive to follow up placements and to work with the jobseeker and their employer to ensure that any problems are addressed.

Box 3.5. Supporting school-to-work transitions while tackling intergenerational unemployment

Redbank Plains State High Scholl is located in Brisbane's south-west corridor about 30 kilometres from the central business district and 5 kilometres from Ipswich. It is a low socio-economic area with a large incidence of recent migrants from the Pacific Islands and New Zealand and a relatively high level of unemployment. In 2011, the school embarked on a concerted effort to transform its performance with the help of state and federal funding. A key part of this effort was recognising that a significant proportion of students would prefer to go straight to work after leaving high school.

Redbank Plains introduced a school-to-work programme called "Choices not Chances". The aim of the programme is transitioning a culturally diverse school population through senior years to sustainable employment. A specific focus is to change and challenge a culture of local unemployment through community partnerships and intensive support for students, families and the wider community. Through the programme, the students increase their knowledge of various industries and develop the skills and habits required to work in them. Local business leaders address students at assemblies and visits are organised to give students a first-hand insight into the world of work and in the last years of schooling, students have the opportunity to gain direct experience through work experience placements.

This approach has also been important in addressing the intergenerational unemployment that exists in the region. A spin-off of the school's strong focus on transition to work was the employment of parents of the kids attending Red Banks Plains High School. Through its connection with the school, a local bus company with a persistent recruitment problem discovered that unemployed parents of students at the school would be an ideal source of bus drivers. In the first instance, ten local jobseekers were trained by a local training provider and in key competencies for their Certificate III in Driving Operations, with seven subsequently gaining employment with the bus company. The Local Employment Co-ordinator assisted in linking these organisations together to develop the initiative.

Source: Redbank Plains High School, presentation to the OECD LEED project team.

In terms of other job-matching policies, all jobseekers also have access to the national job-matching service used by employment services providers, Australian JobSearch. This is a service at both the national and local level covering mainly low-medium skilled jobs. There are also a range of online career guidance portals, such as Job Guide, OZJAC and myfuture. Many employment service providers also have a specific individual whose primary role is to link unemployed individuals with potential employers in the local area – a "reverse marketer" (Box 3.6).

2.4. Joined-up approaches to skills

Within the priority employment areas examined for this study, all local agencies involved in economic development regard promoting the area to attract and retain workers as important. This promotion is mainly of a general nature but also specific to particular occupations and combined with information about particular industries or occupations. Local stakeholders are also conscious of the fact that the achievements of their individual objectives depend on the economic and social development of the local area as a whole. This is evident in a large number of strategic planning and policy documents as well as from discussions with individual stakeholders. It is also evident from the high degree of exchange of information between these agencies through individual contacts as well as a number of overlapping committees and advisory boards. But as highlighted earlier, there is less evidence that the actions of individual agencies are co-ordinated and integrated locally. As one of the stakeholders said, "there is a lot of co-operation but the co-ordination is not as effective as it could be". One area where joined-up action has been taken is developing approaches to ensure young people are attaining a Year 12 or equivalent qualification (Box 3.7).

Box 3.6. **Reverse marketers**

The term reverse marketing has been in use for some time to describe a marketer who helps consumers to achieve their goals without trying to sell them anything. It works by making the consumer come to you, not you to them. The term, reverse marketing, is now commonly used in the Australian employment services industry. It refers to the practice of providers actively marketing jobseekers to potential employers where vacancies have not been advertised, and to refer and place jobseekers into those jobs. Reverse marketing provides a mechanism to stimulate demand for labour by pre-empting employers' labour needs before they create a vacancy. Effective reverse marketing can play an important role in the wider employment services framework by providing job-ready jobseekers with access to vacancies that may not otherwise exist.

Reverse marketers target specific employers with whom the jobseeker is likely to be able to find sustainable employment. This means understanding the skills, attributes and desire of the jobseeker to work in a specific industry and matching these to local employers who are most likely to need additional labour, and having a strategy to "sell" the jobseeker to these employers. It is in the best interests of both providers and jobseekers that providers target their reverse marketing activities according to the needs of their local labour market and the skills and aspirations of the individual jobseekers on their caseload.

One way to avoid the inappropriate use of reverse marketing is to separate the reverse marketer in the office from other roles. For example, according to one provider interviewed for this study, the employment consultant (the individual who has direct contact with jobseekers) does not participate in reverse marketing. Instead, this role is allocated to a specialist reverse marketer who is one-step removed from the jobseeker. This reduces the risk that employment consultants push unsuitable jobseekers onto employers. The separation is also justified by the particular attributes required for effective reverse marketing: a strong connection with the local industry that takes a long time to build.

Box 3.7. **Partnership Brokers**

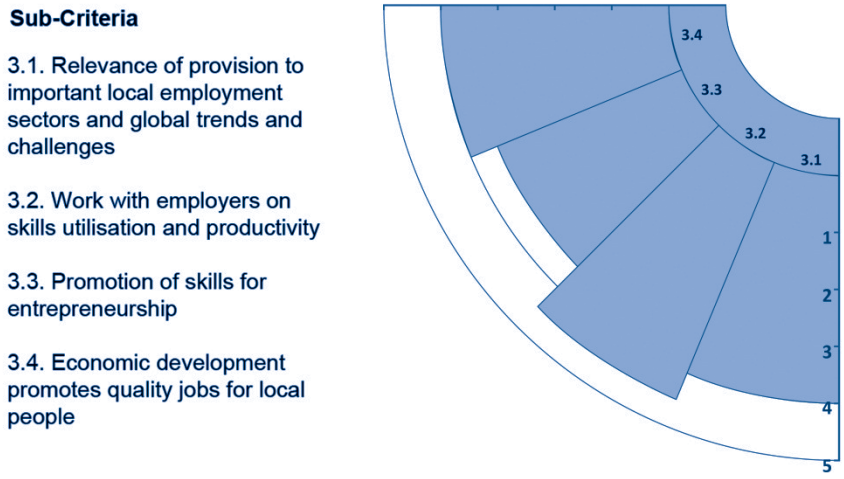
The School Business Community Partnership Brokers is a federal programme to foster a whole-of-community approach to ensure that young Australians attain Year 12 or equivalent qualifications. It is based on the principle that education and training for young people is a collective responsibility. With this in mind, Partnership Brokers build partnerships between schools and training organisations, business and industry, community organisations and parents, particularly in low socio-economic areas in which a large proportion do not normally complete Year 12. They need to enlist the broader community to offer a more flexible range of learning opportunities; harness resources to support young people's learning; learn about the kinds of work and learning pathways that are available; and improve the level of young people's engagement with education and training. Partnership Brokers support schools in moving through the various stages of partnership development. They assist by identifying potential partners, bringing them to the table and helping them to agree on how they can work together to achieve a common goal.

Worklinks is a Partnership Broker based in the Ipswich and Logan cities service region, as well as the Moreton West service region. It fulfils this role by organising a wide range of activities that bring different stakeholders together to facilitate the formation of partnerships. A typical partnership is Lockyer BEST (Bringing Employers and Schools Together). It consists of representatives from local employers, government and the three high schools in the area. The partnership aims to expand awareness of linkages between education and career opportunities, create opportunities for learning beyond the classroom and actively support the development of young people by contributing to the skills and knowledge of the "future workforce". They meet once a month to develop some ideas about what to do which is then implemented by the participating schools as a separate activity or incorporated into the curriculum.

Source: DEEWR (Department of Education, Employment and Workplace Relations) (2013), *School Business Community Partnership Brokers Program*, Commonwealth of Australia, Canberra.

Theme 3: Targeting policy to local employment sectors and investing in quality jobs

Figure 3.6. **Dashboard results: targeting policy to local employment sectors and investing in quality jobs**



3.1. Relevance of provision to important local employment sectors and global trends and challenges

Employment services providers are paid for securing outcomes (employment, education or training) for local jobseekers in the local economy. To do this, they have to be well informed and connected in their local area. The identification of local employment opportunities draws on a range of sources, including broad analysis of sector/regional skills formation strategies. Opportunities are also identified from much more localised information, such as individual employers and the training undertaken in co-operation with these employers to meet their specific needs.

As mentioned previously, the provision of VET is industry driven and responds quite well to even large shifts in demand for different types of courses. Training enrolments in the health field (which includes Certificate III in Aged Care) more than doubled during 2002-11, as did the share of the health field in total enrolments (NCVER, 2012). This expansion has been driven both by the increase in employment in this sector and a concerted effort to increase the skill levels of aged care workers. Employers have encouraged, facilitated or demanded that aged care workers have a relevant formal qualification.

