

Employment White Paper Submission

December 2022

About CPD

The Centre for Policy Development (CPD) is an independent, values-driven, and evidence-based policy institute. Our motivation is an Australia that embraces the long term now. CPD exists to solve the biggest policy challenges facing Australia and the region, and to take people on the journey solving them. Our policy development seeks to advance the wellbeing of current and future generations.

CPD's core model is three-fold: we create viable ideas from rigorous, cross-disciplinary research at home and abroad. We connect experts and stakeholders to develop these ideas into practical policy proposals. We then work to convince governments, businesses, and communities to implement these proposals. CPD has offices in Sydney and Melbourne and a network of experts across Australia.

We are not-for-profit: donations to our Research Fund are tax deductible.

More information about CPD is available at cpd.org.au

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Introduction

The Centre for Policy Development (CPD) is grateful for the opportunity to make a public submission to consultation for the Employment White Paper.

CPD is an independent, values-driven, and evidence-based policy institute. Our motivation is an Australia that embraces the long term now. CPD exists to solve the biggest policy challenges facing Australia and the region, and to take people on the journey solving them. Our policy development seeks to advance the wellbeing of current and future generations.

We believe in: a society that expands opportunity and social justice; an economy that is clean, innovative and productive; a government that is active and effective; and a country that is respected for its leadership and cooperation. Across five program areas, CPD has produced a variety of analysis and policy ideas of relevance to the Employment White Paper.

In relation to employment for the long-term unemployed and people experiencing disadvantage and exclusion, CPD published [Grand Alibis](#) in 2015, a systematic analysis of what was then Job Services Australia, a [Blueprint for Community and Regional Jobs Deals](#) in 2020 and an [analysis on transitions to employment](#) for refugees and migrants, the long-term unemployed, people with disability, and people in contact with the justice system.

Through our Early Childhood Development Initiative, CPD convene the Early Childhood Development Council, a cross-section of government and non-government actors from every Australian jurisdiction. Our major report [Starting Better](#) (November 2021) proposes a 'guarantee' for all young children and families,

entitling all families to a range of services during a child's early years. A follow up report [Starting Now](#) (July 2022) sets out a roadmap to achieving universal, accessible and affordable ECEC, building on existing reform announcements, with concrete steps over one year.

CPD's [Climate Initiative](#), now focused on the horizon of 2035, has worked collaboratively since early 2020 to identify the best ideas to support Australia's transition towards a net zero emissions economy. Our report, [Who's buying? The impact of global decarbonisation on Australia's regions](#), models the impact of global decarbonisation commitments on employment and output at a Local Government Area level in Australia.

Our submission, therefore, takes a holistic, cross-sector approach. We aim to show the linkages between critical policy areas and suggest how to develop place and people centred approaches to policy, implementation and service system design and delivery to achieve full employment, build a bigger, better-trained and more productive workforce, and ultimately boost incomes and living standards and create more opportunities for more Australians.

Context

Quality employment advances the material security of an individual and their family, contributes productivity to employers and the economy, and builds capability within communities through economic participation. Although, the experience of employment in Australia falls short of this ideal for many.

Trends pushing against this ideal were present before the COVID pandemic. Australia has experienced the longest sustained period of low wage growth since the advent of the Wage Price Index¹², despite labour market tightening. We perform significantly worse than the OECD average on our gender pay gap, and are in the bottom quartile for gender pay equality, with a ~50 percent greater disparity than OECD average.³ Since 2006, Australia has dropped from 13th to 70th in the World Economic Forum's gender equity scorecard on female economic participation.⁴

Australian society and our economy have systematically undervalued care work, as demand for high quality care in our community has risen, resulting in critical workforce shortages in aged care, early childhood, and disability care, and insecure and eroded social infrastructure.

Labour and multifactor productivity have been subject to a declining trend since the mid-1990s,⁵ and business investment has sunk from a peak above 18 percent of nominal GDP during the mining boom to just above 10 percent, its lowest level since 1992.⁶

During this same period underpayment of wages became prevalent across the economy, with some estimates putting the

annual value of unpaid wages and entitlements at more than \$1 billion, affecting as much as 13 percent of the labour force.⁷ High-profile cases of underpayment have been revealed at large employers across the finance, higher education, retail, horticulture, and hospitality sectors.

People experiencing economic disadvantage and the long-term unemployed have been concentrated in the same communities on our city fringes, and in regional and rural areas for at least the last ten years. We have seen a declining national skills and training capability - as seen in apprenticeship numbers between 2010 and 2020 - resulting in a low capacity to support the Australian workforce through ongoing economic transitions.

The early pandemic response provided insight into different approaches, and what we can do to set these wayward trends right. They included: adequate income support for people without enough paid work to meet their needs; free or low cost early childhood education and care to enable families of essential workers to balance work and home; and regional responses that in some cases reflected the needs and visions of the place where they were implemented.

The stop-start nature of the economy since the reopening of the country has shown we cannot continue on the road we were previously on. A skills shortage in key areas is impeding economic progress, frontline workers for key social infrastructure sectors will not be available unless the work is more secure and sufficiently valued. Exogenous factors like fossil fuel price volatility and supply chain failures, pent-up demand driven by fiscal stimulus are driving price increases well ahead of wage increases. Profit-taking by business is delivering more of the national

income to profit share and less to wages, degrading living standards and stalling productivity through lack of investment.

The RBA have warned of climate-driven supply side shocks becoming more frequent, and interest rate volatility. Dependence on fossil fuels in both our energy system and our export basket will degrade environmental sustainability and quality of life for Australians. Although the effects of global transitions on Australian exports will have a moderate impact on the national labour market, it will have a profound impact on geographical areas like the Bowen Basin, the Hunter Valley, and the Pilbara.

