



Department of Further Education, Employment, Science and Technology

South Australia Works
linking people, skills and jobs

A Strategic Review of South Australia Works

Commissioned by The Department of Further Education, Employment, Science and Technology
Conducted by the South Australian Centre for Economic Studies



Government of South Australia
Department of Further Education,
Employment, Science and Technology

Strategic Review of *South Australia Works*

Report commissioned by
Department of Further Education, Employment, Science and Technology

Report prepared by
The South Australian Centre for Economic Studies

January 2010

www.saworks.sa.gov.au

South Australia Works **Increasing Workforce Participation**

Early in 2009, the Department of Further Education, Employment, Science and Technology initiated a Strategic Review of *South Australia Works* and formed a high level Reference Group to assist me. Each member of the Group provided invaluable advice on future priorities and directions:

- Mr Bill Cossey, Chair of the Reference Group
- Mr Grant Belchamber, representative of the Economic Development Board
- Mr Peter Blacker, Chair of the Regional Communities Consultative Council
- Professor Denise Bradley (AC), Chair of the Training and Skills Commission
- Mr Chris Sheedy, State Director, Department of Education, Employment and Workplace Relations, and
- Ms Margaret Wagstaff, representative of the Social Inclusion Board.

The high level of support for this Review is indicative of the importance of labour market programs such as *South Australia Works* in achieving the targets in South Australia's Strategic Plan, the priorities of the Training and Skills Commission, the objectives of the Economic Development Board and the Social Inclusion Board and the implementation of new Australian Government directions.

The Review finds that the State Government has an important role to play in delivering labour market programs. It argues that *South Australia Works* has a critical role in contributing to an increase in the rate of **workforce participation**; addressing **population and demographic change** and raising skill levels to support higher **productivity**. It acknowledges the overall effectiveness of the Program and proposes new directions designed to build on its strengths and exploit new opportunities.

The Review proposed that **the principal objective of *South Australia Works* should be to contribute to an increase in workforce participation of all those who face disadvantage in the labour market.**

Other key themes include:

- Strengthening the regional delivery mechanism based on the state's uniform regional boundaries to contribute to the twin objectives of regional economic development, i.e. business attraction and investment and employment outcomes are addressed;
- Developing closer collaboration with Australian and State Government agencies in designing customised programs that respond to the employment, training and skill formation needs of the individual, local businesses and conditions in the labour market;
- Providing career advice and referral services to the community as a whole;
- Providing skills recognition services in regions, within a state-wide network of Career Development Services.

The Department looks forward to working with stakeholders and implementing the new directions for *South Australia Works* in 2010.



Mr Raymond Garrand,
Chief Executive,
Department of Further Education, Employment, Science and Technology.
25 November 2009.

Contents

Acronyms	(i)
1. Executive Summary	1
2. Overview	9
3. Continuing Evolution of <i>South Australia Works</i>	13
4. Current Policy Environment	14
5. The <i>South Australia Works</i> Programs	20
6. Education, Training and the Role of Labour Market Programs	24
7. Implications of Changes to Commonwealth Programs	31
8. Findings and Conclusions	33
References	41
Appendix A: <i>South Australia Works</i> 2007/08	42

This report was prepared by the following SACES researcher:

Assoc Professor Michael O’Neil, Executive Director

Disclaimer: This study, while embodying the best efforts of the investigators is but an expression of the issues considered most relevant, and neither the Centre, the investigators, nor the Universities can be held responsible for any consequences that ensue from the use of the information in this report. Neither the Centre, the investigators, nor the Universities make any warranty or guarantee regarding the contents of the report, and any warranty or guarantee is disavowed except to the extent that statute makes it unavoidable.

Acronyms

ABS	Australian Bureau of Statistics
AEI	Aboriginal Employment Initiative
ALMP	Active Labour Market Policies
ALOP	Alternative Learning Options Program
ATSI	Aboriginal and Torres Strait Islanders
CDC	Career Development Centres
CDEP	Community Development Employment Projects
COAG	Council of Australian Governments
CSWP	Commonwealth/State Working Party of Skilled Migration
DEEWR	Department of Education, Employment and Workplace Relations
DFEEST	Department of Further Education, Employment, Science and Technology
DECS	Department for Education and Children's Services
DEN	Disability Employment Network
DES	Disability Employment Services
DHS	Department of Human Services
DTED	Department of Trade and Economic Development
EDB	Economic Development Board
ESFN	Employment and Skill Formation Networks
GTO	Group Training Organisation
IEP	Indigenous Employment Program
ISBs	Industry Skills Boards
JSA	Job Services Australia
LMAP	Labour Market Adjustment Program
OECD	Organisation for Economic Co-operation and Development
PAT	Pre-Apprenticeship Program
PIRSA	Primary Industries and Resources SA
PPP	Productivity Places Program
RDA	Regional Development Australia
RDBs	Regional Development Boards
REBA	Reciprocal Benefit Arrangements
RTOs	Registered Training Organisations
SASP	South Australia's Strategic Plan
TaSC	Training and Skills Commission
YCC	Youth Conservation Corps

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.