3.2. Work with employers on skills utilisation and productivity

Australia is a best practice within the OECD when it comes to working with employers on improving the utilisation of skills and productivity although approaches differ across states/territories. The Australia Workforce and Productivity Agency has been a strong advocate of approaches which encourage the better utilisation of skills, which is about maximising the contributions that people can make in the workplace and ensuring peoples' abilities are deployed, harnessed and developed to optimise organisational performance (Skills Australia, 2012). Skills utilisation approaches look at

how the workforce is structured, as well as the relationship between an individual's skills and the needs of business.

In Queensland, skills formation strategies were introduced in 2002 to address persistent skills shortages in both high and low unemployment areas (Eddington and Toner, 2012). These strategies required employers to confront traditional assumptions and to more accurately identify what was contributing to skills problems, taking a step beyond advising government on training requirements. Skills formation strategies were based on the assumption that successful skill formation within a firm needed to be integrated with a business strategy, product market definition, technology, business systems and processes, and good workforce management practices.

The manufacturing workforce development agency – Manufacturing Skills Queensland (MSQ) – operates in a partnership between industry and government with the aim of fostering improved co-ordination and leadership within the industry to strengthen the role employers play in overcoming skills and labour shortages. It operates as a network with industry representatives from respective industry sub-sectors and informs state government planning. This is to ensure that industry drives the skill agenda. It also implements best practice entry pathways to industry careers and training, engages young people into the manufacturing sector, retains the knowledge and experience of the ageing workforce through coaching and mentoring programmes, succession planning and exit strategies. To do this, it assists businesses with organisational change programmes with a focus on people management, employee development and work organisation.

In Victoria, there appears to be less of an emphasis on skills utilisation approaches. However, some companies have recognised its importance and pursued human resources and organisational change strategies (Box 3.8).

3.3. Promotion of skills for entrepreneurship

Self-employment is one option for jobseekers when receiving employment services. The main route to self-employment would be for the jobseeker's JSA provider to refer them to the New Enterprise Incentive Scheme (NEIS). This is one of the Australian government's longest running employment activities, and has helped a large number of unemployed people to start and operate a wide range of new small businesses. The NEIS provides accredited small business training, business advice and mentoring as well as ongoing income support for up to 52 weeks. Currently, the training component has two options: Certificate III in micro-business operations or a Certificate IV in small business management. During the training, the jobseeker also develops a business plan in consultation with their NEIS provider. If the business plan is approved, the jobseeker then receives the NEIS' assistance which includes a NEIS allowance for up to 52 weeks and rental assistance for up to 26 weeks (if eligible) as well as business mentoring and support during the first year of operation. The amount of the NEIS allowance is the same as the standard unemployment allowance, but the amount received is not affected by income from the new business – no matter how much a person earns from their new business.

An applicant as well as the proposed business must meet a number of criteria. The most important are that the person is available to participate in required training and work full time in the proposed business and the business itself must be assessed as commercially viable by a NEIS provider. The scheme is delivered by a national network of NEIS providers contracted to the Department of Employment. The NEIS providers include JSA providers, business centres, TAFE small business centres, community organisations and private sector businesses. They give personalised assistance to

jobseekers to help them achieve their business goals and maintain regular contact and face-to-face mentoring visits for the first year of the new business.

Box 3.8. **Skills utilisation approaches at RSPCA Victoria**

RSPCA Australia (Victoria) is a community-based charity which promotes the care and protection of animals. The first Australian Society for the Prevention of Cruelty to Animals was formed in Victoria in 1871, followed by other societies in the remaining states and territories, before finally becoming a properly constituted national organisation in 1980. However, each state organisation continues to run independently under the umbrella federation of RSPCA Australia.

RSPCA Victoria operates across 10 sites and has approximately 350 paid staff, with a full-time equivalent of around 260 employees plus 1 500 unpaid volunteers. Its annual budget of nearly AUD 29 million is funded predominately by community donations, with around AUD 1 million (or 3%) contributed by the state government towards the cost of inspectors. As a community-based not-for-profit organisation, RSPCA Victoria had previously "never considered it important to invest time, resources, energy into developing the people of the organisation or the structures" so it did not do a lot of work in strategic planning and people management.

However, from 2002, with a new CEO, a process of organisational change began. The result is that the organisation now places a greater emphasis on developing the organisation through its workforce, as "you can't possibly deliver good outcomes without training and developing your people". With limited resources and high turnover of staff and volunteers, a more strategic approach to developing people and organising work has been adopted. Initiatives include: developing management and leadership capacity within the organisation, job redesign, creating mentoring opportunities and encouraging knowledge transfer between job roles. Benefits from these initiatives include improvements in retention rates, workplace morale, safety insurance premiums and a change in culture to one of open communication and continuous improvement.

The organisation is in a process of transition in looking at new systems and different ways of doing things – including developing staff and making the most of their skills to better care for animals. This change management process was prompted by a change in leadership, with a new CEO with a corporate background taking over RSPCA Victoria in 2002. This facilitated a change in governance arrangements from a "traditional form" of charity to a company limited by guarantee. The new Board of directors also has "a better appreciation of how organisations run through new members who come from industry". A new corporate strategy was put in place to clarify organisational structure and roles. The introduction of a strategic and business planning process means that the organisation is now much clearer about the outcomes it is trying to drive and much clearer about having an impact on people's attitudes and behaviours. Accompanying this was the recognition that when staff are well-trained, they are better organised and better placed to look after the animals in their care.

Source: Skills Australia (2012), *Better Use of Skills, Better Outcomes: A Research Report on Skills Utilisation in Australia*, Commonwealth of Australia, Canberra, www.awpa.gov.au/publications/documents/Skills-utilisation-research-report-15-May-2012.pdf.

In many OECD countries, self-employment programmes have been designed and delivered with mixed success. The NEIS was first instituted as a pilot programme in 1985. The first evaluation in 1993 revealed that 64% of participants were self-employed three months after leaving the programme. A longitudinal study of the NEIS in 2008 found that 16 months after exiting the NEIS, 83% of participants were either self-employed or employed (58% self-employed, 25% employed), with around 80% of participants remaining off-benefit 5 years after exiting the NEIS (DEEWR, 2008).

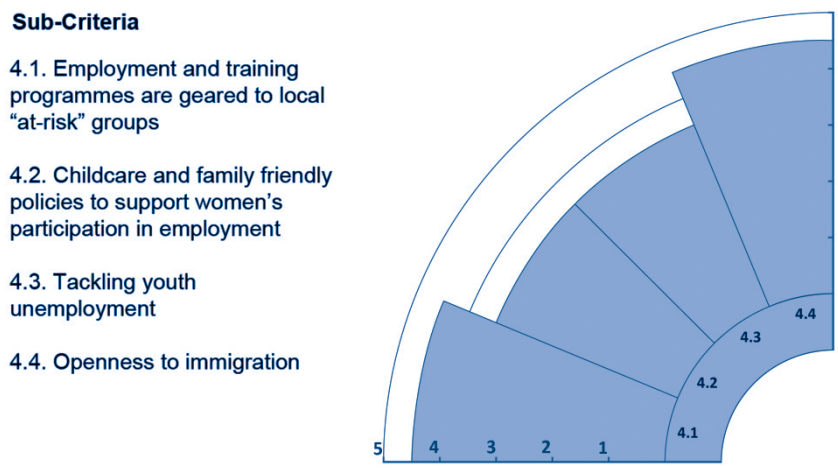
3.4. Economic development promotes quality jobs for local people

There is strong awareness that the quality of the local labour force is an important factor in economic development strategies. However, planning agencies cannot overtly discriminate between different types of businesses in trying to stimulate economic development investments. At the state level, local content provision for major infrastructure projects is common. At the local level, economic development agencies obviously prefer developments and activities that provide jobs for locals, but take the view that seeking to enforce local content provisions is counter-productive. Local public procurement may require adherence to good human resource practices (e.g. training).

In both the Ballarat-Bendigo and Ipswich-Logan Priority Employment Areas, the high representation of manufacturing and construction employment requires a supply of skills in traditional trades. Developing these skills to accommodate local industry needs and retaining these skills is a key challenge for both areas, particularly with competition for these skills from other sectors. The economic development plans of both regions target a number of industries; however, the current workforce profile does not sufficiently support these needs and developing the skills required locally will be a longer term goal for both regions. Local stakeholders in both regions indicated that employers consistently raise concerns about the preparedness of graduates from the high school system to enter the workforce, including the skills necessary to pass entry-level vocational requirements and pursue technical occupations.

Theme 4: Being inclusive

Figure 3.7. **Dashboard results: Being inclusive**



4.1. Employment and training programmes are geared to local "at-risk" groups

Generally, employment and training programmes do not target particular at-risk groups but seek to ensure that services are accessible and suited to all or most persons. Therefore, the services delivered by generalist employment services providers are proportional to the assessed degree of disadvantaged jobseekers. Unpaid job placements are commonly used as the last step towards eventually placing a jobseeker in a paid job. It is usually achieved by establishing and then developing a close relationship with a small

number of employers. Still, it has been necessary to provide a specialist service for certain disadvantaged groups, such as disabled persons, Aboriginal and Torres Strait Islander peoples, and youth. There are specialist providers that exist to target these particular groups. Broader, place-based initiatives, such as the Priority Employment Initiative, are also used to target disadvantage communities.