Summary of Recommendations

At this moment in Australia, we see three big opportunities, to advance full employment and to build a bigger, better-trained and more productive workforce:

- ⇒ **Early Childhood:** Create two generations of productivity gains through universally accessible, high quality early childhood education and care, which will boost women's economic participation and set all children up for success.
- ⇒ **Just Transition:** Reap the rewards of transitioning to a zero carbon economy, and mitigate related risks, by investing in emerging industries and diversifying our exports, in a way that puts people and communities most affected first
- ⇒ **Regional and Community Job Deals:** Address long-term unemployment and disadvantage, build community capability, and respond to industry and employer needs locally by scaling up place-based approaches to jobs and skills.

Further to this, we recommend the identification of a number of **Place-Based Investment Sites** to seize the opportunities at hand, and to demonstrate new approaches to policy, implementation and service system design and delivery. Places should be chosen on the basis of concentrated need, community readiness and diversity of settings.

To realise each of these respective opportunities, and establish place-based demonstration sites, we provide specific recommendations. Common to achieving these is the need to:

- ⇒ Take an approach to employment, skills, wages and industry that solves for the long-term wellbeing of Australian people, communities and the environment on which they depend.
- ⇒ See employment, skills building and workforce development as inextricably linked to advancing other areas of policy, and reaching stated goals. For example, a universal, high quality early childhood education and care system; or transition to a zero carbon economy; or renewing our trade and export position.
- ⇒ Move from piecemeal, disconnected policy processes and interventions, to joined-up approaches that involve greater coordination between departments, with states and territories and with non-government actors.
- ⇒ More effective use of the Commonwealth levers and a more active role for the Commonwealth, including the necessary capability uplift.

People and place-centred approaches

These common themes point to a need to shift towards more people and place-centred policy, implementation, and service systems, as well as the significant promise of place-based approaches. This shift and the adoption of these approaches is consistent with a wellbeing approach to government, the budget and economy, consistent with the Treasurer's commitment to measuring (and managing for) what matters.⁸

There are numerous disparate systems and institutions that influence the experience of work for Australians and the labour market in which it takes place. These systems and institutions include both the immediately obvious - such as the employment services system, skills and training systems and early childhood development. It also includes less immediate but important dimensions of government, such as settlement services, health services, broader education systems, law enforcement and criminal justice.

Nationally, and especially in communities facing pronounced disadvantage, these systems are fragmented, misaligned, and frequently undermine rather than enhance the capability and wellbeing of the people and communities whose needs they are supposed to meet.

Quality services, delivered consistently and in a way that responds to the needs of people and places, can drive better outcomes and make the most of existing Commonwealth investment. Overseeing such systems will require a profound shift in the Commonwealth approach, which the Employment White Paper could champion. The quest for full employment and the desire to build a bigger, better-trained and more productive

workforce is the current lightning rod for people and place-centred approaches to policy, implementation and service system design and delivery, but adoption of these approaches is long overdue and much needed.

The Commonwealth approach to delivery of essential services - including early childhood education and care, aged care and employment - has trended towards outsourcing provision to private providers, or at the least a mix of profit and non-profit providers, operating in Commonwealth-facilitated markets, funded by the taxpayer. This approach to delivering human services has led to problematic outcomes and significantly reduced Commonwealth capacity in delivery.

Providers bid for contracts to provide competitive services at low cost or in the case of ECEC child places in services are subsidised. Commonwealth public servants overseeing essential service delivery systems are concentrated in Canberra, and lack on-the-ground experience. Services have become disconnected from local communities, vary in quality and don't deliver effective outcomes, particularly for people who have more complex needs. On the ground this creates competition between providers and a fragmented, complicated mess of overlapping services and supports, when what is needed is coordinated, reliable support, responsive to the needs of people and relevant to the context of communities. In some communities this approach results in thin markets and undersupply of services.

One critical dimension of the shift that needs to take place is greater partnership and coordination between Commonwealth, State, Territory and Local Governments. State

governments, in many cases, have developed successful approaches to essential service delivery - keeping their finger on the pulse of local communities and stepping in to remedy the Commonwealth service delivery shortfalls. Consistent with a more active and engaged role for the Commonwealth, aspects of the management and provision of service delivery can be devolved to States and Territories, with agreed and well-designed funding arrangements, accountability frameworks, and performance measures. At the very least, more efforts need to be made to coordinate delivery of service systems at the local and regional levels, whatever the funding sources.

New approaches to governance, funding, and provisioning are needed to reform these service systems, as outlined in regards to employment service systems below.

We recommend the identification of a number of place-based investment sites to seize the opportunities at hand, and to demonstrate new approaches to policy, implementation and service system design and delivery, with places chosen on the basis of concentrated need, community readiness and diversity of settings.

Early Childhood

Opportunity One: Creating two generations of productivity gains through universally accessible, high quality early childhood education and care, which will boost women's economic participation and set all children up for success.

The special case of the early childhood sector

There is no policy area where investment can return a triple dividend to society and the

economy like early childhood development, and there is no sector that goes more to the heart of the objectives of the Employment White Paper than early childhood education and care.

- ⇒ **Dividend 1. Long term participation and productivity:** Improved early learning and better, more integrated care means children grow up healthier and happier and lead more productive lives, particularly those experiencing disadvantage. When children thrive, the community benefits from greater productivity and workforce participation over the long-term, while governments avoid the costs of social and crisis services, now and in the future.
- ⇒ **Dividend 2. Labour force participation:** More paid, shared parental leave and greater access to affordable and quality early childhood education and care means less stress for families and greater opportunities to work, especially for women. This will help to reduce critical skills shortages and address Australia's significant gender gap when it comes to economic participation.
- ⇒ **Dividend 3. Women's economic security and equality:** More secure jobs, improved pay and conditions, and enhanced skills and pathways mean more rewarding careers for the majority-female early childhood workforce, expanding career opportunities and delivering higher quality education and care.⁹

Recent changes to the Child Care Subsidy to improve the affordability of early childhood education and care (ECEC) and the expansion of the Commonwealth's Paid Parental Leave scheme are welcome steps forward, but

these alone won't be enough to reap this triple dividend over the medium and long term.