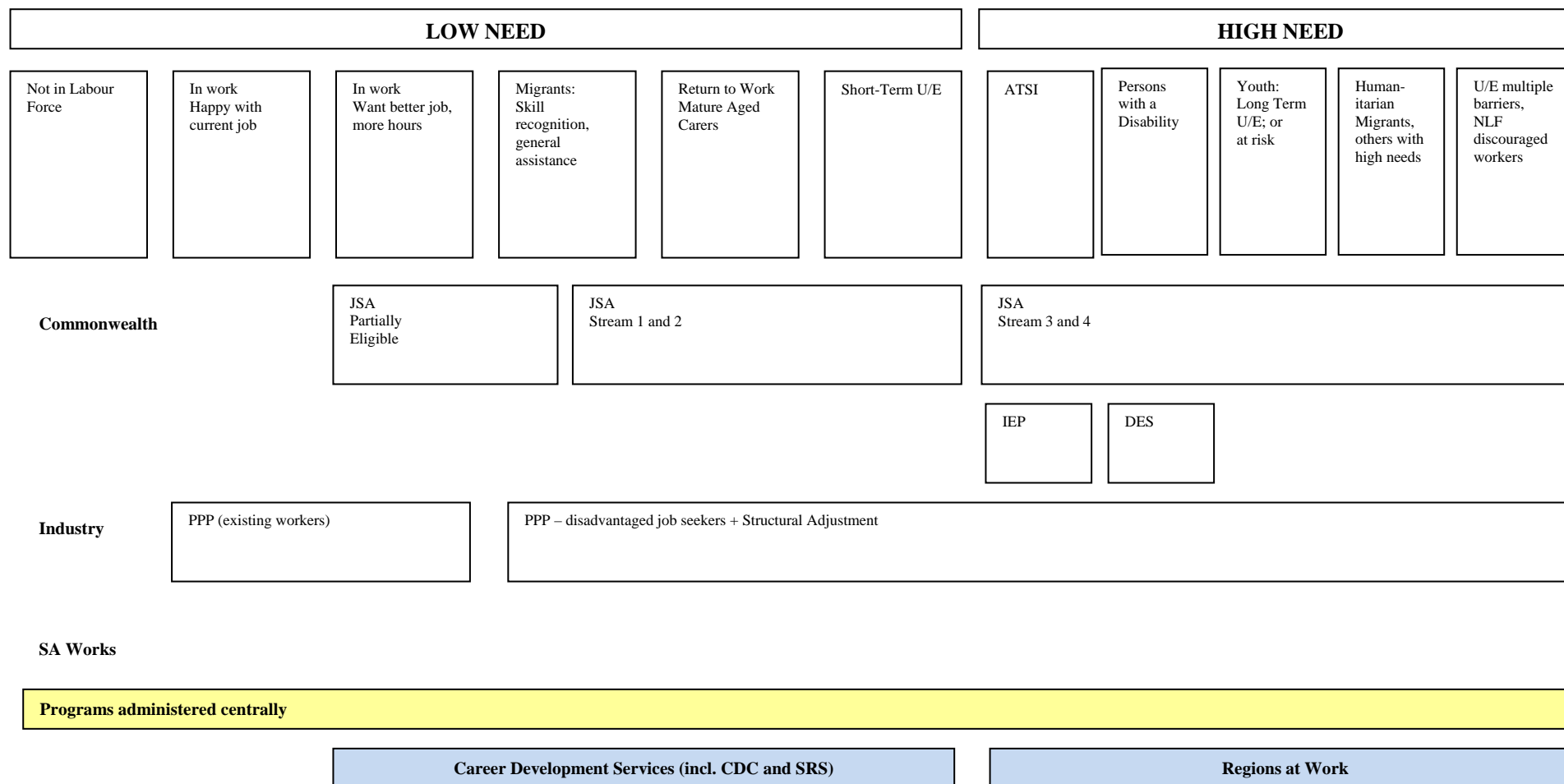
Figure 1 describes and is also the basis for a proposed new structure where *South Australia Works* resources would be delivered through two linked regional programs (shown in blue): Regions at Work and Career Development Services. This would result in the following suite of programs.

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

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.

2. Overview

The *South Australia Works* initiative has been an effective delivery mechanism for State-based labour market programs providing customised programs to meet the needs of individuals, employers and regions. Recent changes to Commonwealth programs and employment services and changes in the macroeconomic environment necessitate that State-based programs re-orient activities from “filling gaps” in Commonwealth programs to offering complementary and extended services to increase participant numbers and ultimately workforce participation rates. In order to achieve this re-orientation the Strategic Review of *South Australia Works* proposes that a number of small scale programs are streamlined to be delivered through a strengthened regional delivery mechanism – Regions at Work – based on State uniform regional boundaries. The proposed new directions provide an opportunity to harmonise the objectives of labour market policies and programs, State economic development strategy and regional policy.

This overview draws together the logic underlying the approach to the Strategic Review of *South Australia Works* and important external considerations that are likely to influence the design of State-based labour market programs.

With respect to labour market programs and:

Economic Growth: there is an established role for State-based labour market programs to improve workforce participation rates.

Macroeconomic Environment: there has been a fundamental shift in the objectives of labour market programs in response to changes in the macroeconomic environment.

Economic Development and Regions: labour market programs and economic development objectives are intertwined and potentially mutually reinforcing.

Change at the Commonwealth Level: building linkages with Commonwealth programs will be increasingly important.

COAG: new measures to bolster participation and address disadvantage can be accommodated within State-based labour market programs.

Economic Growth: Education, Training and the Labour Market

A very significant proportion of the difference in growth rates between countries is explained by differences in the level of education and training. Factors which improve the quality of labour – **participation** in education, training, skills formation, lifelong learning as well as health, housing and social and community infrastructure – improve the productive capacity of the economy. Evidence also supports that the more highly educated and skilled people have consistently higher workforce participation rates.

A higher rate of workforce participation, reduction in unemployment, skills development for those at the margins of the labour force, the necessity of addressing increasing rates of obsolescence of previously acquired skills and emerging skills shortage all reinforce the long-established role of government in funding and delivery of education, training and the provision of labour market programs.

Fundamental Shift in the Role of Labour Market Programs

There has been a fundamental shift in the objectives of labour market programs (and income security arrangements) in response to changes in macroeconomic conditions and the strength of the labour market. From a situation of deficient aggregate demand and high unemployment through the 1970s and 1980s the current macroeconomic environment (and likely future environment) is characterised by strong demand for labour, skills shortage and the need for higher rates of workforce participation. The benefits of economic growth must also be spread throughout the entire community.

As the needs of the economy and labour markets have changed so too must labour market policies and programs. Labour market programs are increasingly designed to achieve an increase in the **rate of workforce participation**; address **population and demographic change** and raise skill levels to support higher **productivity**.

Participation: near full employment has shifted the focus of labour market programs from addressing high rates of unemployment to a sharper focus on addressing skills shortage, the need to increase workforce participation rates, assistance for those who are most disadvantaged and who experience multiple barriers to employment, and highlighted the importance of the replacement demand for labour.

Population: the changing demographic profile and the ageing of the workforce have elevated the importance of retention in the labour force, upskilling, skilled migration and improvements in pathways into employment (e.g., skill recognition, career development services).

Productivity: the knowledge based economy and emerging new industries tend to speed up the process of skills obsolescence so that the demand for new qualifications and skills is at a premium and increasing productivity of the existing workforce is a priority.

Active Labour Market Policies (ALMP) and programs and participation in the workforce or in education and training, are also supported by the manner in which allowances, benefits and income security payments are structured. The most recent example is the incentives built into the Youth Compact covering the youth allowance and Family Tax Benefit A.

Alignment of Economic Development and Labour Market Policies and Programs

The appropriate policy, implementation framework and supporting infrastructure for State-based labour market programs now and in the coming decade will depend on:

- a) establishing an even stronger alignment or relationship between economic development objectives and labour market policies and programs delivered across State uniform regional boundaries; and
- b) the design of location specific responses or customised programs so that service delivery can be more responsive to the needs of the individual, local businesses and conditions in the local labour market, and so that potential employees are able to be sourced from the local or regional labour pool.

The twin objectives of regional economic development – business attraction and investment and employment outcomes – are inextricably intertwined with the quality of the labour force, the skill profile of the local labour force and the flexibility to tailor national and state policies and programs to provide location specific solutions to skills in demand. A partnership approach involving local employers and community providers will also be required.

A delivery mechanism for State-based labour market programs using uniform regional boundaries provides a unique opportunity to harmonise the objectives of labour market policies and programs, economic development and regional policy.

