1.   Executive Summary

Contributing to Workforce Participation

The Review finds that the State Government has an important role to play in delivering labour market programs. *South Australia Works* relates to the targets in South Australia's Strategic Plan (SASP), the objectives of the Economic Development Board (EDB) (i.e., to increase the State's employment participation rate) and the priorities of the Training and Skills Commission through a single, but important objective of **Workforce Participation**.

South Australia Works provides an alternative set of entry points into employment, vocational training and job search and thereby contributes to the objective of increasing workforce participation.

Workforce Participation refers to policies and programs to support labour market engagement and to increase aggregate labour force participation. Workforce participation involves the removal of barriers to encourage labour force participation and enhance social equity. Workforce participation programs and services are for the unemployed, the underemployed, those looking for work who experience difficulty in finding work or returning to work, those who have withdrawn from engagement with the labour market and those seeking a career change.

Workforce participation programs and services support and encourage the transition of individuals from non-participation to active participation in education, training, skills formation, work experience, voluntarism and employment. In order to achieve these outcomes flexible, innovative, responsive and location specific programs and activities are required to address general and specific barriers to participation of individuals and groups.

The most important contribution that *South Australia Works* can make, in our view, is to contribute to a higher rate of workforce participation. This is the principal rationale for state activity across labour market programs.

The principal objective of *South Australia Works* should be to contribute to an increase in **Workforce Participation**. This objective is consistent with a fundamental shift in the role of labour market programs, namely to

- raise **Participation** rates;
- address **Population** and demographic issues; and
- contribute to **Productivity** enhancement.

Linking Economic Development and Labour Market Initiatives

It is important to recognise that DFEEST has established through *South Australia Works* the local and regional infrastructure to link economic development and labour market policies and programs and the capability to design location specific responses to meet local economic conditions.

South Australia Works has a regional delivery mechanism that has shown the ability to design very innovative programs, to address industry requirements and to assist those who are most disadvantaged in the labour market. It has the capacity (in concert with DFEEST Central Office) to design and deliver education, training and employment programs that address the

personal, social and vocational issues affecting disadvantaged job seekers. There is a general understanding of what has worked well and why.

Regional organisations (Employment and Skills Formation Networks and Regional Development Boards) and their staff have an extensive and thorough knowledge of their region including emerging employment opportunities, supportive employers, industry, job vacancies and the needs of the various client groups. The flexibility in the manner in which DFEEST funds the regions has been critical to the success of customised, local labour market initiatives as has local and regional decision making in response to the needs of local employers and in response to local labour market conditions.

The appropriate policy and implementation framework for the future **must strengthen** the relationship between economic development and labour market policies and programs in order to capitalise on the strength of *South Australia Works* to design customised programs to meet location specific employment, training and skill formation needs. This would increase the impact of the Program in responding to State-wide objectives.

For South Australia to achieve its full potential it is imperative that regions fulfil their potential, and the adoption of uniform regional boundaries provides the foundation for a new approach to even greater efficiency in service delivery. The adoption of uniform regional boundaries provides a unique opportunity to strengthen the relationship between economic development, regional policy and labour market policies and programs.

Design Principles

The basic principles underlying the proposed design are:

i)   Needs, priorities and opportunities are likely to differ substantially across the state, making flexibility important. The OECD has noted the need to harmonise the delivery of regional development and labour market programs, and a further regionalisation of the delivery of *South Australia Works* activities creates significant opportunities to do this.

ii)   Reforms to Commonwealth employment programs mean that there are now fewer 'gaps' for a state based program to fill. Future operations of *South Australia Works* will strengthen the relationship with the Commonwealth Job Services Australia providers with the clear view that the first call on funding will be from the Commonwealth.

iii)   Streams 1 and 2 of Job Services Australia provide a good, cost effective, high volume program targeted at the less disadvantaged and as such should contribute significantly to the South Australia's Strategic Plan targets on employment participation.

iv)   A comparative advantage of *South Australia Works* relative to Job Services Australia is the range of contacts with local employers and experience in brokering deals with employers, particularly in the regions.

v)   Each program included in the initiative introduces a range of costs; centrally, resources are needed to ensure that activities match program requirements; providers need to ensure that they are meeting the requirements of the program, and directing potential clients to the relevant program, and potential clients need to invest more resources in identifying which program would best match their needs.

vi)   As the program is being delivered by DFEEST, it would be generally expected that projects would include some form of accredited training (non-accredited training is provided through ACE as part of *South Australia Works*) as well as job placement and job maintenance support.

vii)   The relationship with DEEWR should be developed more systematically, including establishing a Memorandum of Understanding with DEEWR for reciprocal benefit arrangements (REBA), to share information where JSA clients participate in *South Australia Works* programs and to develop regional strategies to achieve agreed outcomes.