Securing this triple dividend requires addressing more than the affordability of ECEC

We know that raising a child disproportionately affects women's workforce participation. Affordable, universal ECEC should be the backbone of a strong early childhood development system. But if we want to enable greater levels of women's workforce participation, we need to address more than just cost – we need to consider broader structural issues that play into complex workforce disincentives. This includes service quality and availability, logistical issues and the extent to which available services meet the needs of children, as well as the interplay with other subsidies and support payments.¹⁰ Changes to improve ECEC affordability alone aren't enough to fully address these interlinked barriers.

Addressing access, affordability and quality

Greater affordability of ECEC won't help families to increase their engagement in work if there are no services available, if complex activity test requirements preclude them from enrolling their child, or if a service has to cap enrolments because it is unable to attract or retain skilled early childhood professionals.¹¹ As NSW Treasury has highlighted, for policy reform to succeed in lifting utilisation, not only will the sector need to be able to respond to growth in demand, it will need to do so while continuing to provide a quality service that retains parents' confidence.¹²

The ECEC workforce is the cornerstone of quality ECEC, and the quality of ECEC is the critical determining factor in achieving ECEC's long-term benefits to children. Evidence

shows that skilled educators are the most influential within-service factor on child development across cognitive, academic and social-emotional outcomes.¹³ Despite this, the sector is facing record job vacancies and there are serious concerns about the stability and sustainability of the ECEC workforce. Poor pay and conditions, limited career pathways and workers reporting that they feel undervalued and overloaded is having a significant impact on the ability of services to attract and retain skilled staff. The proportion of long day care services requiring an exemption from quality standards because they cannot meet legislated staffing requirements has almost doubled in the last three years.¹⁴

International experience also shows that rapid expansion of services in response to more affordable ECEC, where quality is not explicitly prioritised, results in little to no long-term gains for children.¹⁵ A key strength of Australia's ECEC system is the National Quality Framework to ensure the consistency and quality of service provision, however, close to one in eight long day care services are still rated as 'working towards' the quality standards, and while children experiencing disadvantage stand to benefit the most from a quality ECEC service, they are the least likely to attend one.¹⁶

Making every dollar count

ECEC in Australia is a quasi-market that will need to be better managed by the Commonwealth, in partnership with States and Territories, to work effectively for all children and families. While the Commonwealth invests significant public funds to support families to access ECEC, the current funding approach does little to address the mismatch between supply and demand, to support the sustainability of the ECEC workforce, or to ensure ongoing uplift in quality.

If we continue down the current path, there is a real risk that we will not achieve the participation and productivity gains that this sector offers, or the additional investment that will be required to achieve those gains will become prohibitive for government. Put simply, it will be an opportunity lost.

The opportunity of a universal system

CPD's submission to the Senate Committee inquiry examining the proposed changes to the Child Care Subsidy set out the potential for the government's CCS amendments to be an important catalyst toward a universal system, where Commonwealth investment supports the affordability and accessibility of ECEC for families as well as quality outcomes for children. CPD proposed some immediate steps towards this goal, including broadening transparency and quality measures, inserting a trigger for a price control mechanism if proposed by the upcoming ACCC inquiry, expanding reforms to the activity test and directing integrity savings towards an interim wage subsidy.

The Employment White Paper presents an opportunity to clearly articulate the special case of the early childhood system in delivering two generations of productivity benefit, and setting out the next steps toward a universal ECEC system that effectively leverages Commonwealth, State and Territory investment to lift workforce participation and improve child outcomes.

Critical to this is recognition that the Commonwealth, States and Territories have joint responsibility to steward and deliver a universal, child-focused system. The fragmented nature of our ECEC system for families, combined with the levers that sit across levels of government, makes this collaborative approach essential.¹⁷

Recommendations

Consistent with this, CPD recommends the Commonwealth works with the States and Territories to:

- ⇒ Shift away from small-scale and piecemeal action on workforce planning and sustainability, to take a whole of career approach, working with employers and unions not only to deliver improved remuneration, but to develop a joined-up system of support across the career pathway, from attracting people into training to supporting upskilling and leadership development.
- ⇒ Align capital investments to address gaps in ECEC supply, including support for not-for-profit and public provision in under-served communities, leveraging existing public infrastructure where possible.
- ⇒ Establish a joint body to commence work on the development of a simpler, fairer system for high quality, universal ECEC, regardless of setting, including consideration of the appropriate statutory functions required to ensure accountability for outcomes.
- ⇒ Commence negotiations with those 'reform ready' jurisdictions on how a universal system would be delivered, starting in priority locations and mapping gaps in service provision. This would also enable place-based responses to connect with reforms to universal service systems.

The proposed Productivity Commission review will be important in providing advice to governments on how funding ensures

delivery of quality outcomes for children and equitable, accessible and affordable services for families. A special expert commissioner, supported by an independent panel, should be appointed to lead this work.

While this review will be a key piece of the design puzzle, the first critical steps toward a universal system proposed here need not wait. This universal system will reduce barriers to work and deliver increased productivity and equality for parents, for women, and for the next generation of Australians.

Just Transition

Opportunity Two: Reap the rewards of transitioning to a zero carbon economy, and mitigate related risks, by investing in emerging industries and diversifying our exports, in a way that puts people and communities most affected first

Discussions on just transition often focus on workers in fossil fuel industries: creating decent work opportunities in clean energy and ensuring that no one is left behind. A holistic understanding of a just transition further considers the needs of other people within fossil fuel dependent communities, whose social and economic life will be severely impacted by the winding down of fossil fuel industries in the places they live and work. Also, other communities, including those who live in regions affected by increasing natural disasters, as well as First Nations Australians and lower socioeconomic groups may not receive their fair share of benefits from the net zero transition.

Ensuring future employment opportunities in communities exposed

to climate transition risk through a just transition

Moves by countries around the world to respond to the existential threat of climate change and accelerate their transition to clean energy are fundamentally changing employment markets.

Workers in communities across Australia that depend on fossil fuel industries as major employers are at risk of being left behind if they are unable to reskill and potentially relocate for new jobs in alternative sectors such as renewable energy or enter early retirement.