Changes to Commonwealth Programs

Changes to Commonwealth employment programs including a new Job Services Australia (JSA), the Productivity Places Program (PPP), reforms to existing programs including the Indigenous Employment Program (IEP) and Disability Employment Services (DES) and changes to eligibility criteria mean that there are fewer population groups not eligible for Commonwealth services than previously.

Taken together, changes to Commonwealth programs are designed to extend coverage (thus minimising gaps), to support a broader range of assistance measures including, *inter alia*, work experience, access to training while promoting a stronger focus on improving participation rates and employment outcomes.

An important implication of these changes in Commonwealth Government employment programs and services is that there are fewer “gaps” which could be filled by State Government programs.

The Commonwealth advise that

“the new Employment Services will encourage greater take-up of apprenticeships, improve connections with vocational education and training, and develop linkages with state and territory government employment and training programs” (DEEWR, Request for Tender, p. 3).

Other initiatives, including the Commonwealth funded Employer Broker Program and Local Employment Co-ordinators, open up new opportunities for linkages with State-based labour market programs to involve local employers, deliver appropriate training courses, design combination programs with “wrap around” support for those with multiple barriers to employment and to maximise participation in programs and employment outcomes.

Exploiting complementarity between Commonwealth and State programs and employment services will be increasingly important. There are opportunities to reduce duplication and to provide a single point of service (e.g., through the Skills Recognition Service and Career Development Centres). There are excellent examples of programs developed by *South Australia Works* in collaboration with the Commonwealth and with local employers.

Council of Australian Governments (COAG)

COAG has recently endorsed a series of measures to bolster participation in education, training and re-training, including additional measures to overcome Indigenous disadvantage. Each of the measures summarised here are relevant to the design of State-based labour market programs and services and any future regional delivery mechanism.

The measures include¹:

- the alignment of income support (e.g., youth allowance and Family Tax Benefit A) to support the education and training entitlement to all 15-24 year olds who have not obtained a Year 12 or equivalent qualification;
- the provision of efficient and effective career and transition services to young people with an undertaking by the Commonwealth to transfer responsibility for these services to States and Territories;
- funding of the Youth Connections and School Business Community Partnerships Brokers (Community and Education Engagement) to be transferred to State and Territories;
- reforms to the Indigenous Employment Program (IEP) targeting regional areas and specific industries experiencing labour shortages;
- the new employment services (i.e., JSA, DES) will focus particularly on the disadvantaged and long-term unemployed; and
- employment service providers will be required to have a comprehensive Indigenous Employment strategy, including more tailored and individualised assistance.

Consistent with this Strategic Review of *South Australia Works* and the proposed approach to strengthening regional delivery mechanisms, the use of uniform State regional boundaries, the flexibility to develop location specific or regional specific responses to local labour market conditions and priorities, the researchers note COAG's endorsement of a similar approach:

“This approach (i.e., a place-based approach) recognises the diversity of issues and allows local initiatives to be delivered in a manner that is appropriate and therefore more likely to be effective, for each community. This approach permits the flexibility for jurisdictions to implement targeted initiatives to meet their priorities.”²

The findings and proposed new directions from this Strategic Review of *South Australia Works* follow. They are based on implications arising from external considerations discussed herein, as well as actions that will advance the appropriateness and effectiveness of the program. Proposals for the future direction of the initiative explicitly acknowledge that South Australia is not starting from a zero base; considerable policy development and planning has gone into *South Australia Works* and proposals are designed to strengthen and build upon what is a successful program.

¹ COAG: National Partnership Agreement on Youth Attainment and Transitions.
 COAG: Closing the Gap: National Urban and Regional Service Delivery Strategy for Indigenous Australians.
 COAG: Improving Productivity – Better skilling and job capability now and in the future.

² COAG: Closing the Gap: National and Urban Regional Service Delivery Strategy for Indigenous Australians.

3. Continuing Evolution of *South Australia Works*

The *South Australia Works* initiative operates in an environment that is shaped by previous reports and reviews (e.g., Schofield 2003, Keating 2008) but also the objectives and targets set by the following:

- SASP targets (those for which the Department is responsible as well as those that are employment and training related);
- Training and Skills Commission in the 5 Year Skills and Workforce Development Plan;
- Social Inclusion Board References;
- Economic Development Board targets and priorities regarding employment and training;
- COAG targets and initiatives; and
- national VET targets.

The Productivity Places Program (PPP) and the Youth Compact represent two further stages in the evolution of *South Australia Works*. Both initiatives are aligned with *South Australia Works* with the intent of up-skilling the existing workforce, achieving higher qualifications and employment for job seekers and assisting the most disadvantaged in the labour market.

South Australia Works has responded to each of the above in the manner that across the range of *South Australia Works* programs/projects, different programs have been designed to meet some but not all the objectives. The number of priority areas was expanded to eight in order to respond to different and often competing priorities.

Ultimately, the current framework is based on the imperative of assisting South Australians to acquire the skills and abilities necessary to obtain paid employment which is fundamental to achieving the State's economic and social inclusion objectives.

4. Current Policy Environment

Economic Development Board: Economic Statement

The recent Economic Statement of the Economic Development Board (EDB) continued the theme that the development of the workforce is fundamental to the State's future prosperity:

“It is critical that the opportunity is taken now to increase training to better equip people for employment opportunities”.

Reiterating the findings of a number of OECD reports, the EDB noted that a major intersection between economic and social development occurs in the labour market. People who have low education and skill levels have more difficulties gaining and retaining employment, and there is a strong link between education, employment and economic performance.

The EDB considered three sources of additional labour input (and *South Australia Works* currently has a role across all three):

- increase workforce participation;
- skills; and
- migration.

On workforce participation, the EDB considered an appropriate target should be to increase the State's employment participation rate (percentage of the population aged 15-64 years that is employed) from the current rate of 73.8 per cent (June 2008) to 78.0 per cent by 2014/15³. Because the State's population is ageing, the rate of employment participation of working aged people will need to increase by more than this to achieve the target.

In its recent Economic Statement the EDB emphasised the need for greater assistance for those with marginal attachment to the workforce and argued for:

- an increase in funding of training and workforce development opportunities for those people who are on the margins of the labour force, those who are at risk of losing their jobs or who are on short-time, and those whose training contracts are at risk;
- individual companies, especially in sectors with strong growth prospects, should explore avenues to provide job opportunities (especially entry level) for the long term unemployed (EDB: Rec 5(a)); and
- public sector authorities should do more to provide employment opportunities for people entrenched in disadvantage, including through their capital works programs (EDB: Rec 5(b)).

In emphasising greater assistance for the disadvantaged the EDB reiterated the concerns of the Social Inclusion Board (SIB) and the priority populations SIB has identified.⁴ They argued that individually customised support should not just identify required training and pre-employment programs, but also referrals to relevant health or social support services to assist job seekers to manage personal issues and to access relevant employability skills in order to become job ready. The researchers are aware of a number of *South Australia Works* projects where these referrals and services are an integral part of the project.