In order to capitalise on existing strengths of *South Australia Works,* the most promising approach going forward would be for it to be refocussed as an initiative which: *offers "complementary" services for job seekers, by contracting providers to deliver these services to job seekers.* A logical model for this type of approach is the Goal 100 project (and the Eyre Peninsula RDB/ESFN Jobs 100 program for disadvantaged job seekers including indigenous persons), where *South Australia Works* acted as a broker bringing together Job Network providers, local community organisations and local employers providing direction to achieve specific employment outcomes.

The proposed structure and relationship between State-based labour market programs, Commonwealth and Industry initiatives and the needs of job seekers is summarised in Figure 1. For the purposes of simplicity we refer to the new program as Regions at Work. Figure 1 illustrates that the focus of Regions at Work would continue to be those target groups, individuals and families identified with "high needs" and that this would complement Job Services Australia stream 3 and 4 job seekers. Those with high needs are described at the top of Figure 1. Assistance to Indigenous job seekers for example (and where there are opportunities for linkages and collaboration combining intensive assistance, training, work experience and employment) can be read down the page commencing with the box ATSI.

Figure 1 describes and is also the basis for a proposed new structure where *South Australia Works* resources would be delivered through two linked regional programs (shown in blue): Regions at Work and Career Development Services. This would result in the following suite of programs.
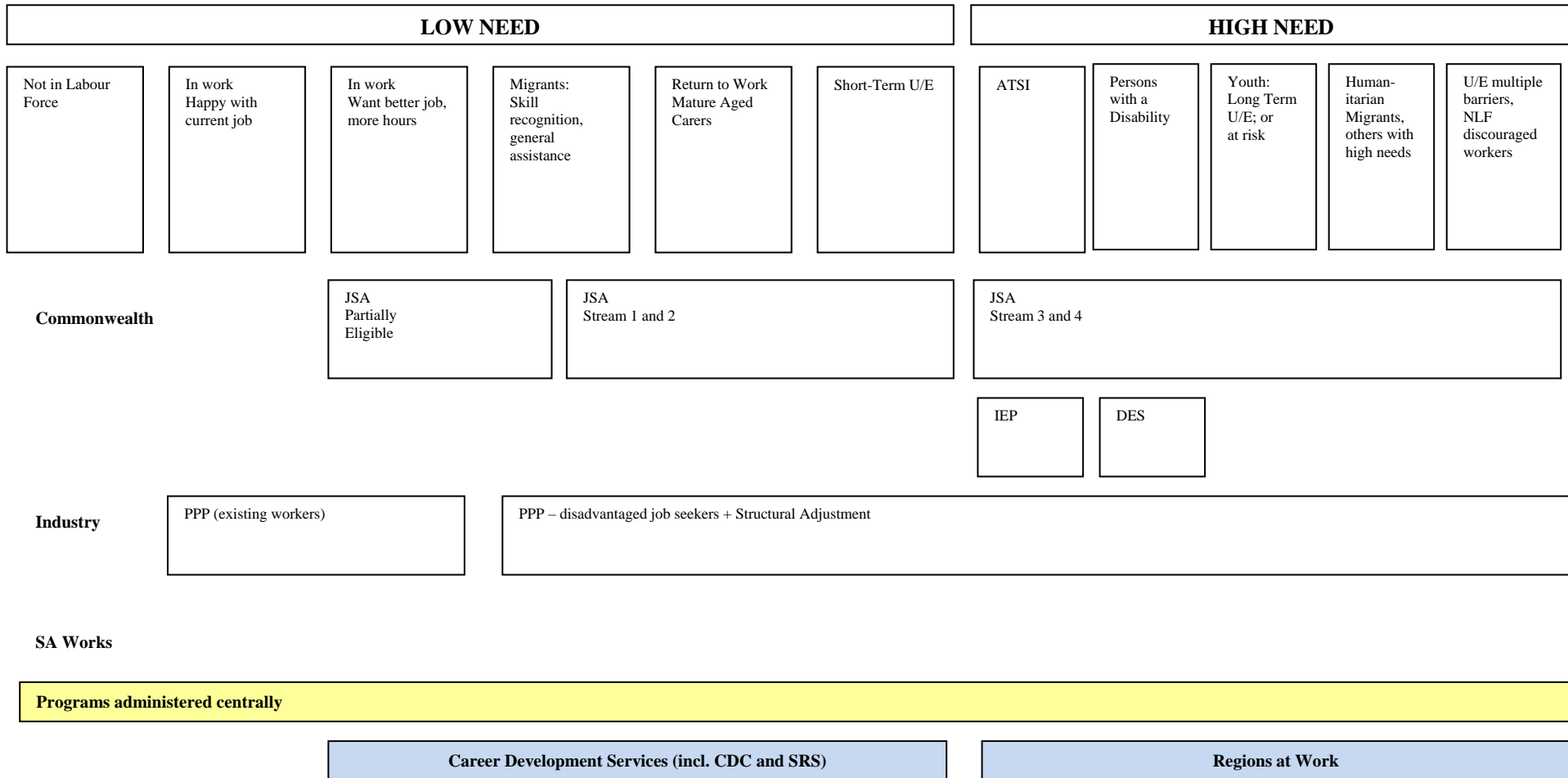
Regions at Work would be the most significant delivery mechanism for *South Australia Works.* DFEEST's officers in regions and in Central Office would act as 'brokers' drawing together *South Australia Works* funding with Job Services Australia providers, other DEEWR funding, local employers, and local training and community organisations to provide additional services to JSA clients (and others who are disadvantaged in the labour market) through targeted projects that respond to identified local labour market priorities and issues. Regions would negotiate targets for each of the priority groups of *South Australia Works* over a three year period to allow year-to-year flexibility in the targeting of projects.