In response, government organisations such as the Just Transition Commission in Scotland and the Latrobe Valley Authority in Australia as well as NGOs including the Hunter Jobs Alliance in Australia have formed to build political support and deploy investment to ensure a just transition for all, including the workers and communities most at risk.

Fossil fuel industries in Australia will be majorly impacted by decarbonisation efforts both through declines in export demand and domestic use of non-renewable energy sources. Currently, there are around 300,000 Australian jobs exposed to declining export demand for fossil fuels, with these jobs highly concentrated in around seven LGAs: Isaac (QLD), Central Highlands (QLD), Banana (QLD), Singleton (NSW), Muswellbrook (NSW), Mid-Western Regional (NSW) and Karratha (WA).¹⁸

Ensuring a phase-out of fossil fuels in a way that is just and fair will reap numerous benefits for the broader Australian community. These benefits include economic growth, improved wellbeing of current and

future generations, and reduced dissent to net zero pathways.¹⁹ Decreases in employment in fossil fuel firms will have important flow-on effects for connected industries and communities, determining for example the demand for the services of healthcare workers in the exposed regions.

Governments can help support a just transition by investing in economic diversification and innovation

To ensure a just transition, Australian regions exposed to long-term decline in fossil-fuel demand will need to be able to develop new pathways for innovation, industrial development, and employment opportunities.

A key factor determining this success will be a region's level of economic diversification. As industries have different demand elasticities, export orientations, labour and capital intensities, and exposures to competition, greater economic diversification reduces vulnerability to shocks and enables a faster recovery.²⁰ Regions that are less economically diverse may be more susceptible to sector-specific shocks including declining demand for fossil fuels, and have fewer opportunities to re-orientate their industrial base and recover from shocks.

Currently, levels of economic diversification in Australia's exposed regions are generally quite low, with high proportions of the workforce in the fossil fuel industries. Targeted government investments are necessary to increase economic diversification, which will need to reflect the comparative advantages of each region.

A widely discussed area of future job growth is in the renewable energy sector. However the number of jobs created in clean energy industries is likely to be less than the number of jobs exposed to decarbonisation in some

key regions, including Central Queensland and the Hunter Valley.²¹ Australia must also focus on other possibilities for economic diversification for example in niche high-value-added manufacturing, biomedical production, and digital trade in services.

The United Kingdom and some countries in the European Union have adopted place-based innovation to increase economic diversity.^{22,23} Place-based initiatives for innovation focus on increasing collaboration between research institutions, industries, and civil society to address the needs of communities, and encourage regional economic development.²⁴

For example, the EU encourages the development of Smart Specialisation strategies by countries and within regions. Countries identified a limited number of long-term priorities based on their regional strengths and comparative advantages in business and research.²⁵ Mission-oriented approaches are also becoming increasingly important in both the EU and UK- the EU has launched five "moonshot" focus areas through their Horizon Europe program and the UK launched the Grand Challenges program.²⁶ Mission-oriented innovation policy focuses on solutions that respond to well-defined social challenges, such as climate change.²⁷

In Australia, there is much less coordination and funding and fewer policy frameworks to support mission-oriented innovation than is available in other countries. While CSIRO's Mission Program, the Trailblazer Universities Program, and Industry Growth Centres all individually focus on clustering to target specific themes, such as the net zero transition, clarity and coordination is needed to concentrate resources and effort on the set of missions that Australia finds most

important. Australian governments can provide leadership around these missions as well as suitable policy frameworks to support innovation.

There is a significant and under-developed role that can be played by collaborative research between private industry and Australia's research institutions. Australia ranks last in the OECD, on 2017 measures, for collaboration between research institutes and private industry.²⁸ Australia's universities have a presence in many regional centres as well as metropolitan areas. The urgency with which communities, investors, industries and governments need to create viable industries for a net-zero economy can provide a fertile ground for collaboration between research institutions and industries. This collaboration can accelerate the regional transitions required to sustain communities that currently depend on fossil fuel industries as their economic mainstay. Through collaboration, new export industries for Australia in the knowledge economy can be developed to diversify our export basket beyond mineral and agricultural commodities.

Recommendations for a just transition

To ensure that Australian communities exposed to changing export demand and the transition of the domestic energy system can reap the full benefits of a just transition, CPD recommends:

- ⇒ Coordination of policies and organisations to support the development of industries that align with a net zero transition
- ⇒ A broader focus on the types of industries that could be developed in regions exposed to climate transition risk beyond renewable energy
- ⇒ Targeted collaboration between regional research institutes and

- private industry on pathways for transition for affected communities
- ⇒ Focused local place-based transition initiatives between industry, government, investors, workers' representatives, and community leaders to connect climate affected communities with new opportunities in diverse industries such as mining, digital trade, services, high-value added manufacturing, biomedical production, and renewables.

Regional and Community Job Deals

Opportunity Three - Tackle long-term unemployment and disadvantage, build community capability, and respond to industry and employer needs locally by scaling up place-based approaches to jobs and skills.

Despite the lowest unemployment rate in recent memory, barriers to employment still exist nationally, and in some communities, are deeply entrenched.

Almost half of the people in the employment services system lived in only ten of fifty-two employment regions in June 2022, and these regions contain local government areas where unemployment is more than double the national average (see Appendix 1).²⁹

Seven in ten people on the nation employment services caseload in June this year (770,476) were also there in June last year, having been on the caseload for over 12 months (~550,000 people). The longer a person is out of work the more likely they are to stay out of work.

People experiencing disadvantage and exclusion are disproportionately represented in the long term unemployed. In most of the ten regions where long-term unemployment is concentrated, the number of refugees on the caseload is disproportionately high. Other groups over-represented on the caseloads in these regions are people with disabilities, youth, mature age people and First Nations Australians.

People facing the greatest barriers to employment, who have the most to gain from employment services, are the very people those services have consistently failed to help into sustained work.