³ Economic Development Board (2009) “Economic Statement: South Australia's Prospects for Growth”. Government of South Australia, Adelaide.

⁴ Jobless households where there are children; low income, asset poor single person households, aboriginal people; people with disabilities, people in regional disadvantaged, and carers.

EDB and regional prosperity

For South Australia to achieve its full potential it is imperative that our regions fulfil their potential.

A new approach to regional development was discussed by the EDB in the Economic Statement with two reforms said to provide the foundations for a new approach to regional development:

- the adoption of uniform regional boundaries by the public sector; and
- the “regionalisation” of the South Australian Strategic Plan.

The EDB considered:

The adoption of uniform regional boundaries for the provision of State Government services promises better collaboration across government agencies through developing shared understandings of commonly defined regions and the challenges and opportunities they face. There also exists a unique opportunity to develop a new regional development structure which will align and integrate regional development activities and structures across the three levels of government. The EDB encourages this cooperative development which would reduce duplication and increase the efficiency of regional development service delivery.

The OECD⁵ points to the need to harmonise economic development and labour market policies “which are often delivered in silos”. They consider that:

- “labour market institutions need to become major economic players, not just at national level but also at local level, through interacting with economic development...” (p. 18);
- “the responsibility of labour market policy and training is to help generate skills that are adapted to the local economy and to be responsive to investment and economic development decisions that may have an impact on future skill needs” (p. 19);
- “labour market policy and training needs to have a strong demand dimension, in which information and training are geared to meet the needs of local business while balancing the needs of local people for decent jobs” (p. 25).

There are also very significant opportunities to collaborate across government agencies and the three levels of government.

EDB and migrants

For economic growth and social inclusion, it is vitally important that skilled migrants and their families settle successfully and quickly.

The EDB recommended that more be done to improve publicly provided settlement services and to engage employers in supporting and providing these services for their migrant employees as well as attractive workplace environments. South Australia is particularly active in assisting new and skilled migrants settle in regional areas and in Skill Recognition Services (DFEEST). Box 1 provides a summary of recent research in this area.

⁵ OECD, *More than Just Jobs: Workforce Development in a Skills-Based Economy*, edited by Sylvain Giguere, 2008.

Box 1

The Commonwealth/State Working Party of Skilled Migration¹ (CSWP) is active in sharing policy practice and commissioning research of factors impacting on migrants and migration flows including the settlement of migrants.

The researchers have recently completed two reports for the CSWP, one on the policies and activities being undertaken to assist skilled migrants to settle in regional areas, and the other on policies and activities aimed at maximising the employment outcomes of skilled migrants. Based on the results of these studies, the assistance South Australia makes available to migrants on arrival represent best practice in Australia, as do the services offered by the Skills Recognition Service.

Examples of good practice in other States/Territories which South Australia could adopt include:

- job search and job readiness programs specifically targeted at skilled migrants which help find appropriate employment in the long term (professional positions) and short term (holding) positions to gain experience in workplace English and culture, as well as providing cultural awareness training (ACT);
- specific training on Australian workplace culture and the expectations of Australian employers including job seeking strategies and mentoring from experience professionals in the migrants field of expertise (New South Wales and Victoria);
- facilitated work experience in the migrant's field of expertise (New South Wales); and
- subsidies (up to \$700) for the course costs of bridging courses to enable migrants to work in their occupations in Australia (New South Wales).

¹ South Australia is represented on the working party by the Workplace, Population and Migration Directorate of the Department of Trade and Economic Development.

EDB: information, careers and training

The EDB supported a role for Career Development and Skill Recognition Services, two programs operating through *South Australia Works*.

“Individuals and organisations need to be better informed about the labour market. Career Development Centres across the State provide information on jobs and education and training pathways. These services assist individuals to make informed learning, career and employment decisions and better connect people to employers for both work experience and jobs.

The Centres provide employers with a single point of contact to obtain workforce development resources to identify and meet current and future skills needs. They also provide communities with a resource which uses up-to-date and accurate information about jobs, careers and training pathways to help link enterprises with skilled workers, and assist the smooth transition of migrants into the local economy.” (EDB: p. 75)

The national agreement to support a Youth Compact and the progressive implementation of Personal Learning Plans (PLPs) in schools reinforce an important role for both services. Notwithstanding, these services can be placed on a stronger footing provided greater support and collaboration in established between DECS and the Commonwealth (DEEWR).

Training and Skills Commission: skills for jobs (2009)

TaSC requested that the review address “how *South Australia Works* should adapt to the new economic climate and the proposed reforms to the education and training system”.⁶

⁶ Reference Group minutes and in meeting with TaSC staff undertaken for this Review.

The Commission identified issues that are relevant to current activities under *South Australia Works* including *inter alia*:

- need for clearly articulated career paths and the importance of career advice;
- sectors of industry that desire to attract potential workers from under-represented groups;
- re-engagement of the marginally attached, and mature aged workers; and
- assisting the long-term unemployed and disadvantaged job seekers.

The Commission set out three priorities for developing South Australia's workforce, to increase substantially:

- the proportion of South Australians with higher level qualifications;
- broaden and deepen our skill base; and
- significantly improve employment participation.

The Commission stressed that whatever programs are put in place for young people they must enhance individuals' skills development and the State's economic directions and not result in "time serving." An amended funding model must support young people to be in learning or work and provide the support services they may need to be successful.

The Commission advocated a role for community based learning programs. People who have difficulty in accessing formal education, training and employment may benefit more from community based learning programs (e.g., Adult Community Education) which can provide effective pathways towards formal skills development and employment.

Finally, the TaSC referred to recent reforms that are likely to impact on *South Australia Works* programs particularly the Youth Compact which has the objective to "increase young people's engagement with education and training pathways". To meet the challenge of rising unemployment, it has been agreed that every young person will be able to access an education or training place.⁷ Participation in education, training or employment will be compulsory for all young people until they reach age 17. Furthermore, COAG's 90 per cent Year 12 or equivalent attainment rate target will be brought forward from 2020 to 2015. In responding to the intentions of the Youth Compact, TaSC stated that funding should not be reduced or redirected away from assisting the most disadvantaged job seekers.

Social Inclusion Board (SIB)

A priority of the SIB is to ensure that the training and employment system – including *South Australia Works* – contributes to the social dividend from economic growth. This does not simply mean that those who are most disadvantaged should benefit from employment growth in emerging or growth industries (e.g., mining, defence, "green jobs"), although this is clearly an important objective. The priority extends to new ways of assisting the unemployed and the most marginalised in the labour market.