Both the Ballarat-Bendigo and Ipswich-Logan Priority Employment Areas have pockets of complex disadvantage and intergenerational unemployment, which influences the motivation and work ethic of young people in these areas. Local stakeholders indicated that addressing these factors is a priority for all local stakeholders. In Ipswich-Logan, the Ipswich Department of Human Services office is one of the four Department of Human Services offices in the Local Connections to Work programme (Box 3.9), a pilot programme to bring together employment service providers and local community groups under the one roof targeting those individuals who may be socially excluded. The programme co-locates services at the Department of Human Services, allowing people to talk with people from a number of services who provide them with advice and referrals.

Box 3.9. **Local Connections to Work programme**

Jobseekers in Australia are normally referred to a JSA provider by the Department of Human Services, the government department responsible for the delivery of income support. This "two-stop" model has some disadvantages in that relevant information is not obtained or not always accurately transmitted between the two organisations. This problem is most acute for highly disadvantaged jobseekers who also may get lost in the system.

To address such problems, a Local Connections to Work Initiative was introduced on a trial basis in selected Department of Human Services offices during 2011. The aim of the initiative is to achieve an early resolution of social exclusion to progress their economic participation and eventual employment. The initiative involves co-locating community partners (government health and housing services, employment service providers, community welfare organisations). The co-location means that a selected group of disadvantaged jobseekers have a "wrap around" interview with the Department of Human Services and their employment service providers at their initial registration. Other community partners may also be involved. This improves the disclosure of barriers, ensures that all relevant parties have the same information and provides easy access to a wide range of support services.

The initial indications are that the joint interviews have been very successful. The strength-based interviewing technique encourages disclosure, needs are quickly identified and jobseekers are linked to the right types of support. There is also some evidence that the wrap-around interviews have increased attendance rates and the rate at which they gain job placements. Jobseekers themselves also believe that the Local Connection to Work approach is a distinct improvement over the service they have received in the past.

By mid-2012 the Local Connections to Work programme was operating at 14 Department of Human Services offices. During 2011-12, over 4 600 jobseekers were assisted under this programme. It is expected that the programme will continue to expand to more offices with a large proportion of highly disadvantaged jobseekers as recommended by an internal (Department of Employment) review.

Source: Department of Human Services (2012), *Annual Report 2011-2012*, Manuka, www.humanservices.gov.au/spw/corporate/publications-and-resources/annual-report/resources/1112/resources/dhs-annual-report-2011-12-full-report-web.pdf.

In Victoria, the state government introduced the Maryborough Neighbourhood Renewal programme, including in the Ballarat-Bendigo area. It aims at narrowing the gap between the most disadvantaged communities in Victoria and the rest of the state. It aims to tackle local causes of disadvantage, not just the symptoms. Local action plans are built around six practical objectives, including increasing community pride and participation, enhancing housing and the physical environment, and lifting employment and learning opportunities and expanding local economies. A component of the renewal project is the Getting Ahead Initiative designed to help people who have experienced generational unemployment to understand the impacts of their disadvantage and learn the social and life skills that are needed to get and keep jobs and training.

Aboriginal and Torres Strait Islander Jobseekers

The economic and social gap between Aboriginal and Torres Strait Islander peoples and other Australians remains wide. In closing this gap, there are a number of factors that can directly influence economic participation and employment (and vice versa) of Aboriginal and Torres Strait Islander jobseeker, including:

- early child development (basic skills for life and learning)
- education and training (school attendance and attainment, transition from school to work)
- healthy lives (access to primary healthcare, potentially preventable hospitalisations, avoidable mortality)
- safe and supportive communities (alcohol, drug and substance misuse and harm)
- governance and leadership (governance capacity and skills).

The two main approaches to increasing the employment rates of Aboriginal and Torres Strait Islander peoples are policies and programmes targeted specifically to them and to ensure that mainstream programmes, like Job Services Australia, serve both Aboriginal and Torres Strait Islander peoples and other Australians equally well. The social and economic gap is reflected in the over-representation of Aboriginal and Torres Strait Islander people among jobseekers; Aboriginal and Torres Strait Islander peoples comprise about 2% of the working-age population but 12% of the jobseekers on the JSA caseload. The vast majority of them are classified as facing significant barriers and hence allocated to streams 3 and 4. Compounding the challenges that Aboriginal and Torres Strait Islander peoples face, some live in remote areas with few employment, education and training opportunities.

According to the post-programme surveys, most of the recorded outcomes (employment, and education or training) for Aboriginal and Torres Strait Islander jobseekers are lower than for non-Aboriginal and Torres Strait Islander jobseekers. However, they do not do worse on each indicator. For jobseekers in stream 3 (which includes about half of all Aboriginal and Torres Strait Islander jobseekers), Aboriginal and Torres Strait Islander peoples were more successful in securing a full-time employment outcome.

Table 3.1. **Labour market and education and training outcomes following JSA assistance: Aboriginal and Torres Strait Islander and all jobseekers in stream 3**

Year to June 2011 (%)

	National average		Aboriginal and Torres Strait Islander population	
Full-time employment	11.1%	5.6%	15.7%	9.3%
Part-time employment	22.0%	32.5%	16.4%	22.6%
Unemployed	46.6%	36.2%	58.2%	46.9%
Not in the labour force	20.3%	25.8%	9.7%	21.2%
Full-time education and training	8.4%	12.8%	4.3%	10.3%
Part-time education and training	6.3%	11.9%	8.4%	6.4%

Source: Australia Bureau of Labour Statistics.

Engagement of Aboriginal and Torres Strait Islander jobseekers with government employment services is a challenge. Aboriginal and Torres Strait Islander jobseekers are much less likely to attend appointments with their employment services providers than other jobseekers, and compliance action, which may lead to loss of income support, is often counter-productive. Mentoring is now seen as the most effective way to overcome this problem. In the Brisbane area (including Ipswich-Logan), Mission Australia has been able to enlist players from the local football club, Brisbane Roar, to act as mentors to young Aboriginal and Torres Strait Islander women.

In the 2011-12 Budget, the government provided AUD 6.1 million to fund selected high-performing JSA providers to deliver culturally appropriate mentoring support for Aboriginal and Torres Strait Islander jobseekers (DEEWR, 2012c). The pilot commenced in July 2012 and will conclude in June 2015, and operates in non-remote employment service areas with a large Aboriginal and Torres Strait Islander jobseeker caseload and high employer demand. Support provided under the pilot includes pre-placement support as well as ongoing mentoring for up to 26 weeks after the jobseeker begins work. The pilot aims to determine if dedicated ongoing mentoring support will assist to improve job retention rates for Aboriginal and Torres Strait Islander people.

4.2 Childcare and family-friendly policies to support women's participation in employment

Early education (pre-school) is generally available and all state governments encourage children to participate. Of children aged 4 (the year before most children start their compulsory schooling), 85% attended pre-school of some type (ABS, 2009). Pre-school participation is not very high by international standards, but most Australian children start compulsory schooling when they are only 5 years old. OECD research shows that in 2009, Australia ranked 32nd of 34 OECD and partner countries in terms of its expenditure on early childhood educational institutions as a percentage of GDP (OECD, 2012b).

Family-friendly policies have been comprehensively promoted by the government for almost two decades. A number of initiatives have been introduced to assist with the reconciliation of work and family. These policies also reflect broader social and economic goals, including early childhood development, growth in the labour supply and ensuring business can benefit from a diverse workforce. The last major initiative completing the

suite of family-friendly policies, was the introduction of a government paid parental scheme. This scheme came into effect in 2011 and provides for 18 weeks leave at the full-time federal minimum wage. Until that time, only a quarter of women in low-paying jobs had access to paid parental leave provided by employers (ABS, 2009).

Aged care services are currently provided through a large number of funded programmes with a range of eligibility criteria and access points. Community and residential care, together with primary care and hospital services are the main elements of aged care services. The main funding agency is the Commonwealth government with state and local governments and community organisations making up the balance. In case of residential care, co-payments by the recipient is the norm.

4.3. Tackling youth unemployment

Australian youth have done quite well in the labour market compared to youth in similar OECD countries. However, youth employment is particularly susceptible to an economic downturn. At the onset of the global financial crisis, the teenage unemployment rate (youth aged 15-19 and not in education) was in the 12-13% range, but increased to over 18% in 2009. As the labour market conditions improved, however, youth unemployment did not return to its previous level but has remained high – about 16% during 2012. Teenagers lost almost a third of their full-time jobs in the downturn and these jobs have not returned. These trends have given renewed urgency to programmes to tackle youth unemployment. At the national level, the main programme is Youth Connections that aims to support young people at risk to attain Year 12 or equivalent and to help them make a successful transition through education and onto further education, training or employment. It is an umbrella programme that funds and enlists state agencies, local government and community organisations to work within a common framework.