National employment services are not assisting jobseekers and employers to overcome barriers to employment

For almost thirty years national employment services have been a high-volume, low-margin, 'one-size-fits-all' service, that have mostly helped job-ready people into short term opportunities. In 2018, providers of the then jobactive had an average caseload of 1:148 and only 4% of employers used jobactive for recruitment.³⁰

CPD's 2015 report *Grand Alibis*, found that national employment services had failed to keep those people at the highest risk of disadvantage connected with labour markets, let alone in paid employment.³¹ That report identified that for those unemployed for 12-24 months, First Nations, culturally and linguistically diverse and young jobseekers, more than 50% were unemployed or had left the labour market altogether 3 months after their participation in the employment services system.³² Assessments of jobactive tell a similar story. This is despite improving labour market outcomes for disadvantaged

Australians being a consistent objective of national employment services.

Two key reasons for this dismal performance are the structural impediments and disincentives in the system to investing in challenging or difficult cases, and a lack of flexibility in delivery to tailor services to people's needs and local labour market conditions.

However, the aspect of poor performance that CPD has focused on most is the bewildering fragmentation of the employment and skills service systems on the ground. Employment, skills and education providers are disconnected from each other and from most employers and industry, and the other services and supports jobseekers need. In one community in Victoria, there are 60 service providers delivering 80+ employment contracts. The system incentivises competition and limits collaboration and the cross-service barriers that result are severely disabling for jobseekers.

Discrimination also continues to be a significant barrier, both in finding employment, but also in sustaining employment. Recent reports from the [University of Melbourne](#) and the [Diversity Council of Australia](#)³³ have documented the experience and impacts of racism in the workplace. This discrimination plays out in recruitment as well, with conscious and unconscious bias influencing pre-employment screening and hiring practices.

Newly arrived migrant, refugee and asylum seeker community members are in particularly vulnerable situations and often lack the social capital and local networks that

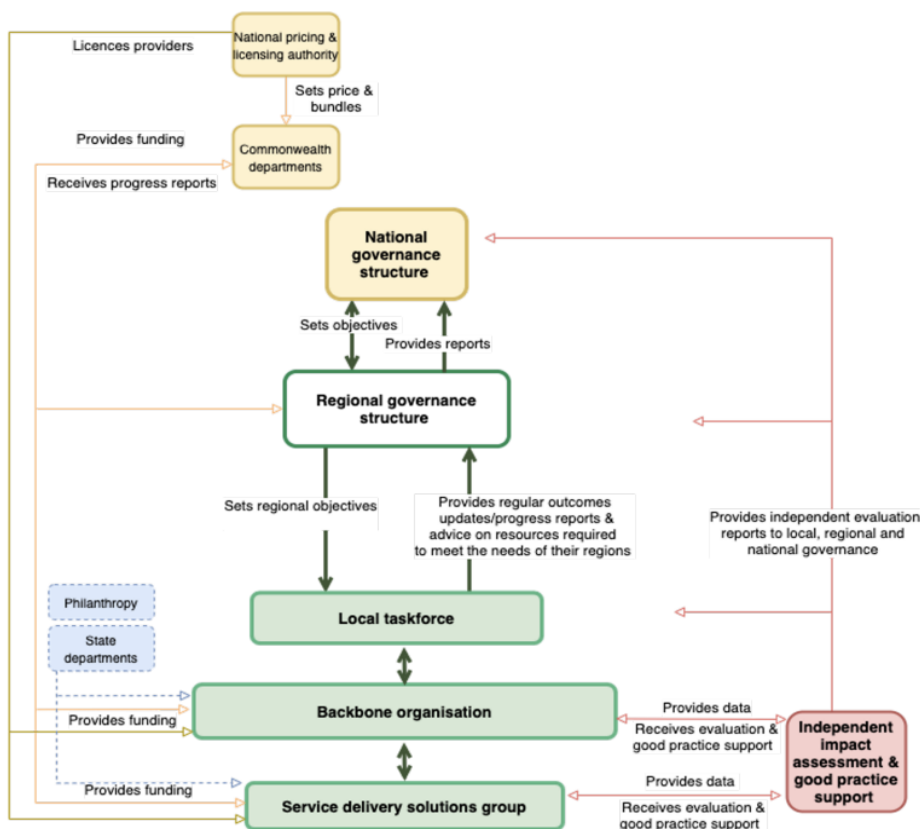
would otherwise assist jobseekers in finding work that is not advertised formally.

Support for employers is required to assist them to become more welcoming and inclusive workplaces. A recent [University of Sydney report on Refugee Recruitment](#)³⁴ and the [Wyndham Inclusive Industries Toolkit](#) provide practical insights for industries to help them build capability in reducing and eliminating the barriers to employment that result from discrimination. These resources can underpin a holistic approach to engaging employers in hiring from employment services caseloads and are a significant support for smaller employers with less corporate resources to sustain adequate pre- and post-employment support.

Community Job Deals work and should be an enduring part of the employment service system

Local, placed-based employment programs, or Community Job Deals, have been shown to work for people experiencing disadvantage and exclusion. These are genuine partnerships between community leaders, employers, training and skills organisations, service providers and government agencies. They use local knowledge and assets, and they make the most of locally-invested employers, service providers and community leaders, who want to make a difference for the community where they live, work and learn.

Local consortiums work to match employment services to employer and jobseeker outcomes; help employers to be



welcoming and inclusive; and break down roadblocks and plug gaps in the local service systems. The consortia are vertically integrated into national and state service systems.

Enduring local governance groups, with ties to and trust from the community, give strategic and operational guidance. Backbone or anchor organisations act as the glue between actors and incorporate the needs of employers and jobseekers directly in service design and delivery. Funding is harnessed from Local, State and Federal Government, as well as non-government and philanthropic resources.

[CPD's Blueprint for Community and Regional Job Deals](#)³⁵, identifies characteristics of success for Community Job Deals, which include:

- ⇒ Strong local leadership and clarity on the problem
- ⇒ Human and employer centred delivery
- ⇒ Small, impactful and consultative governance
- ⇒ Coordinated and flexible use of limited resources
- ⇒ Ongoing, data-driven evaluation

The Blueprint also provides a how-to guide for scaling up nationally. Key to this, we suggest, are governance groups at the employment region level that build partnerships, assess regional needs, drive coordination of services and funding, and monitor outcomes. Whether connected to pre-existing bodies, or created especially, it is critical that regional governance: is regarded as neutral and credible; has sufficient influence and decision-making authority to direct funding and service delivery according to regional need; and has sufficient transparency and

trust to build collaboration between stakeholders.