Programs could be streamlined and delivered as Regions at Work Programs, within uniform state boundaries. This would ensure that education and training programs are more closely aligned with regional economic issues and are more effective in responding to the skill needs of regions. Programs will be based on a clear rationale for intervention and will be designed according to agreed criteria. They will be supported by high quality regional profiles, which will identify the labour force needs of each region.

Career Development Services, the Career Development Centres and Skills Recognition Service would continue to deliver advice and referral services to the community as a whole, with slightly more than their current level of resources to allow CDCs to be established in each of the seven non-metropolitan regions and as determined in the metropolitan regions. There is variability in the performance of existing CDCs so that further development is required. In future years properly established and functioning CDCs may provide the vehicle by which the Commonwealth (as agreed at COAG) transfers responsibility and funding of career and transition services to States and Territories.

While regions will be required to assist the most disadvantaged job seekers they will have increased flexibility to design programs to achieve agreed outcomes. For example, a region may choose to operate a project based on the model for one of the streamlined programs whereas another region may not. For example, a Parents Return to Work program could be offered in some regions and not in others; likewise a specific program for Indigenous job seekers or young job seekers with a disability transitioning from school to work; or a program to assist young people who may have had contact with the juvenile justice system. To complement the regional delivery mechanism – Regions at Work – there would be a number of programs administered centrally.

Figure 1: Relationship Between *South Australia Works,* Commonwealth and Industry Programs and Target Groups

LOW NEED						HIGH NEED				
Not in Labour Force	In work Happy with current job	In work Want better job, more hours	Migrants: Skill recognition, general assistance	Return to Work Mature Aged Carers	Short-Term U/E	ATSI	Persons with a Disability	Youth: Long Term U/E; or at risk	Human-itarian Migrants, others with high needs	U/E multiple barriers, NLF discouraged workers

Commonwealth

JSA Partially Eligible	JSA Stream 1 and 2	JSA Stream 3 and 4

IEP	DES

Industry

PPP (existing workers)	PPP – disadvantaged job seekers + Structural Adjustment

SA Works

Programs administered centrally

Career Development Services (incl. CDC and SRS)	**Regions at Work**

Other Considerations

The Industry Skills Directorate has carriage of the Productivity Places Program (PPP).

While the target population for job seekers under existing *South Australia Works* and PPP are the same, the two programs will need to liaise closely and collaborate in the design of combination type programs to ensure disadvantaged job seekers can successfully undertake, complete and gain employment from participation in the PPP initiative. The PPP initiative emphasises vocational training and skills development for disadvantaged/unemployed job seekers particularly in areas of high unmet demand. It is not axiomatic that training of itself can successfully link the two objectives.

The effectiveness and complementarity of the PPP initiative and *South Australia Works* for young people will be enhanced where *South Australia Works* programs are able to provide support whilst in training, combined with work experience and then post placement support. Combination programs may need to be developed to provide on the job training and work experience preferably in the private sector.

Single Regional Profiles

The consolidation and improvement to regional profiles will enhance the capacity of local stakeholders (i.e., ESFNs, RDBs, employers and others) to identify emerging labour demands, skill shortages and skill gaps. This is a pre-requisite for targeting, good program design and implementation through a regional delivery mechanism. A rationale for targeting, would in part involve identifying gaps in access to employment assistance as a consequence of changes in Commonwealth programs. A rationale should also provide a concise statement outlining the outcomes to be achieved by intervention, including, *inter alia*, employment, articulation to a next stage of training/education, referral to other services, etc.