With the introduction of discretionary funding through the Employment Pathway Fund, employment services providers are able to target services to youth. At the local level, there may be ten or more agencies that aim to assist youth at-risk to stay in or re-engage with education of training or to find employment. In Ballarat, they include the Ballarat City Council's Youth Service, Ballarat Group Training providing a Youth Connection service, Child and Family Service, Lisa Lodge High Risk Youth & Mentor Programme, YouthWork Ballarat training programmes. One organisation (BoysTown Enterprise) operates in both the Ballarat-Bendigo and Ipswich-Logan priority employment areas (Box 3.10).

4.4. Openness to immigration

Australia is a country of immigrants and their settlement and integration is an integral part of the institutional framework. Therefore, there is a comprehensive and well-developed system for recognising qualifications. Individuals seeking skilled migration are required to undertake a pre-migration skills assessment from an approved assessing authority, and this requirement does not apply to all skilled migrants. People who apply for permanent residence as family members (whether sponsored by Australians or as members of the family unit of skilled migration applicants) or under the humanitarian programme are not subject to pre-migration skills assessment as it is not relevant to the visa criteria that must be satisfied in order to be granted one of these visas.

Once they have arrived, migrants must often seek to have their skills and qualifications recognised in order to work in their field in Australia. Many humanitarian entrants arrive without any documentary evidence of their educational qualifications and

skilled work experience, making recognition of qualifications and gaining employment in their profession problematic.

Box 3.10. **BoysTown Enterprise**

BoysTown is a national youth social enterprise organisation with a long experience in helping young people who are at risk of social exclusion. Its mission is to enable young people who are marginalised or without voice to improve their quality of life. Its provides a range of services to young people including counselling, parenting help, and employment preparation and training. It is also a Job Service Australia youth specialist employment service provider and a designated youth connections (helping young people to reconnect with learning and work) agency. BoysTown operates in four states. It has four sites in the Ipswich-Logan PEA and one in the Ballarat-Bendigo area.

One of its more successful initiatives is its social enterprise or transitional employment programme; providing long-term unemployed young persons with paid work and on-the-job training to help them make a successful transition to open employment. It operates a total of 16 BoysTown Enterprises across 4 states in the fields of property maintenance, landscaping and construction, graffiti removal and litter pick-up, housing refurbishing, hospitality and environmental regeneration. The enterprises are funded through service delivery and contracts with state and local government agencies. The young people who work in these enterprises are paid the award wage and continue to receive individual support and training.

An independent evaluation of BoysTown Enterprise has shown that 70% of the young people who undertake BoysTown transitional employment secure positive education, training or employment outcomes. It was also found that these young persons also experience significant improvement in relation to offending behaviour and substance abuse, self-esteem and well-being, language, literacy and numeracy skills, social support network and their optimism about the future.

BoysTown has also been successful in promoting the social enterprise concept to philanthropists, policy makers and other welfare organisations. The inclusion of social benefit clauses in requests for tender by state and local government agencies are becoming more common and the number of social enterprises providing transitional employment is increasing.

Source: BoysTown (2011), *Annual Report 2011*, Brisbane; BoysTown, presentation to OECD LEED project team.

Accreditation of qualifications is handled through the Department of Education, state and territory governments and independent expert bodies. The Department (through Australian Education International, National Office of Overseas Skills Recognition) supports the recognition processes by assessing the educational level of overseas qualifications against the Australian Qualifications Framework.

Immigrants who want to learn or improve their English have access to some training. The Adult Migrant English Programme (AMEP) is limited to new arrivals in the family, humanitarian and skilled visa programmes who satisfy certain eligibility requirements. The core requirement is that they must be assessed as having a less than functional level of English language proficiency. The AMEP is generally only available to people holding permanent visas. However, those who hold certain temporary or provisional visas – which are specified in a legislative instrument – may also be eligible. Other English language tuition programmes that are administered by federal and state governments may be available to migrants, such as "Skills for Education and Employment", which is the responsibility of the Department of Industry.

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Chapter 4

Towards an action plan for jobs in Australia: Recommendations and best practices

Stimulating job creation at the local level requires integrated actions across the employment, training and economic development portfolios. Co-ordinated place-based policies can help workers find suitable jobs, while also contributing to shaping the demand, thereby stimulating job creation and productivity. This requires flexible policy management frameworks, information and integrated partnerships which leverage the efforts of employment, training and economic development stakeholders. This chapter outlines the key recommendations emerging from the review of local job creation policies in Australia.

Better aligning policies and programmes to local economic development

Recommendation: Continue to provide employment services to individuals through an outsourced model, selecting providers according to their competitiveness in the market and remunerating them according to their outcomes.

The Australian system of contracting out employment services has a number of key strengths. Employment service providers have strong financial incentives to deliver outcomes by placing jobseekers into jobs or training. By rewarding outcomes, the system stimulates performance and creativity in achieving them. Local employment service providers interviewed for this review indicated that the outcomes-based performance management system under the Job Services Australia Model drives innovation in service delivery. Contracts under the model stipulate the minimum service levels required to be provided to individuals based on their level of disadvantage (or stream). The system is designed to focus employment services providers' efforts on providing services and supports to the most disadvantaged jobseekers. Therefore, providers have a range of tools available for activating jobseekers into the labour market.

A recent OECD report on employment services in Australia pointed to the effectiveness of the quasi-market system towards increasing labour force participation rates (OECD, 2012b). It also noted that the Job Services Australia Model made employment service providers responsible for organising work experience activities and enforcing minimum hours of participation in them when their clients have been unemployed for more than a year. The star ratings system of accountability also provides a mechanism to ensure that poorly performing employment services providers are eliminated.

Recommendation: To promote more integrated and co-ordinated policy responses, better adapt and orient the work of employment service providers to local conditions by adjusting their contract at the level of local labour markets/functional areas/regions.

The employment system is relatively flexible when it comes to service delivery as contracts set out the minimum services that providers have to deliver to jobseekers. The logical counterpart is limited flexibility in designing strategies and actions that might fall outside the terms and conditions of the contract. Local employment service providers consulted for this study highlighted that because funding is tied to achieving outcomes determined at the national level, there is local competition between them. In some cases, service providers are in "survival" mode and as a consequence, collaborative actions between them or with stakeholders in other spheres of governmental action, such as education, vocational training or economic development, are limited in scope.

Most employment service providers collaborate with training providers, community and welfare organisations and government agencies at the local level. This collaboration relates mainly to training and welfare issues and has a strong impact on the services delivered. However, much of this collaboration is unstructured and *ad hoc*; it is about solving the problems of individuals or small groups of jobseekers. Conversations with local stakeholders revealed that collaboration can be fragmented – it arises when there is a need to combine resources to achieve a particular, often short-term outcome, but is not part of a coherent and integrated strategy. Co-ordination between employment service

providers and economic development organisations as well as employers needs to be strengthened. Generally, any collaborative actions taken locally are experimental or the result of specific individuals or organisations. Having the Job Services Australia employment contract managed locally could lead to better co-ordination and integration as well as provide greater flexibility.

Injecting flexibility into the management of employment programmes and policies, such as adjusting the employment services contract to the level of local labour markets, would provide local stakeholders with more autonomy in adapting programmes to local client groups. Flexibility in employment policies refers to the degree to which local employment service providers are able to provide input into policies and programmes, decide how to spend their budgets locally, choose who is eligible for policies and programmes, negotiate performance targets and outsource services (Froy and Giguere, 2009). Whatever the degree of co-operation and partnership working between local stakeholders, they have limited ability to produce change if organisations do not have the flexibility to adapt their policies and programmes to meet agreed priorities. It is not just the mandates held by individual institutions which are important, but the flexibility which exists in their management systems.

Assessment of the Priority Employment Area Initiative/Local Employment Co-ordinator Model

Recommendation: Strengthen the Local Employment Co-ordinator Model by establishing local employment boards across the country, which could manage employment service contract provisions locally.

Australia's economy is divided between urban and rural/remote areas, which has been a long-standing concern to Australian policy makers. Traditionally, employment policies to bridge this divide have been focused on different categories of individuals (i.e. retrenched workers or Aboriginal and Torres Strait Islander peoples) and not to specific areas or places. However, the Priority Employment Area Initiative provides a mechanism through which place-based policies and projects can be developed. Addressing disadvantage in specific communities requires a range of stakeholders to come together at the local level. The Priority Employment Area Initiative provides place-based funding through a Flexible Funding Pool that supports the work of local employment co-ordinators in delivering the goals and strategies of their regional employment plans. Local employment co-ordinators collaborate with local stakeholders, including the Department of Employment, on the development of activities and projects. Only local employment co-ordinators can submit applications, although community stakeholders can suggest proposals. The delegation for approval of projects rests primarily with the state offices of the department.