The Social Inclusion Board note that education, training and labour market system reforms are taking place at both the Commonwealth and State level and that the various reforms offer "leveraged opportunities" to better tailor services to meet the needs of job seekers with multiple barriers to employment. The Social Inclusion Board concurred with the Economic Development Board and a report to DFEEST on What Works Well in *South Australia Works*

⁷ All young people (15-24 year olds) will have an entitlement to an education or training place for any government subsidised qualification, subject to admission requirements and course availability but for people aged 20-24 it needs to result in the individual attaining a higher qualification.

in the Regions⁸, which reviewed successful labour market programs, that the emergence of new models and new program design is realistically possible across the training and employment sector including, *inter alia*,

- family case management model for jobless families;
- placed based community partnerships;
- case management, wrap around services, based on comprehensive individual job seeker assessment;
- mentoring to support learning, training and sustainability of employment; and
- engagement of employers at the outset to match employer demands, improve employability and “job readiness”.

The Review considered that the existing institutional infrastructure in regions — Regional Development Boards and Employment and Skill Formation Networks — have an established track record in developing programs to assist disadvantaged job seekers but further steps can be taken to strengthen this regional delivery mechanism. The consolidation and improvement to regional profiles, enhancing the capacity of local stakeholders to identify regional labour demands, key industries, employers, skill shortages and skill gaps is a pre-requisite to good program design and implementation.

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 to design and deliver education, training and employment programs that are an integral component of a “human services continuum approach” to assisting disadvantaged job seekers.

Implications of external targets for *South Australia Works*

There are a number of targets in South Australia’s Strategic Plan which are relevant to the *South Australia Works* program.

Box 2: South Australia Strategic Plan Targets

T1.10 Jobs: Better the Australian average employment growth rate by 2014.

T1.11 Unemployment: maintain equal or lower than the Australian average through to 2014.

T1.12 Employment participation: increase the employment to population ratio, standardised for age differences, to the Australian average.

T1.26 Aboriginal unemployment: reduce the gap between Aboriginal and non-Aboriginal unemployment rates each year.

T6.5 Economic disadvantage: reduce the percentage of South Australians receiving government benefits (excluding age pensions) as their major income source to below the Australian average by 2014.

T6.15 Learning or earning: by 2010 increase the number of 15-19 year olds engaged fulltime in school, work or further education/training (or combination thereof) to 90 per cent.

T6.19 Non-school qualifications: by 2014, equal or better the national average for the proportion of the labour force with non-school qualifications.

The Economic Development Board in its recent Economic Statement expressed views on the required trends for the South Australian workforce:

⁸ South Australian Centre for Economic Studies (2008), “Modelling What Works Well in *South Australia Works* in the Regions”. A Report commissioned and published by the Department of Further Education, Employment, Science and Technology, Adelaide.

Development of the workforce is fundamental to the State's future prosperity. It is critical that the opportunity is taken now to increase training to better equip people for employment opportunities as the economy recovers. The EDB believes an appropriate target is to increase the State's employment participation rate (percentage of the population aged 15-64 years that is employed) from the current rate of 73.8 per cent (June 08) to 78.0 per cent by 2014-15. Because the State's population is ageing, the rates of employment participation of working age people will need to increase by more than this to achieve the target (2009, p. 76).

This is an ambitious target in terms of participation rates. The current national average participation rates by five-year age band applied to the projected South Australian age structure (Planning SA 'High growth' scenario) would result in an employment rate of 75 per cent, less than half way to the target.

The Economic Development Board considered that State Government employment services should be targeted at highly disadvantaged groups, and that the resources available are sufficient to fund comprehensive support to address the clients' multiple sources of disadvantage, with a commensurately lower number of individuals able to be assisted.

In addition to their lack of skills, the most disadvantaged groups also face numerous other barriers to their employment. For this reason skill formation needs to be integrated with wider provision of other supporting services. The evidence is clear – employability skills are most effectively imparted when integrated with a broader suite of support services within a framework that addresses personal needs. These supportive measures include pre-employment assistance, work experience, literacy and numeracy programs, on-the-job training and post-placement support, mentoring and case management. Training undertaken in conjunction with an employer and with an expected job outcome achieves the best results.

Currently, the South Australian Government's main employment program is *South Australia Works*. The Board recognises that intensive individually customised support is effective in assisting people who experience personal, social and financial disadvantage to gain and remain in employment. It recommends that *South Australia Works* and the Productivity Places Program for disadvantaged job seekers incorporate individualised support (*ibid*, p. 77).

The EDB also concluded that there was both an opportunity and necessity to increase the State's rate of workforce participation and that a significant increase in workforce participation was required. Those who had left school early, were without post-school qualifications and prime-aged males and older persons were over-represented in the 260,000 South Australians seeking work, more hours of work or not engaged in work.

Assisting those with low needs (at relatively low cost) and those with high needs (at a higher unit cost) are not mutually exclusive as the range of *South Australia Works* initiatives amply demonstrates. Notwithstanding that choices/trade-offs are not budget neutral, the Review stressed that efforts to raise South Australia's workforce participation rate are critical to addressing questions of labour supply, economic and social inclusion.

The Review considered that *South Australia Works* has reasonably consistently focussed on those who are most disadvantaged in the labour market and who often experience multiple barriers to employment. There have been very well designed programs – some large programs such as Goal 100 and Jobs 100 – that have engaged and helped disadvantaged job seekers and done so cost effectively. In practice, through intensive assistance that is offered within many programs, *South Australia Works* programs have achieved social and economic participation, employment outcomes and skill transfers. This suggests that the program has to date achieved a reasonable balance between assisting those who are most disadvantaged in the labour market while also placing people into employment.

5. The South Australia Works Programs

Current Shape of South Australia Works

South Australia Works is described as a suite of “programs which provide community learning, workforce participation and workforce development services for people through their communities, the public sector and regions and through engagement with industry.” Participants are classified in the DFEEST Portfolio Budget Statement as in “work programs” or in “learning, skill development and training programs”.

The largest program in terms of funding is *South Australia Works* in the Regions which accounted for 30 per cent of funding in 2007/08 with the wage subsidy program CareerStart SA accounting for 16 per cent of funding.

A critical role for *South Australia Works* Central Office staff should be to assist regions ‘get their projects funded’, leverage Commonwealth funding, facilitate opportunities for collaboration through combining government programs across government agencies and provide information on program and policy changes and direction to the regions. At the core of this is the need for policy directions to be as flexible as the program activities that are funded, i.e., flexible enough to match individual regional needs and target groups.

Consultations with regions

A number of consultations were undertaken with Grantees, Regional Development Coordinators, RDBs, ESNF staff, RTOs, GTO and community training providers. A full day regional focus group was conducted in Port Lincoln involving participants from Whyalla and the Eyre Region. The consultations were designed to assess the strengths and limitations of current arrangements (i.e., what adds value/what does not) and to discuss possible new arrangements to deliver employment, learning and skills programs in the regions.