The Commonwealth Local Jobs Program was created with similar intentions, although Local Jobs Taskforces are attached entirely to the Commonwealth program and do not have the necessary freedom, decision-making authority, or ability to direct investment to truly respond to the needs in their region. Coordination with State and Territory service provision is also crucial. For instance, the Victorian state government funds and delivers Jobs Victoria Employment Services (JVES), which focus on supporting the most disadvantaged job seekers to find work. This has been complemented by a place-based economic inclusion agenda which has focused on developing locally tailored approaches to deliver outcomes for areas with high levels of job seekers.

Regional and Community Job Deals would be able to respond to whatever industry and jobseeker needs were present in their communities and whatever economic and social transitions were necessary. For instance, as mentioned above, in many parts of Australia the early childhood education and care workforce is depleted. A regional or local place-based approach would be able to link employment service providers, skills and education providers and employers to address the barriers to the development of that workforce, making use of federal and state incentives and programs in a tailored way. Similarly, Regional and Community Job Deals could focus on just transitions for climate affected communities, as recommended above.

What CPD has learned is that the best employment services system is one that is shaped by diverse, representative actors at a

local level. What is clear is that the Commonwealth needs to be an active partner in the service system, helping to define success and leading innovation in pursuing improved outcomes, rather than passively administering a market from behind a contractual wall without sufficient regard for impact. To facilitate and support these locally and regionally tailored approaches to thrive and become an enduring part of the service system, national employment service system reform is needed.

Recommendations

CPD recommends a more purposeful role for the Commonwealth government and the following national employment service system reforms:

- ⇒ Coordinating policy, services and funding between departments, with other levels of government and philanthropy. This includes supporting and creating new governance arrangements, including potentially a national governance body for setting and delivering the mission and objectives.
- ⇒ Building a capable, responsive and diverse network of providers, selected for their ability to collaborate and tailor services locally. National licensing or accrediting of employment service providers and local partnerships could assist to foster this approach to building provider networks. It should include support for backbone organisations that act as the glue and webbing between local and regional actors.
- ⇒ Equitable and transparent funding arrangements that cover the real cost of collaborative service delivery and allow flexible use of resources. In the Blueprint we suggest activity-based funding could give the required flexibility - including setting an

efficient price, based on a bundle of common services and activities that reflect objectives (eg JobShifter, JobCreator, JobPathway, JobStarter), and pricing adjusted for those with complex needs.

- ⇒ Smart and continuous use of data on changing labour markets, performance of providers and outcomes for employers and jobseekers. The Blueprint suggests independent impact assessment and good practice support should be coordinated at the national level.

Conclusion

There are a range of social and economic trends, factors and structural issues impacting the employment experience of Australians in 2022. There are also a significant number of people in Australia who are not able to enjoy quality employment and the contribution to their wellbeing that it can bring. This impedes not just individuals and families, but also communities, our society and the economy.

CPD's work touches on employment through our initiatives on wellbeing approaches to government and the economy, climate change, early childhood development, employment services and economic inclusion.

Consistent with this broad body of work, we suggest three opportunities that would see us advance full employment in Australia, and build a bigger, better-trained and more productive workforce. It would also see us advance towards three stated goals of the government:

- ⇒ a universal high quality early childhood education and care system;
- ⇒ transitioning to a zero-carbon economy in a way that supports our most climate-affected communities; and
- ⇒ tackling long-term disadvantage and unemployment.

Seizing these three opportunities would unlock at fourth - to demonstrate people and place-centred approaches to policy, implementation and service system design and delivery and the development of government capability in these approaches. This is consistent with a wellbeing approach to government and the economy and aligned

with the government commitment to measuring (and delivering) what matters most to Australians.

Pursuing these opportunities does not add up to a complete strategy for achieving full employment and building the Australian workforce. It would, however, focus government energy on lightning rods for the interrelated and complex set of forces impeding full employment and workforce development. It would also see Australia purposefully tackle three of the biggest challenges facing our society and economy and demonstrate new and fit for the future government ways of working in doing so.

CPD look forward to working with the Commonwealth Treasury on the Employment White Paper and across the Commonwealth Government to implement its recommendations.

Appendix 1: Unemployment & Employment Service Caseload Figures³⁶

The overall national picture as of August 2022 – key numbers:

- ⇒ Unemployment rate 3.5% (lowest unemployment rate since September 1974, when it was 2.7%).
- ⇒ Youth unemployment rate increased to 8.4 from 7.0 in July%.
- ⇒ Underemployment rate decreased to 5.9% from 6.0%.
- ⇒ Underutilisation rate remained at 9.4%.
- ⇒ Almost the same number of unemployed people in August 2022 (487,682 people) as vacant jobs (470,900 in August 2022).

Employment services caseload

- ⇒ Nationally in June 2022, there were 770,476 people on the employment services caseload. This is 21% higher than in February 2020 (633,318).
- ⇒ The vast majority (70%) of people have been on the caseload for over 12 months (~550,000 people).
- ⇒ 10 regions (T=52) were home to 42% of the national unemployment services caseload (March 2022). The regions are Sydney Greater West, Sydney South West, Perth South, Brisbane South East, Sydney East Metro, South Eastern Melbourne & Peninsula, Perth North, Somerset, Western Melbourne, Wide Bay and Sunshine Coast.
- ⇒ In most of these regions, refugees were over-represented on the caseload.

- ⇒ In most regions, there were a small number of LGAs that have unemployment rates well above the national average. In a handful of cases, this is more than double the national average.