Assessments of the work of the local employment co-ordinators are quite positive. The LECs help to connect potential partners, stimulate conversations about common objectives and build relationships at the local level. The LECs have also allowed service providers to meet, share experiences and identify synergies and areas of collaboration. In Ipswich-Logan, they have been able to identify and support key initiatives on the ground, which have brought together local employment providers with employers and vocational education stakeholders. In the Ballarat-Bendigo area, the LEC has been a catalyst in creating a space for co-operation which did not exist before. This is leading to the identification of more strategic actions being taken at the local level. However, more

could be done and the LECs are limited in their ability because of limited funding and the short-term nature of the Priority Employment Initiative. While the recent budget announced an extension of the Priority Employment Initiative until June 2014, local stakeholders expressed concerns around whether the model would be continued, which could impact the strong connections that have been established. Local stakeholders are willing to invest their time in pooling resources and participating in partnerships but they want to make sure their efforts will lead to change and not be wasted if funding for the model is terminated.

Table 4.1. **Summary of strengths and challenges of the Local Employment Co-ordinator Model**

Strengths	Challenges
– A forum or intermediary for employment services, economic development, vocational education, employers and other local stakeholders to collaborate – Enables local stakeholders to build common objectives and identify strategic actions to be taken at the local level – Promotes awareness of issues faced in a geographical area – Provides a mechanism for directing funds to disadvantaged areas	– Time-limited initiative, which may impede commitment to collaboration from local stakeholders – Limited flexibility and resources to develop locally based solutions – Governance model may not be optimal for shared horizontal accountability – Performance is not tied to outcome measures

To strengthen the Local Employment Co-ordinator Model, the government could consider establishing local employment boards across the country, which could manage the Job Services Australia contracts at the level of local labour markets. To reduce administrative requirements on service providers, these boards could be held accountable to the federal government through key performance measures and targets set at the national level. This devolved structure could have several advantages, including giving local communities greater ownership, flexibility and autonomy. Box 4.1 provides alternative governance models that could be considered from the United States and Canada.

Box 4.1. **Examples of locally based collaborative governance structures in the United States and Canada**

Workforce investment boards in the United States: In the United States, the local workforce investment boards (LWIBs) have played a strong role in creating more integrated strategies to address employment and skills within broader economic development strategies locally since 1998. There are over 600 LWIBs across the United States, at the state and local level, and they are strongly business-led, being both chaired by business and having a majority of business members. Each local workforce investment area is governed by a local workforce investment board, which is responsible for providing employment and training services within a specific geographic area. The LWIBs administer Workforce Investment Act services as designated by the governor and within the regulations of the federal statute and US Department of Labor guidelines. There are also designated seats for representatives from labour unions and local educational institutions, with economic development officials sitting on the boards in many states. While performance of the boards varies, in some areas they have developed strong integrated strategies which bridge across employment, skills and economic development. The LWIBs are typically an extension of a local government unit, which in most cases is the county government and can include more than one government entity. They are not agencies of the federal or state governments, and the staff are not comprised of federal or state employees.

Box 4.1. **Examples of locally based collaborative governance structures in the United States and Canada** (*cont.*)

Local workforce planning boards in Ontario, Canada: There are 25 workforce planning areas in communities across Ontario, Canada. These boards conduct localised research and actively engage organisations and community partners in local labour market projects. Each board is as individual as the community it serves, and each addresses labour market issues in its own way as all communities have their own priorities. As a network, Ontario's workforce planning boards also work together to address labour market issues from a province-wide perspective. Each board operates in its own way, but all have a mission to identify workforce issues that are characteristic of the local community; and provide collaborative solutions by engaging stakeholders and working with partners. Every local workforce planning board in Ontario publishes detailed reports about its labour market projects, activities and partnerships. Local workforce planning boards champion local workforce development solutions for their communities and help to strategically align the actions of all local stakeholders in the community.

Source: OECD (2013), "Local job creation: How employment and training agencies can help, United States", *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2013/10, OECD Publishing, Paris, http://Dx.doi.org/10.1787/5k44zcpz25vg-en; OECD (2014, forthcoming), *OECD Reviews on Local Job Creation: Canada*, OECD Publishing, Paris, forthcoming.

Recommendation: Consider what tools are available to stimulate local capacity and reduce administrative burden.

Injecting flexibility in the management of employment programmes and services also requires sufficient capacity if local areas are going to be given more autonomy. The local roundtable organised as part of this review highlighted that local employment services providers are facing issues of high staff turnover, which limits their ability to provide quality services to clients. Service providers also spend a considerable share of their time in complying with the accountability procedures, which takes away from their time helping individuals. This finding is consistent with findings from a recent OECD study, which noted that the complexity of the contract management system places large administrative requirements on employment service providers (OECD, 2012b). Actions could be considered which seek to reduce the amount of time providers spend on compliance and administrative requirements. It is important to note that the government is committed to reducing unnecessary administrative burden whilst ensuring appropriate accountability with regard to the expenditure of public funds.

To stimulate local capacity, the government could consider directing more resources to staff training within the sector to ensure individuals who work for providers have the relevant skills and expertise to deliver labour market programmes and services. The government established an independent panel, the Advisory Panel on Employment Services Administration and Accountability, to provide strategic advice to the Department of Employment, in the context of the delivery of employment services beyond 2015, on opportunities for streamlining administration and to propose solutions to reduce unnecessary administration that have widespread industry support. In its initial response to the Advisory Panel's Final Report, the government noted the Advisory Panel's recommendation that the Department of Employment and the provider sector should pursue the professionalisation of the employment services workforce including developing agreed knowledge, skills and competency standards for provider staff. The Department of Employment stated that this recommendation will be considered in the context of 2015 employment services arrangements.

Recommendation: Establish outcome targets to be pursued by employment service providers collectively in local communities.

As highlighted above, potential broadened roles and responsibilities at the local level will need to be accompanied by sufficient resources for collaboration. There could also be greater financial, political and programme incentives to encourage collaboration. The LEC Model has positively affected collaboration at the local level, which should continue; however, the government could consider building systems of horizontal accountability, such as outcomes-based performance measures locally across employment providers. This could help to stimulate more information sharing, trust and responsibility across all local stakeholders involved in local job creation policies. Any movement towards greater flexibility and increased autonomy for the local level will also increase the likelihood of collaboration but this could be strengthened by setting outcome targets across providers. OECD LEED research has shown that actions to improve partnerships, such as the establishment of collective goals across local stakeholders, can be effective in bringing employers and jobs into a locality (Froy et al., 2011). Furthermore, approaches taken in the United States demonstrate how setting goals around outcomes can improve co-ordination and help disadvantaged areas become more competitive and ultimately create better quality jobs (Box 4.2).

Box 4.2. **The case of the Lower Rio Grande Valley, Texas**

The Lower Rio Grande Valley region centred around McAllen, Texas illustrates how one region can develop an effective integrated strategy for economic development involving all local stakeholders. In the 1980s, McAllen suffered from 20% unemployment within an agricultural- and retail-dependent economy. The region's economic development strategy was primarily reactive, and there was uncertainty about the growing number of *maquiladoras* (manufacturing plants) operating in nearby Mexico and of the implications for the region's economy.

The Greater McAllen Alliance, the regional marketing and recruitment entity, and the McAllen Economic Development Corporation (MEDC) led an effort to build a vision for the region's economic growth, taking advantage of available assets. Achieving the vision has been highly dependent on strong but relatively informal collaboration across economic development, education and workforce development leaders and organisations, based on agreement around a shared vision for the region's economic future.

Box 4.2. **The case of the Lower Rio Grande Valley, Texas** (*cont.*)

Recognising the demands of manufacturers and their clients for increasingly short product lifecycles, the region positioned itself as a "rapid response manufacturing centre" that could use existing companies and suppliers to move from product design to market in ever-shorter time frames. As the region progressed with its strategy, it became increasingly apparent that technical education constituted an important part of the solution. The region's leadership collaborated to spur the creation of a college to meet immediate employer needs. In 1993, they opened South Texas College, a comprehensive community college that has grown from 1 000 students to more than 17 000. The college provides customised training and continuing education units (CEUs) to upgrade the skills of current employees and prepare new employees. The institution has implemented a Skills Credential Certificate for its customised training programme, providing employees with portable skills. In addition, the college and other educational institutions in the region have worked with the Lower Rio Grande Valley Workforce Development Board to document gaps in the availability and use of customised training funds. Together they advocated successfully for increased appropriations for the state level Skills Development Fund, and for increased flexibility in using local Workforce Development Funds through a waiver from the Federal Department of Labor. The region has focused not only on adult education, but also on the performance of the region's elementary and secondary schools, which had been disappointing. To promote a willingness to change, school and community leaders decided to openly share the schools' performance indicators with the public. Driven by economic development needs, they agreed to talk about the dropout rates, the numbers of students in developmental and remedial studies, and other potentially embarrassing data. A College Readiness Summit was held which formulated a "Call to Action Plan" for the region and an Academic Leadership Alliance. This alliance has helped schools to develop linkages between school curriculum and important clusters in the region's economy.