Regional organisations and their staff have an extensive and thorough knowledge of their region including employment opportunities and supportive employers, job vacancies, the needs of the client group and networks of employers, industry and training providers. Participants noted that much of what happens in the region is “**relationship driven**”; there is a need to be flexible in the way programs are designed to meet employer and participant’s needs and the manner in which programs are funded. Information sharing between agencies is extensive although it is often not formalised. Regional programs are generally designed to meet local industry/employer needs and hence the degree of flexibility in the way DFEEST funds the regions is very important.

The essential characteristics of regional operations and the development of programs are:

- innovation and “deal making” with staff acting as social entrepreneurs;
- identify workforce, employment, training and/or industry/sector issues and act as a solutions broker to address the challenge;
- build networks and relationships locally and to central funding agencies to get projects resourced and operational; and
- the “drivers of programs” are the needs and makeup of the local community.

It was considered that Regional Coordinators provide excellent coordination and brokerage service across key agencies; however this style of service could be enhanced by Central Office playing a more pro-active role in brokerage of deals with other departments.

Sharing information across regions is critical. Regional workshops (interdepartmental) to assist in developing projects and sharing “best practice” was felt to be a role which Central Office staff could play.

A MOU to support sharing of information on client groups and reciprocal funding arrangements for JSA clients who participate in *South Australia Works* programs was supported by all participants.

The relationship between RDBs, ESFNs and DFEEST Central Office is very good; there is strong support for regional coordinators positions and a positive response to the regionalisation of Indigenous employment unit staff. DFEEST is considered to be “very flexible and great to deal with”.

The overall assessment of staff comments is that they indicate a high degree of commitment to the *South Australia Works* initiative, that *South Australia Works* in the Regions is perceived to be a very successful program delivery mechanism which is capable of being strengthened.

Training and Skills Commission

The staff of the Training and Skills Commission reiterated the three principal goals of the Commission in the up-coming 5 Year Skills and Workforce Development Plan:

- increase the proportion of people with higher qualifications;
- broaden and deepen its skill base; and
- improve employment participation.

South Australia Works was seen to have a role to play in increasing employment or workforce participation which is viewed as a subset of workforce development.

Commission staff generally supported a role for *South Australia Works* in assisting the unemployed and disadvantaged job seekers re-engage with the local workforce. The involvement of employers, the achievement of employment outcomes and development of pathways for those returning to work to progress through the training system were also important considerations.

DEEWR

South Australia Works was viewed by DEEWR as an “Employment Preparation Program” through re-engaging job seekers in work preparation programs, providing enabling training, addressing barriers to employment and providing entry level skills to those who experience disadvantage in the labour market.

DEEWR have provided considerable funding and program support to proposals that have been developed in the regions, where DEEWR act as solutions brokers to secure project funding. DEEWR were keen to develop closer working relationships with DFEEST Central Office staff.

DEEWR considered that large scale programs such as the JSA, the newly reformed Indigenous Employment Program, Disability Employment Services, Youth Connections and PPP offered considerable opportunities to work collaboratively at the central and regional level.

Career advice was considered one area where there was potential for rationalisation of Commonwealth programs and services and support for a state based network of centres which could provide information on traineeships and apprenticeships.

DEEWR indicated that Memorandums of Understanding covering reciprocal financial arrangements at the program/participant level and the sharing of information between service providers should be considered by DFEEST and DEEWR as an outcome of this review.

Business SA

Business SA highlighted the raft of changes occurring in the external environment that held some implications for *South Australia Works* programs, including *inter alia*, changes to Commonwealth employment and training programs and a greater emphasis on workplace based learning, the appointment of employment coordinators to work with local communities to place people into jobs, assistance for retrenched workers and for youth, the introduction of new training packages, greater efforts to increase the retention of apprentices/trainees and a focus on sustainability and green skills.

Given the Commonwealth's emphasis on employment, Business SA supported *South Australia Works* focus on getting people ready and prepared for work (i.e., employability skills, mentoring them for the transition to work) and providing appropriate training, work experience and qualifications, working with other agencies to place people into work.

Programs should strive to develop workplace connections and employer 'buy-in', build in work experience, secure employment positions before training, and work with the local industry skills boards as much as possible.

Sharing best practice models and successes within the *South Australia Works* program was important as was the need for a communication strategy explaining the benefits to employers of engaging with the program. Finally, Business SA advised that for many disadvantaged job seekers it is important to recognise that some individuals and employers need more engagement and support including workplace based training and experience for a longer period of time than is often provided.

Conclusions

The findings from internal evaluations and reviews can be broadly condensed as follows:

- *South Australia Works* in the Regions is generally acknowledged to be a successful delivery mechanism, it has ability to link local employment needs with a diverse range of education, training and employment programs;
- local and regional decision making in response to local labour market conditions is a key to the success of the program coupled with the facilitation role of regional coordinators and DFEEST Central Office staff;
- there are opportunities to avoid possible duplication in the targeting of DFEEST and DEEWR programs and a clear desire to establish a MOU to maximise potential for collaboration; and
- indigenous employment outcomes and better program design would result from closer collaboration with DEEWR.

Outcomes of the consultations with staff are summarised as follows:

- a desire to simplify and streamline program delivery;
- Central Office staff need to play a greater role in program facilitation, helping to secure funding, developing pathway models to contribute to state wide priorities (e.g., with PPP), and simplifying data recording; and

- efforts to strengthen and enhance the regional delivery mechanism are required, including the consolidation of programs and one integrated regional profile for each region.

External stakeholders generally supported a more streamlined program delivery mechanism, closer working relationships with DEEWR to maximise employment outcomes and continued provision of career advice.

6. Education, Training and the Role of Labour Market Programs

What is the role of labour market programs and what works well?

There is a considerable body of literature that emphasises the importance of education and training for skills formation, which in turn facilitates higher rates of economic growth and development. There is much more debate about the role of labour market programs principally because the objectives of programs are often not well defined and the outcomes are less certain. It is important to have a clear understanding of the role of labour market programs in the Australian context in advancing economic and social opportunities and the limitations of programs as well.

The first challenge is to establish a relationship between labour market programs and economic development objectives.

The second challenge is to design location specific responses to accommodate differences in regional labour markets.

Fundamental shift in the role of labour market programs

In thinking about a future role for *South Australia Works* programs it is important to consider whether the objectives of labour market programs have changed (or indeed, now need to change). This is important for at least three reasons.

Participation: The first reason is that the recent period of strong economic growth has led to near full employment with strong demand for labour. This has resulted in a shift in focus (at least in part) of labour market programs from addressing high rates of unemployment to a sharper focus on skill shortages, the need to increase workforce participation rates and highlighted the importance of the replacement demand for labour.