Job seeker income support payment

- ⇒ Nationally, in July 2022, there were 892,066 people on the job seeker income support payment
- ⇒ NT has the highest proportion of youth (12.3%) on job seeker income support payment

Analysis of service system response in Western Melbourne (July 2022)

- ⇒ CPD have long held links with the Western Melbourne employment region in Victoria.
- ⇒ There has been significant investment in jobs and skills services and programs from both Federal and State governments in the region, but the critical connections between employment services, skills and training and employers and industries are weak, temporary, unsupported and under-resourced.
- ⇒ People, especially those needing complex service responses in Western Melbourne, fall through the cracks. Almost three quarters (74%) of people on employment services have been in the system for more than 12 months (roughly 22,000 people, May 2022)

Top 10 regions by employment services caseload (June 2022)

EMPLOYMENT REGION	TOTAL ON EMPLOYMENT SERVICES CASELOAD (# PEOPLE)	GROUPS ON CASELOAD ABOVE NATIONAL AVERAGE	LGAs WITH UNEMPLOYMENT RATE ABOVE THE NATIONAL AVERAGE
SYDNEY GREATER WEST	37,090	8% REFUGEE	FAIRFIELD 10.6% CANTERBURY-BANKSTOWN 8.4% CUMBERLAND 7.8%
SYDNEY SOUTH WEST	36911	15% REFUGEE 34% MATURE AGE	FAIRFIELD 10.6% CANTERBURY BANKSTOWN 8.4% LIVERPOOL 7%
PERTH SOUTH	35047	15% YOUTH 33% PEOPLE WITH DISABILITY 13% INDIGENOUS	KWINANA 7.5% WAROONA 6.7% ARMADALE 6.6% GOSNELLS 6.0%
BRISBANE SOUTH EAST	32053	6% REFUGEE 17% YOUTH	LOGAN 7.7% SCENIC RIM 5.7% BRISBANE 4.3%
SYDNEY EAST METRO	31719	36% MATURE AGE	CANTERBURY-BANKSTOWN 8.4% INNER WEST 4.7% BAYSIDE 4.6%
SOUTH EASTERN MELBOURNE & PENINSULA	30734	9% REFUGEE	GREATER DANDENONG 8.3% CASEY 6.4% CARDINIA 5.9%
PERTH NORTH	30420	6% REFUGEE 33% PEOPLE WITH DISABILITY	PETH 5.7% WANNEROO 4.7% VINCENT 4.6%
SOMERSET	29395	17% YOUTH 31% PEOPLE WITH DISABILITY	SOMERSET 6.8% MORETON BAY 5% BRISBANE 4.3%
WESTERN MELBOURNE	29098	12% REFUGEE	BRIMBANK 6.9% MELTON 6.2% WYNDHAM 5%
WIDE BAY AND SUNSHINE COAST	28313	38% MATURE AGE 31% PEOPLE WITH DISABILITY	CHERBOURG 10.3% FRASER COAST 7.5% SOUTH BURNETT 7.4%
AUSTRALIA (TOTAL REGIONS = 52)	770476	4.7% REFUGEE 30% PEOPLE WITH DISABILITY 12% INDIGENOUS 32% MATURE AGE 14% YOUTH	NATIONAL UNEMPLOYMENT RATE 4% (AUGUST 2022)

Note: Some LGAs cut across employment regions

Appendix 2: Place Based Initiatives in Action

Opportunity Wyndham

Operating since 2019, Opportunity Wyndham Network is a partnership between business, community and government that provides a collaborative and coordinated approach to supporting people in Wyndham to find and sustain employment. Over 200 people have been placed into employment with a focus on people from refugee and asylum seeker backgrounds, migrant women and young people.

Western Melbourne Jobs and Skills Collaboration

Partners across Western Melbourne - including Centre for Policy Development, Victoria University, Western Metro Partnership, Brotherhood of St Laurence, Wyndham City Council, Jesuit Social Services, ArcBlue, and Future Connect Local Learning and Employment Network - are developing an enduring response to support pathways to employment for the over 32,000 people on the employment services caseload in the region. The goal is to address the fragmentation in the service system, by building an integrated regional response that includes enduring regionally- and locally led governance aligned with existing federal and state government investments in place; and creating sustained partnerships between community, government and industry to respond to current and future social and economic priorities.

Growing Regional Opportunities for Work (GROW) Geelong

Run by the Give Where You Live Foundation, GROW is an ambitious, innovative social procurement initiative aimed at changing the way businesses buy and employ in regional areas. GROW works together with local

regional businesses, community and training organisations and the government to create supported pathways to secure, inclusive employment and more local jobs for people and communities with barriers to employment. GROW's social procurement strategies target major Victorian state government-funded infrastructure projects as well as routine spending by local businesses.

Logan Together

Described as a whole-of-city child development approach which focuses on improving outcomes for children in Logan, Queensland, in the first eight years of their lives. The movement is driven by a clear, measurable goal: to help 5,000 more kids in Logan thrive by 2025. It is guided by a 10-year roadmap, which focuses on prevention and early intervention for families and children, designed through a balance of data analysis, research and community consultation. Although focused on early childhood development, the Logan model could have other benefits, such as avoiding difficulties children may face later, such as crime and unemployment.

Burnie Works

A community organisation in Burnie Tasmania working to make change in the areas of education, employment, justice and family wellbeing. In addition to running a child and family centre, they manage a series of community initiatives and working groups including an Employment Partnership Group.

Banyule City Council Inclusive Local Jobs Strategy

The City of Banyule in Melbourne's inner north-eastern suburbs has a comprehensive approach to inclusive employment through its Inclusive Local Jobs Strategy, which aims to: stimulate inclusive employment

opportunities; strengthen pathways to employment; grow business and entrepreneurship; and advance inclusive employment practices in local government and the private sector.

Kaleidoscope Initiative

In Western Australia, the Kaleidoscope Initiative is delivered through a local government partnership with the City of Canning, City of Stirling, City of Swan, City of Belmont WA, City of Perth, City of South Perth and the Town of Victoria Park. A number of mentoring, training and development initiatives sit within the Kaleidoscope Initiative, which focuses on helping migrants obtain employment in Australia and thrive in the workplace.