The Workforce Development Board (called Workforce Solutions) has also been a leading player in the region's economic development agenda, commissioning a Regional Industry Cluster Analysis and establishing an Office of Business Services to focus on employer needs. Workforce Solutions launched pilot one-stop centres to provide intensive services to employers and basic skills assistance for jobseekers. A Skills Solutions team has also been set up to invest in individual training accounts (ITAs) in 26 target occupations, which offer growth potential and a minimum wage. Because Texas obtained a waiver from the US Department of Labor allowing local workforce development boards to use formula funds for more flexible purposes like incumbent worker training, the Board created a "local activity account" using USD 1 million of its local funding to broaden eligibility for and access to training.

Overall, the regional strategy has been responsible for helping to attract more than 500 employers and nearly 100 000 jobs to the region. Between 30 and 50 companies are recruited to Reynosa each year. Although there are certainly pockets of economic distress, there has been tremendous progress since the early 1990s, with unemployment declining in Hidalgo County from 24.1% to 7.7% and in Starr County from 40.3% to 10.7%.

Source: Troppe, M., et al. (2007), "Integrating employment, skills, and economic development in the United States", in: *Breaking Out of Policy Silos: Doing More with Less*, Local Economic and Employment Development (LEED), OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264094987-en; Froy, F. and S. Giguère (2010), "Putting in place jobs that last: A guide to rebuilding quality employment at local level", *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2010/13, OECD Publishing, Paris, http://dx.doi.org/10.1787/5km7jf7qtk9p-en.

Recommendation: Task the local employment boards with building the necessary evidence base and intelligence to support local labour market planning. The Commonwealth government (through the Department of Employment) could provide expert advice and support through necessary data collection tools.

The case of the Lower Rio Grande Valley in the United States also shows how information and data can provide a useful means for galvanising local stakeholders based on a shared understanding of local issues. In many cases, there is a robust amount of data available of the local level in Australia, therefore the establishment of local employment boards could be accompanied by sufficient tools for them to further develop information and evidence. This would better support local labour market planning efforts and ensure the boards have the tools available to successfully manage the employment services contract locally. Box 4.3 provides an example from Michigan, United States where the Local Workforce Investment Board has successfully worked with its local partners to create a database to ensure potential skills gaps are recognised and addressed.

Box 4.3. **Workforce Intelligence Network, Michigan, United States**

The Workforce Intelligence Network (WIN) provides opportunities for co-ordination and innovation across partners by delivering actionable marketplace intelligence to support more efficient solutions for employers. This information helps consortium members, particularly community colleges, make better "real-time" decisions regarding skill gaps. One of the tools used by WIN is a methodology to search the Internet for job openings and resumes. This information, combined with data from the state's labour market information and special surveys, are incorporated in strategic plans and operational decisions. For example, SEMCA (the local Workforce Investment Board that contracts out employment services) has been able to act upon this information and is currently working to create a talent pool for computerised numerical control and welding. SEMCA also relies on WIN for detailed analysis of specific industries and occupations. Each year it completes a "Region Top Jobs" report, which includes the availability of current and projected opportunities by occupation, with the number of openings and the rates of pay.

Within the advanced manufacturing sector, WIN connects with various organisations and associations and is leading important initiatives to better align the talent system with talent needs. WIN serves as project lead and fiscal agent for InnoState – a new coalition among WIN, the Detroit Regional Chamber's Connection Point, the Michigan Manufacturing Technology Center, the National Center for Manufacturing Sciences, the Business Accelerators of Southeast Michigan and the Society of Manufacturing Engineers. Backed by funding from the Michigan Economic Development Corporation and various federal government agencies, InnoState is focused on expanding the New Product Contract Manufacturing Cluster of firms to increase their business and compete globally. WIN also convenes the skilled trades taskforce, which addresses employer talent needs through ongoing dialogue between the talent system and employers looking for skilled trades talent.

In the area of IT, which includes some of the fastest growing firms in the region, WIN's cluster strategy includes the convening of an employer-led, multi-industry council, which has come to be known as the Tech Council of Southeast Michigan. The council is convened to raise awareness of and shape community responses to regional talent needs. This group meets routinely and has two primary foci:

- talent attraction and development
- marketing and branding southeast Michigan as a technology hub.

Box 4.3. **Workforce Intelligence Network, Michigan, United States** (*cont.*)

The council is comprised of more than 30 employers who have a significant need for information technology talent and is open to any additional company who may be interested in participating. WIN is directly involved with company-led training initiatives like "IT in the D" and serves as a communication conduit for the region's various talent partners. WIN is also working closely with the Michigan Economic Development Corporation, the state of Michigan, business accelerators and many others to collaborate and help drive their efforts and programmes aimed at closing the IT talent gap in southeast Michigan.

Source: OECD (2013), "Local job creation: How employment and training agencies can help, United States", *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2013/10, OECD Publishing, Paris, http://dx.doi.org/10.1787/5k44zcpz25vg-en.

Adding value through skills

Recommendation: Encourage employers to work with local employment co-ordinators and/or local boards to develop local solutions and raise the quality of employment. Target work-based training and skills development efforts towards SMEs.

Overall, it appears that the national/state level vocational education and training system in Australia is quite strong. The national system for accredited qualifications is well accepted and understood. There is a high level of employer engagement and there are high participation rates when compared with other OECD countries. At the local level, there is a large range of training delivered by TAFE institutes, secondary schools and colleges, universities, agricultural and technical colleges, and a diverse group of private registered training organisations. At the local level, the VET system appears quite flexible and adaptable in meeting both employer and individual needs by offering a range of customised and after-hours training.

To build on the strengths of the VET system at the local level, efforts need to continue to build strong linkages with employers, especially small to medium-sized businesses that face many obstacles in trying to engage with training institutions. Research undertaken for this study also demonstrated that the public VET institutes are slower in responding to employer demand. Employers are more likely to work with private training organisations to set up training courses. A focus could be put on policies which build the capacity of the local level to more effectively work with the VET system to meet local labour market needs and for local economic development. Establishing local boards could assist in making these connections as membership on these boards could include a broad range of stakeholders from employment, VET, economic development, employers, unions and other social partners. The local employment co-ordinators have played a co-ordination role in bringing employers and training institutes together, but more could be done.

SMEs still face many barriers to participating in apprenticeship, traineeship and other work-based training opportunities. The government should continue to look at initiatives to encourage SMEs to participate in this type of training. Approaches in other OECD countries have shown the benefits of bringing employers together around networks to leverage participation in this type of training (Box 4.4).

Box 4.4. **Skillnets, Ireland**

In Ireland, Skillnets was established in 1999 to promote and facilitate workplace training and up-skilling by SMES. It is, by far, the largest and most successful organisation supporting workplace training in Ireland. In 2011, it had 70 operational networks through which it trained over 40 000 people for a total expenditure of EUR 25 million. It is a state-funded, enterprise-led body that co-invests with enterprises, particularly SMEs, when they co-operate in networks to identify and deliver training suited to their workforces.

A network of SMEs operating in a particular sector is guided by a network manager to analyse their common skill needs and then design and deliver training programmes suited for their workforces. These networks provide training to jobseekers, who train with those in employment. By training with those in employment, jobseekers can access networking opportunities and keep up to date with their sector while participating in relevant industry-specific training programmes.

Source: OECD (2014, forthcoming), *OECD Reviews on Local Job Creation: Ireland*, OECD Publishing, Paris, forthcoming.

Recommendation: Build better pathways to vocational education and the labour market by ensuring young people and adults have adequate local labour market information on job requirements and prospects.

The apprenticeship and trainee system in Australia provides a number of career pathways for youth to develop skills and attachment to the labour market. However, many young people still view the apprenticeship and traineeship pathway as unattractive despite the availability of high-paying jobs that are offered. While this is a common issue in many OECD countries, the government could look at what opportunities exist in the use of local labour market information to give youth greater knowledge about potential jobs and occupational requirements in their local community. Local boards could play a role in building this type of local labour market information with support from the Commonwealth government through the Department of Education, Employment and Workplace Relations.

Employment service providers are funded to secure employment outcomes for individuals, which means there are incentives for providers to ensure unemployed individuals are linked to jobs. To ensure that jobseekers are placed in sustainable jobs, providers are only paid outcome fees for jobs that last at least 13 weeks with a further payment if the job lasts for 26 weeks. Reverse marketers within many providers also function to link these individuals to potential employers. Jobseekers that remain unemployed for a longer period become subject to activation requirements (e.g. Work for the Dole).