Population: The second reason is that both the demographic profile and the ageing of the workforce have elevated the importance of retention in the labour force, upskilling, skilled migration and improvements in pathways into employment (e.g., skill recognition, career development services).

Productivity: The third reason is that the knowledge based economy and emerging new industries tend to speed up the process of skills obsolescence so that the demand for new qualifications and skills is at a premium and increasing productivity of the existing workforce is a priority.

The current emphasis in South Australia on workforce development affirms that collectively as community we have recognised the impact of the changes referred to above. Workforce development though is primarily understood as ‘being for those in employment’. Workforce participation on the other hand is generally understood as ‘being for those unemployed or not engaged in the labour force’ (hence the traditional concern with the labour force participation rate and those who are ‘not in the labour force’).⁹ The goal of increasing workforce participation is one of the three program objectives specifically referred to for *South Australia Works*.

For the reasons referred to above increasing the rate **participation in the workforce** is now a priority¹⁰ (including ways to achieve higher participation rates).

⁹ DFEEST refers to the 264,900 South Australians who are currently seeking work or more hours of work. The number included 40,000 unemployed, 105,800 who are not in the labour force but are willing to work and 119,100 who are seeking more hours of work. DFEEST (2008) SA Labour Market Profile.

¹⁰ When unemployment was high in the late 1970s and much of the 1980s the objectives of public policy were in large part designed to reduce the participation rate through curtailing migration numbers, by encouraging young people to stay at school longer, women not to re-enter the labour market and for others, to retire early.

Mirroring changes in the labour market, so the design and objectives of labour market programs have changed. There has been a gradual shift from a supply side orientation to a demand side agenda to address skills in demand. There is a recognition that to be able to capitalise on new investment and new employment opportunities, skills training and often higher qualifications are required, otherwise employees will be sourced other than from the local or regional labour pool. There is also greater acknowledgement of the need to adopt a partnership approach involving local employers, to tailor national and state policies and programs to provide location specific approaches and thereby enhance the prospect of local and regional outcomes. Labour market assistance programs have been considerably expanded to include help for new migrants to settle quickly and enter the labour force and renewed efforts to assist injured workers recover more quickly and return to work. An additional and important objective is to assist those who are most disadvantaged to participate in training and works programs to share in the growth dividend (i.e., equal focus on economic and social outcomes from labour market interventions in the short and long-term).

What then is the appropriate policy, implementation framework and supporting infrastructure for State-based labour market programs in this and the coming decade?

The first challenge is to establish a relationship between economic development and labour market policies and programs to address the fragmentation in local decision making ... including the situation of the separation at the local level of *“economic development from labour market policies, which are often delivered in ‘silos’.”* (OECD, p. 11)

Business attraction and investment, and employment outcomes are the twin objectives of the Regional Development Boards and it is important to acknowledge that both these objectives are inextricably intertwined with the one major adjustment mechanism available to regions when faced with economic growth (or decline), structural or cyclical change, namely the quality of the labour force, the skill profile of the local labour force and the flexibility of the education and training system.

As the OECD notes:

“One of the responsibilities of labour market policy and training is to help generate skills that are adapted to the local economy, and to be responsive to investment and economic development decisions that may have an impact on future skill needs.” (OECD, p. 19)

DFEEST has established an institutional relationship with Regional Development Boards (RDB and councils) and Employment and Skill Formation Networks (ESFNs) so the architecture is already in place. The existing institutional relationship brings together:

RDB: they possess an understanding of local industry, economic conditions including investment and business development with training and skill requirements of local industry and employers.

ESFN: they possess knowledge of the labour market including the profile of employment and unemployment in the region, training programs, availability of funding, range of employment service providers, community agencies and related services.

The second challenge is to design location specific responses or customise programs so that *“service delivery can be more responsive to the needs of individuals, can better meet the demands of local businesses, can leverage community resources, and can take into account local economic conditions.”* (OECD, *op. cit.*, p. 56)

For example, even a cursory review of regional profiles will alert the reader to considerable differences and challenges faced by each region, so it is highly likely that customised

responses will be required in each region to reflect differences in the labour force and labour market. By way of brief examples:

- **Murray Bridge** has an expanding population and sizeable Indigenous workforce. The region has experienced significant in-flows of new migrants and there is a need to integrate and settle new migrants as well as meet the demand for literacy and numeracy programs. Investment and economic development has supported an increase in manufacturing employment while agricultural production and processing has created new employment opportunities in the region. There is a demand to up-skill the existing agricultural workforce and government capital investment plans for the further development of prisons in the region will give rise to new construction and new employment opportunities.
- **Whyalla** has a relatively static population which is more dependent on wage income than other Provincial Cities, more of the population are in receipt of income security payments, and the region has a significant number of individuals with multiple barriers to employment.
Labour market programs need to achieve an increase in the ratio of apprentices to tradespeople and raise the skill and qualification levels of the existing workforce and those who are unemployed in order to take advantage of new opportunities in mining, heavy engineering, energy generation including wind, solar and geothermal industries and aquaculture.
- **Port Lincoln** has experienced further investment and expansion of the aquaculture industry including processing and manufacturing and the growth of a substantial seafood research industry. The demand for temporary housing to capitalise on the research/student population is currently unmet. Skill and training demand includes to up-skill the existing agricultural workforce, secure indigenous employment and expand hospitality and tourism employment.

The current structure which brings together the Employment and Skills Formation Networks and the Regional Development Boards enables the co-ordination of labour market policy and regional programs with economic development targets to meet the needs of regional and local employers.

Education, training and economic growth

Empirical studies confirm that a very significant proportion of the difference in growth rates between countries is explained by differences in the level of education and training. Those factors which improve the quality of labour — participation in education, training, skills formation, lifelong learning as well as health, housing and social and community infrastructure — improve the productive capacity of the economy. Studies also illustrate that more highly educated and skilled people have consistently higher workforce participation rates (SASP: 1.12). In addition, a skilled, adaptable and educated workforce is identified by business as the most important competitive factor in attracting investment.

The Productivity Commission has estimated that an “additional year of schooling increases the workforce participation rate by around 0.5 per cent for males and 4.0 per cent for females and that for every additional year of education, the earnings of an Australian worker increase by between 5.5 per cent and 11.0 per cent”.¹¹ Improvements in transitions from school are likely to improve participation rates in the labour market by 0.37 per cent and productivity increases of around 0.45 per cent. The effect of improved transitions equates nationally to an

¹¹ Productivity Commission (2006), Potential benefits of the national reform agenda.

increase in productivity of around \$A1 billion. The OECD has consistently reported on the link between a population's literacy skills and improvements in labour productivity and GDP per capita.

However, a clear rationale for intervention in the labour market is necessary along with clearly enunciated targets and proposed outcomes, program design principles and measures to monitor and evaluate the effectiveness of labour market programs or interventions.