Hunter Jobs Alliance

A community and union led group in New South Wales that works with government and industry and focuses on the impacts of the transition to renewable energy. They advocate for an approach to transition that draws on local knowledge, sees the government taking a lead coordination role and sees the establishment of a local authority to guide the transitions.

Latrobe Valley Authority

Established in 2016, the Latrobe Valley Authority is a partnership between business, community and government that aims to secure lasting outcomes for the Latrobe Valley and the Gippsland region. The authority focuses on long-term growth of the region through strengthening skills and creating jobs in long-term sustainable industries. It provides support to business and workers to lead a just transition.

ENDNOTES

- 1 N Cassidy, [Low Wages Growth in Australia - An Overview](#), RBA, 2019.
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- 3 Earnings and wages - Gender wage gap - OECD Data, OECD, 2022.

- 4 Global Gender Gap Report 2022 | World Economic Forum, WEF, 2022.
- 5 R Bogaards, [Australia's Productivity Slowdown](#), APH, 2022.
- 6 Business Sector | Chart Pack | RBA, RBA, 2022.
- 7 Navigating Australia's industrial relations, PwC, 2020.
- 8 C Gaukroger et al., [Redefining progress](#), CPD, 2022.

9 CPD's 2021 report *Starting Better* proposes a national guarantee for children and families to the services and supports that evidence shows have the greatest impact in the early years. This is estimated to result in productivity gains of over \$6 billion annually. NSW Treasury's 2022 review into women's economic opportunity also highlighted the economic and social benefits of investment in ECEC; see also its technical paper on the impact of ECEC.

10 See for example, the Grattan Institute's cheaper child care report for modelling on workforce disincentive rates for women; and The Front Project's *Work and Play* report which highlights how families experience ECEC.

11 These challenges are well known, see, for example, Mitchell Institute research which found that 35% of Australians live in a 'childcare desert'; Impact Economics analysis shows that the activity test contributes to at least 126,000 children missing out on ECEC, the majority of whom experience disadvantage; ACECQA data shows the growth in staff waivers survey data from United Voice highlights some of the drivers behind high rates of attrition; and evidence to the Senate inquiry into the child care subsidy changes outlines how workforce shortages are affecting service delivery.

¹² See NSW Treasury's 2022 [technical paper](#) on the impact of ECEC

13 S Pascoe and D Brennan, *Lifting our Game: Report of the Review to Achieve Educational Excellence in Australian Schools through Early Childhood Interventions*, DET, 2017; Molloy et al., *Early childhood education and care: An evidence-based review of indicators to assess quality, quantity and participation, Restacking the Odds*, 2019; Manning et al., 'The relationship between teacher qualification and the quality of the early childhood education and care environment', *Campbell Systematic Reviews*, 13 (1), 1-82, 2017.

14 Waivers are provided by the regulator when a service provider is unable to meet legislated requirements in relation to staffing arrangements, either on a permanent or temporary basis.

15 C Haeck et al., 'Canadian evidence on ten years of universal preschool policies: the good

and the bad', *Labour Economics*, 36, 137-157, 2015; *Eight Lessons from Quebec on Designing Universal Early Care and Learning in the U.S.*, New America, 2021.

16 See ACECQA data on quality ratings which shows that neighbourhoods with the most disadvantaged SEIFA deciles have the highest proportion of ECEC services rated 'working towards' the quality standards.

17 The distinction between the Commonwealth's responsibility for 'child care' and State and Territory for 'early learning' is becoming increasingly blurred but funding and governance arrangements do not reflect this. See CPD's 2022 briefing paper, *Starting Now*, including for further detail on the design principles that should underpin a universal system and proposed actions.

Maybe, for future joint submissions, we could better align on the use of footnotes for adding extra contextual information to avoid differences between the sections.

18 W Smith and T Phillips, *Who's buying? The impact of global decarbonisation on Australia's regions*, CPD, 2022.

19 'Frequently asked questions on just transition', International Labour Organization, 2022.

20 R Martin and P Sunley, 'On the notion of regional economic resilience: Conceptualization and explanation', *Journal of Economic Geography*, 2015.

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22 ES Brondizio et al., 'Making place-based sustainability initiatives visible in the Brazilian Amazon', *Current Opinion in Environmental Sustainability*, 2021; *Place-based innovation ecosystems*, Aalto University Team, 2020; 'Catapult', Innovate UK, 2022.

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26 S Waterfield, 'UK public sector turns to 'mission-oriented' innovation', *Tech Monitor*, 2022; E Kelly and G Naujokaitytė, 'EU lifts the lid on its five research moonshots', *Science|Business*, 2020.

27 'Mission-oriented innovation: Setting clear outcomes for ambitious missions', Observatory of Public Sector Innovation, 2022.

28 'Chapter 2: Boosting R&D outcomes', OECD economic surveys: Australia 2017, OECD, 2017.

29 Labour Market Dashboard, NSC, 2022.

Nearly one in two people on the services caseload (42%) lived in one of ten of the 52 employment regions in June 2022. The regions are Sydney Greater West, Sydney South West, Perth South, Brisbane South East, Sydney East Metro, South Eastern Melbourne & Peninsula, Perth North, Somerset, Western Melbourne, Wide Bay and Sunshine Coast.

30 [I want to work, Employment Services 2020 Report](#), APO, 2020.

³¹ K Farrow et al., [Grand Alibis](#), CPD, 2022.

³² K Farrow et al., [Grand Alibis](#), op. cit.

³³ L Annese, [We need to talk about racism at work](#), Diversity Council Australia, 2022.

³⁴ B Szkularek, [Employers guide to refugee employment](#), University of Sydney Business School, 2021.

³⁵ [Blueprint: Regional and Community Job Deals](#), CPD, 2020.

³⁶ Data taken from [ABS Labour Force](#) (2022), [ABS Job Vacancies](#) (2022), [Commonwealth Government Labour Market Insights Dashboard](#) (2022)

Publication of Employment services caseload numbers on labour dashboard [has ceased](#), and been replaced with Job Seeker income support payments.



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