To further strengthen these efforts, career cluster and pathway approaches can be used to link individuals to jobs in the local labour market. One of the key issues in developing career cluster models is the tension between trying to respond to the needs of individual employers who might be the key to a region on the one hand, and on the other, understanding the larger cluster and the foundational skills that are needed across occupations and industries. Career clusters and pathways models can offer significant appeal but are resource intensive. They are a way for the public education and workforce system to make sense of, categorise and organise their work. For high schools and public vocational education institutes, establishing career pathway models helps to connect them to the economy and produce workers with the appropriate skills for jobs in the region. Setting out clear employment pathways can help young people in planning their own

future careers and in linking their education with local employment needs. By training young adults in the skills needed in the local market, employers will be able to fill more current and future job openings and have their skilled workforce demands met.

Employers often ask for specific occupational skills, while the intent of the cluster approach is a broader set of skills that can be applied to many occupations. Any approach will need to balance the legitimate skill needs of particular employers with a more broad integration of technical and soft skills into curriculum. In either case, partnership with employers is key and the establishment of local boards across Australia could strengthen engagement with them.

Efforts to develop more locally available career guidance and pathways have been used in Spain and the United States (Box 4.5) to some success. There may be greater opportunities for employment service providers in Australia to work more directly with high schools to connect with youth and assist them in acquiring and developing the right skills and knowledge for successful labour market attachment. An effective career guidance system will ensure that youth are informed about opportunities in the local labour market before graduating from high school. The National Career Development Strategy that has been developed by the Government under the National Partnership on Youth Attainment and Transitions should provide a good basis for reforms in this area (DEEWR, 2012).

Box 4.5. **Career guidance and clusters in Spain and the United States**

Maryland, United States

As partnerships between workforce and economic development agencies becomes more common in regions and communities, the role of education and workforce agencies in mapping and building skills pipelines for key industries becomes more critical to economic development practitioners. The state of Maryland started working on a sectoral strategy approach in 1995 under the School-to-Work Opportunities Act. Some 350 business executives in 10 different sectors were brought together to inform education policy makers about their bottom line: how they made money and what they needed to be successful. The original project was funded with USD 25 million of federal School-to-Work funds, and the approach was bottom-up: mapping what knowledge and skills were required and developing programmes around clusters of skills. Within each county, a Cluster Advisory Board (CAB) focused on different industry clusters. In Montgomery County, Maryland, for example, which hosts the third-largest biotechnology cluster in the United States, a CAB is focused on the biosciences, health science and medicine cluster. Administrators, counsellors and faculty members use the career-cluster system to develop programmes that extend from high school to two- and four-year colleges/universities, graduate schools, apprenticeship programmes and the workplace. Although the cluster framework was originally developed for high schools and young people, it is now being adopted by workforce investment boards and other programmes serving adults.

Barcelona Activa, Spain

Barcelona Activa, Barcelona's Local Development Agency, is seeking to "foster the transformation of Barcelona through entrepreneurship, business growth, innovation, human capital, professional opportunities and quality employment". As part of this process, the agency aims to improve the skills demand and supply match in the city. To assist with this, Barcelona Activa has recently created a unique online service for professional guidance – Porta22. Porta22 is a web portal that contains tools for all types of users who want help defining and putting into practice their own professional paths, as well as for professional guidance counsellors. It is divided into three mains sections (person, tools and the market) and provides functions that allow users to explore the local labour market and learn more about job opportunities.

Box 4.5. **Career guidance and clusters in Spain and the United States** (*cont.*)

One of its most advanced tools is a bank of almost 1 000 professional profile descriptions that provides information on all aspects of a given career, and profile descriptions are linked to a search engine that has over 7 000 job offers. A professional interest test allows users to identify their work interests and match their own profile with job profiles. The key skills dictionary allows users to better understand the importance of key competencies in the current labour market.

Providing clear, up-to-date information on local employment sectors and the skills required to enter these means that jobseekers can assess which career paths are open to them, and it also helps to ensure greater transparency in career pathways.

Source: Hamilton, V. (2012), "Career pathway and cluster skill development: Promising models from the United States", *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2012/14, OECD Publishing, Paris, http://dx.doi.org/10.1787/5k94g1s6f7td-en.

Targeting policy to local employment sectors and investing in quality jobs

Recommendation: Promote awareness and actions to ensure that skills are effectively utilised by employers across the country while ensuring that efforts are focused on sectors of local importance.

Approaches to address the utilisation of skills in Australia are a best practice within the OECD; however, approaches taken across states/territories are not consistent. There appears to be a much stronger focus on this policy area in Queensland. The mandate of the Australian Productivity and Workforce Agency is a positive step in ensuring that skills utilisation approaches are articulated and prioritised as effective skills initiatives. The focus on working with employers to look at issues related to organisational structure and job design are critical in efforts to raise the quality of jobs on offer, stimulate productivity and reduce skills shortages. Shortages can arise because of a genuine lack of workers with the skills needed but also for various other reasons, including working conditions and pay rates that are unattractive to workers. Shortages increase the hiring cost per skilled worker, leading firms to employ less-productive individuals, therefore the government should continue to promote policies which aim improve the better utilisation of skills across Australia.

It is important for local areas such as Ballarat-Bendigo and Ipswich-Logan to focus on place-based initiatives, which can promote comparative advantage. Local policy makers should ideally seek to promote "flexible specialisation" – concentrating on certain sectors, but evolving these in response to local needs. Focusing on local sectors of importance can "raise the game" in both priority employment areas and galvanise public action as well as public-private partnerships around a common interest. For example, in the Ballarat-Bendigo area, the local economy could benefit from raising the tourism offer. Box 4.6 outlines an approach taken in Blackpool, United Kingdom to improving the attractiveness of the area through raising skills and demand in the tourism sector.

Box 4.6. **Attracting a new type of tourism in Blackpool, United Kingdom**

Having long been a seaside resort that caters for high volume but low-spending customers, Blackpool is working hard to raise its game and attract higher spending customers through offering a higher quality "offer". The town has been growing its branded attractions (e.g. Madame Tussauds, Nikolodean, Merlin) while also investing significantly in infrastructure (trams, cycles, buying the Blackpool tower for the public, new concert hall, refurbished front). It is recognised that capital and infrastructure investments alone will be insufficient for realising the town's vision, and that alongside them there is a need for investment in skills, particularly in the area of customer service. This means investment in specific skills (for example, through local college courses geared to the tourism industry) but also more informal learning and knowledge sharing.

A particular emphasis has been placed on raising the aspirations of service personnel so that they project a better image of the town and at the same time become more committed both to Blackpool, their employers and their own personal career prospects. A good example of such an initiative is the Welcome to Blackpool Initiative funded initially by the Local Enterprise Growth Initiative (LEGI) introduced by the previous UK government. This project trains local people (especially those working in hospitality, leisure, tourism, transport and retail sectors, but also local residents) in appreciating the history of Blackpool, current developments and future plans. Through course attendance, participants learn more about Blackpool's attractions and services. The knowledge gained can then be used to enhance visitors' and local residents' experience of Blackpool. Employers have reported that the short course equips staff to deliver a high standard of customer service, which in turn impresses visitors to the town and encourages word of mouth recommendations and repeat visits to Blackpool. The initiative has shown that taxi drivers, those involved in tourism and local residents can be excellent ambassadors for Blackpool It was reported that over 3 000 people (of all ages) have attended the course in two years and that more than 250 organisations have benefited. Such initiatives have been useful in increasing staff retention in local firms, which traditionally have had high turnover rates, linked to the seasonality of tourism in the town. High turnover rates have been seen by some firms as representing a challenge in terms of investing in staff training and skills upgrading. Growing staff retention has allowed local employers such as the Sandcastle Water Park to start working with individuals on personal development plans.

Source: Froy, F., S. Giguère and M. Meghnagi (2012), "Skills for competitiveness: A synthesis report", *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2012/09, OECD Publishing, Paris, http://dx.doi.org/10.1787/5k98xwskmvr6-en.

Another sector which is important for both the Ballarat-Bendigo and Ipswich-Logan Priority Employment Areas is retail. The retail sector is a significant employer in the local economy of Breda, Netherlands, and also a sector with high concentrations of low-quality, low-income and low-productivity work. As it became more difficult to fill job vacancies and reduce labour market churn, a service unit for the sector was set up to better manage labour market transition, train staff, improve work organisation and productivity, and improve the sector's image as a place to work.