Data Quality

Consistent definitions across programs will assist in evaluating the overall impact of the program. Currently the most effective indicator across *South Australia Works* is the actual number of participants. Programs intended to achieve employment outcomes should measure this objective; programs designed for a training path for low skilled individuals should measure progression to the next stage.

Opportunities for Collaboration

The scale and diversity of Commonwealth involvement in funding education, training and employment services means that State-based labour market programs need to focus on maximising the resources available to assist their clients overcome disadvantage in the labour market. The relationship between Commonwealth employment services will be critical to the efficiency and effectiveness of State-based programs.

Enhancing opportunities for collaboration with the Commonwealth is more important than ever, both at the regional and Central Office level. DEEWR indicated in the course of this Review that a broad ranging Memorandum of Understanding with JSA providers and Regions at Work providers at a local, regional and project level would be welcomed.

State uniform regional boundaries and their use by other State government departments (e.g., Families and Communities, Health, DECS, Corrections) provide a platform for Regions at Work and regional agency staff to work together (e.g., identify and support "high need" individuals, jointly develop "wrap around services", etc).

Governance Arrangements

The basis of the management arrangements for the program would be bilateral agreements between each region and DFEEST Central Office. Each region would be required to develop a three year strategy and annual implementation plans in concert with DFEEST Central Office. The regions would then develop and deliver a range of projects in order to fulfil the implementation plan. The three year strategies would have specific targets for each of the priority groups for the program (with the level of the targets based on the level of relative need in the region), but the implementation plans would not be required to deliver equally for the target groups in a given year (i.e., the relative weighting of assistance provided to priority groups (youth, indigenous, mature workers, workless households, etc) would be different for each region to reflect relative needs in the region, numbers in priority groups, local industry and labour market opportunities.

An important factor in the ability of Regions at Work to deliver to its potential will be the placement of appropriately skilled staff, particularly in their role of oversight of the work of the Employment and Skill Formation Networks. Successful delivery of the program requires the Regional Coordinator to be a 'social entrepreneur' with strong deal making skills, a good understanding of the needs of employers, and either good local networks, or the ability to establish them quickly.

Under this proposed model DFEEST Central Office would be responsible for, *inter alia*:

a)   analysing policy objectives in order to tailor programs/projects that are effective in responding to the skill, training and employment needs of individual regions, industries, employers and/or target groups;

b)   identifying the specific target groups for Regions at Work activity in each region, drawing on detailed regional profiles and input from the TaSC, EDB and SIU and the qualitative information available from regions;

c)   identifying skills priorities at the state level from the TaSC's plan;

d)   identifying DEEWR programs and funding streams which could support projects aimed at the target groups;

e)   establishing a Memorandum of Understanding with DEEWR for reciprocal benefit arrangements and the sharing of information and also to include cooperation on regional strategies to achieve agreed outcomes;

f)   facilitating the development of programs/projects that apply best practice principles and the insights gained from effective initiatives delivered elsewhere;

g)   identifying and forming agreements with relevant state government agency stakeholders, e.g., DECS for the school to work transition and to identify "at risk" students; Families and Communities to identify persons with disabilities and from disadvantaged households (and, where relevant, linking with existing local agreements). Agreements with relevant government departments (DECS, Health, Families and Communities, Corrections) should also establish a framework whereby Regions at Work and regional agency staff will work together to achieve agreed outcomes;

h)   ensuring that regions link in with relevant ISBs and contribute to relevant Industry Workforce Action Plans;

i)   general HR management roles including organising professional development for the regional network of staff, opportunities for staff development and training; and

j)   post-program monitoring to ensure that regions are achieving acceptable outcome rates, and service the required target groups.

Regions would be responsible for, *inter alia*:

a)   developing a three year strategy in concert with DFEEST Central Office;

b)   developing annual implementation plans;

c)   designing projects that meet the needs of local job seekers and employers;

d)   identifying and recruiting project participants;

e)   forming relationships with local employers to ensure employer participation in projects;

f)   forming partnerships with local Job Services Australia and Disability Employment Services providers to undertake joint projects;

g)   forming relationships with local community services organisations to ensure that, where necessary, clients can be provided with the support they need to achieve and sustain an employment outcome;

h)   ensure that over the life of the three year strategy projects are implemented which meet the relevant targets for all target groups; and

i)   maintaining central data systems documenting their activities, partnerships etc.