Box 4.7. **Work with the retail sector in the municipality of Breda, Netherlands**

Retail is an important part of the local economy of Breda in the Netherlands. The sector has 2 200 establishments in the area and is currently relatively stable. However, in the context of the ageing of the population it is expected that it will become more difficult to fill vacancies in the future. It is also acknowledged that more has to be done to increase the quality of employment in the sector and the productivity and competitiveness of local enterprises, particularly small and medium-sized enterprises (SMEs). Several organisations, such as the National Board for Retail Trade, the Retail Platform Breda, the Association of Enterprises in the city centre of Breda, the Chamber of Commerce and Werkplein Breda (a service to help people to access jobs which combines the public employment service and the local municipal social service department), have taken the initiative to establish a service unit for the retail sector (*Servicepunt Detailhandel*). The objective of this service unit is threefold:

- improving the inflow and outflow of workers and better managing labour market transitions within the sector: for example, by improving the match between demand for labour and supply of labour through investments in skills
- training of staff: implementing an external information and advice service on human resource management for SMEs to improve work organisation, productivity and the quality of local job opportunities
- improving the image of the sector: stimulating and organising extra promotion with regard to working in the retail sector, improving customer satisfaction.

The strength of the service unit is that the approach is demand driven and based on one-on-one relationships with local retailers. If action is needed, this takes place immediately through individual company visits and visits to the members and board meetings of the association of retailers. Local work coaches (placing local people into work) also receive training from the National Board for Retail Trade. *Servicepunt Detailhandel* started in 2009 and in early 2010 a similar service point was established for the care and welfare sectors, with plans to develop one for technical professions. One consulted business representative felt that through this collaboration they have come a long way in a short period of time.

Source: Dorenbos, R. and F. Froy (2011), "Building flexibility and accountability into local employment services: Country report for the Netherlands", *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2011/13, OECD Publishing, Paris, http://dx.doi.org/10.1787/5kg3mktqnn34-en.

Being Inclusive

Recommendation: Continue to ensure that employment services and training programmes are serving disadvantaged groups, who are at risk of intergenerational unemployment and poverty. Examine the value of targeting initiatives to specific disadvantaged groups.

Inclusion is the major objective of employment policy in Australia and is pursued by ensuring that mainstream services are accessible and suited to the most disadvantaged persons. Furthermore, the Priority Employment Initiative focuses on places/communities that are most disadvantaged. In addition, there are a range of programmes targeted at the groups that are most at risk of exclusion or non-participation. An example of the first approach is the classification of the JSA jobseekers into "streams" according to their degree of disadvantage and fixing service requirements and outcome payments accordingly. An example of the second approach is Youth Connection, the main federal

programme that aims to support youth who are at risk of not attaining Year 12 or the equivalent.

The ability of employment service providers to serve hard to reach groups is critical as young people from disadvantaged backgrounds tend to reproduce the problems of precedent generations, which then become more difficult to address. Some disadvantaged groups may require comprehensive responses to unemployment, and failures to provide them may generate intractable social issues and compound intergenerational disadvantage. Some of these problems require an integrated approach to local skills issues.

Comprehensive efforts are being made in Australia to address youth unemployment. A partnership approach can better tackle entrenched barriers, create a more integrated service for young people and providers, and has a relatively strong impact on the degree of local policy integration. Successful collaboration is not easy with common obstacles including ambiguity about roles, conflict, contested leadership and narrow institutional mandates (Froy and Giguère, 2010). Many local community and non-governmental organisations providing employment supports for young people can be relatively isolated from mainstream institutions. They often operate on the periphery with little critical mass, reliant on short-term funding and duplicating services (Froy and Pyne, 2011). Local boards could facilitate this integration. It is important that local organisations are well networked to share knowledge and emerging good practice. They can play an invaluable role as brokers or "linking organisations", connecting clients to a number of follow-on programmes, thereby aiding continuous learning and development. Policies and approaches can also benefit from being "co-created" with local youth to create greater ownership and ensure that local initiatives are better adapted to their needs.

Box 4.8. **Tackling fragmentation and duplication, Glasgow, United Kingdom**

The city of Glasgow has re-engineered its approach to supporting youth employability since the mid 2000s and since the recession. It is believed that one contributing factor to this is the shift from supporting individual projects to one where the emphasis is on improving the entire ecology of interventions available and joining these up. This has included establishing clear leadership responsibility in an area that has traditionally been "everyone's problem but no one's in particular", introducing shared targets for the city, establishing a Youth Gateway Model to promote information sharing and joint service commissioning, and embedding schools into the partnership model.

Young unemployed people were commonly in a "revolving door" between publicly funded projects which rarely led to positive outcomes. Steps taken to address this have included action to promote improved joint working and bringing in a tracking system. A number of changes to promote genuine collaboration have also been introduced, including establishing a Service Level Agreement in 2009 outlining roles and responsibilities of all key players, and the introduction of youth employability groups to monitor progress on the ground – each chaired by a head teacher. Addressing structural difficulties at departmental level is a long-term goal. Under the banner of Glasgow Works, a co-commissioning model was piloted where funders have adopted a more transparent approach to financing interventions.

Source: OECD (2013d), Local Strategies for Youth Employment: Learning from Practice, OECD, Paris, www.oecd.org/industry/Local%20Strategies%20for%20Youth%20Employment%20FINAL%20FINAL.pdf

A factor in which can often hinder young people in the labour market, and closely related to early school leaving, is low aspirations. This factor was highlighted in meetings

with local stakeholders in the case study areas for this project. Motivating young people can help them to recognise their personal and professional strengths, break out of old patterns of thinking and realise that they can attain their goals. Local stakeholders also emphasised the importance of youth having soft skills, which are increasingly important for transferability in the labour market.

The Roadtrip Nation project in the United States is an example of a youth-led intervention which raises young people's aspirations and encourages them to expand their social networks and more actively plan their futures. Through a blend of multimedia and project-based learning activities, it helps youth gain access and exposure to life pathways they might not otherwise have known existed. Young people are encouraged to set up and film interviews with figures they find inspirational in their local communities or even further afield, such as well-known celebrities, designers, music producers, sports stars and film makers. They find out first hand their pathway to success and learn invaluable networking and film-making skills in the process. It has since introduced a new element to its programme, working directly in schools to challenge the lack of engagement with education through creating a more dynamic curriculum (Froy and Pyne, 2011).

Policies which promote youth entrepreneurship can also be effective in raising the aspirations and motivations of youth. OECD has highlighted the importance of developing youth entrepreneurship skills and providing information, advice, coaching and mentoring (OECD, 2012b). High schools can play a role by teaching students about business planning and accessing start-up financing. OECD has also highlighted the role that governments can play by partnering with community and business organisations to give students a first-hand look at the day-to-day operations of a company or through entrepreneurship mentoring programmes (OECD, 2012b).

As highlighted earlier, employment services in Australia are designed to redirect services to the most disadvantaged jobseekers. However, there are some groups in Australia, such as the Aboriginal and Torres Strait Islander population, that still face significant challenges towards full integration into the labour market. The government is looking to address this through its Closing the Gap agenda and Indigenous Economic Development Strategy – designed to increase the economic participation and well-being of Indigenous Australians by increasing opportunity around education, creating job opportunities/connecting Indigenous Australians with jobs, supporting job readiness and skills development, and driving demand for indigenous employment.

Employment and skills initiatives can be used to target different user groups in different ways, either implicitly or explicitly. They may target spatially by focusing on a particular neighbourhood or community, often disadvantaged, or target by need. They may direct services at a particular gender, at a specific age category within youth, or at particular migrant and ethnic groupings – often overlapping with spatial targeting. The value of targeting services is that it can provide a more tailor made, individualised response which fits more closely with the needs of the person, and in times of budget constraints is a less costly approach than offering universal services. In the case of ethnic targeting, it can make up for concurrent/past discrimination and can reach those not on the radar of mainstream organisations. It can attract more users to mainstream employment services which are typically underused by migrants, increasing uptake and improving outcomes. Box 4.9 provides a description of an approach taken in Canada to address labour market challenges faced by indigenous persons.

Box 4.9. **Supporting skills development for Aboriginal peoples, Canada**

The Bridges and Foundations For Aboriginal Development is a project funded through the government of Canada's ASEP programme. It supports major economic opportunities identified in the residential construction industry in Saskatoon and its surrounding communities – including Band housing in First Nation communities. The focus is on meaningful employment as part of local affordable housing construction that provides skills and experience to foster long-term careers for local residents. The project, a partnership between stakeholders in the construction industry, the provincial government, Aboriginal organisations and the federal government, was created to maximise the benefits for Aboriginal participants in the residential construction industry. The investment will provide 600 Aboriginal people with the skills and training they need to participate in economic opportunities and provide at least 400 participants with long-term jobs in the construction industry.

Source: Froy, F. and S. Giguère (2010), "Putting in place jobs that last: A guide to rebuilding quality employment at local level", *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2010/13, OECD Publishing, Paris, http://dx.doi.org/10.1787/5km7jf7qtk9p-en.

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