For example, the divergence between private and social benefits of training tend to diminish the higher the level of training, which explains the usual pattern of underinvestment by industry as they are unable to prevent workers from changing employment. This suggests a role for public sector investment in subsidising education and training; however what is the optimal level of training, should it be targeted at the firm or industry and what should be the obligations, including the level of funding contribution from industry? These are very relevant questions for the design and targeting of *South Australia Works* programs.

Equally, encouraging older workers to remain in the workforce, assistance for retraining and up-skilling and assistance to those wanting to return to the workforce or transition to new industries will have more immediate impact on productivity and workforce participation rates than longer term reforms.

Job seekers experiencing disadvantage in the labour market, those with multiple barriers to overcome, individuals residing in areas of concentrated disadvantage and groups who receive little or no assistance in finding employment from Commonwealth services and programs will require State-based labour market interventions.

It is important to consider who are the priority target groups and what form should labour market interventions take – to assist the general unemployed population, those returning to work, the most disadvantaged, those seeking to upgrade skills and qualifications, industry requirements to address skill shortages and different needs across regional labour markets. Notwithstanding a well reasoned case for intervention, decisions concerning priority target groups and the method of intervention or assistance require choices, which due to resource constraints will impose trade-offs.

In addition, because of the extensive involvement of the Commonwealth Government in education, training and employment services it is important to acknowledge the critical role of state-based labour market programs in addressing the current and future needs of the South Australian labour market.

South Australia Works: two streams

South Australia Works is essentially divided in two streams of activity:

- Work Programs with the principal objective to achieve sustainable employment outcomes; and
- Learning, Skill Development and Training Programs with the principal objective of increasing participation in these activities. Gaining a qualification is an objective within this activity stream. Employment outcomes may result from participation in learning, skill development and training programs.

Labour market programs: what works?

Evidence from international literature provides a guide to the design of labour market programs and what works best.

Employment and/or earnings as post-program outcomes are not necessarily ideal measures of the success or otherwise of active labour market policies especially for the long-term unemployed. Moving people several ‘steps along the pathway’ to employment e.g., through improvements in literacy and numeracy, acquisition of computer and/or other work-based skills may be an achievement in itself and may contribute to longer-term rather than short-term employment outcomes. Recording commencement, participation and completion of learning, skill development and training programs – the second stream of *South Australia Works* – and movement along a pathway as the post program outcome would provide information on the impact of a program and aid the design of future programs. The achievement of a higher qualification is another measure of a successful outcome.

Training

Training programs seem most successful when they are small-scale and carefully targeted towards the workplace needs of local employers and the specific needs of job seekers. Some of the best *South Australia Works* in the Regions projects have achieved consistently high employment outcomes, matching skills development with local employer needs.

Young People

The international and Australian literature indicates that the groups most helped by combination programs appear to be young people and the long-term unemployed. It seems combination programs are the principal form of labour market programs likely to help disadvantaged youth whose employment prospects, on the whole, are not improved by labour market programs.

Combination programs usually involve a form of pre-vocational training, work experience, commitment to job search and mentoring combined with attention to physical and mental health, family and personal issues and support of adults. Providing young people with a realistic pathway – such as in the Goal 100 program and BoysTown projects as just two examples supported by *South Australia Works* in the Regions – contributed to high retention rates and employment outcomes.

Engaging the local community

Engaging the local community also seems to be a key to successful labour market programs. In order to secure employment for program participants, projects need to address local labour market conditions. Placements need to be of the kind where there are skill shortages, training that is considered necessary by local employers for their employees and should be geared toward the specific needs of local employers who are offering program assistance.

A comparative advantage of *South Australia Works* relative to Job Services Australia is that it has the proven capacity, through local Employment and Skills Formation Networks and Regional Development Boards to engage with the local community and with local employers. *South Australia Works* is well placed to design projects to address skill shortages and local labour market conditions.

There is a potential complementarity between *South Australia Works* projects and employment outcomes sought by Job Services Australia providers. JSA providers are best placed to access long-term unemployed and disadvantaged job seekers, following assessment by Centrelink of job capacity and barriers to employment. *South Australia Works* programs

are potentially best placed to receive referrals from JSA providers and to design and implement training and employment programs based on the needs of individuals and groups.

What works best?

In contrast to passive employment assistance programs that mainly provide some job search assistance, active labour market programs aim to improve participants' attraction to relevant employers, by upgrading their skills, motivation and confidence, and by involving employers through matching people with job requirements.

Research commissioned by DFEEST, recommended that the following key principles should be built into initiatives to engage more South Australians in paid employment:

- training should be closely targeted to the needs of industry or local employers and match the interests of the cohort of job seekers;
- programs should generally be small in scale and again, be targeted at skills in demand or the needs of employers;
- a partnership approach involving relevant stakeholders from business, community, training/service providers and government works best;
- achieving a qualification or certificate is important for some participants and for some industries, as it signals to the employer competency, skills and employability;
- combination programs work best as they have the capacity to address 'multiple barriers' to employment and are able to be tailored to the needs of the individual. Combination programs may involve, training on and off the job, work placement, mentoring, job search assistance, and follow up once in employment;
- early intervention is advisable, whether this involves the unemployed job seeker or those currently at school who are at risk of leaving school without sufficient a foundation to compete in the labour market;
- general community-benefit projects (e.g., Youth Conservation Corp, Work for the Dole type projects) must always have a strong training and skills component that is relevant to the labour market;
- training needs to be delivered flexibly, with some tailoring around the time commitments of the participants, their access to technology and their individual learning needs and styles; and
- voluntary participation is important, while local projects should attempt to mirror employment disciplines and conditions as much as possible.

The Keating Review¹² recommended new and existing employment programs should be based on the above set of principles. The Keating Review also supported funding for case management in the arrangements for the Productivity Places Program and *South Australia Works*. Case management can benefit all job seekers, but it is particularly relevant for job seekers with multiple barriers to overcome in gaining sustainable employment. They are particularly at risk of failing once they are in training if they do not have sufficient support in place to ensure their needs are met. Services that are designed to assist those who are most disadvantaged need to pay attention to the life circumstances of an individual (e.g., family issues, homelessness, recognition of prior learning, drugs and alcohol, generational unemployment, etc). Wrap around services – within an intensive skills development

¹²

Keating, M (2008), "The Review of Skills and Workforce Development in South Australia: The Challenge for the Next Decade", South Australian Government.

framework – provided through strategic localised responses have been successfully provided through *South Australia Works* (e.g., BoysTown, Port Pirie).

Concluding comments

Labour market policies and programs have multiple goals that are subject to change as the needs of the economy and labour market change.

There has been a fundamental shift in the objectives of labour market programs in response to recent changes in macroeconomic conditions and the strength of the labour market. Labour market programs are increasingly designed to achieve an increase in the **rate of workforce participation**, address **population and demographic** issues and raise skill levels to support higher **productivity**.

South Australia Works has an important role to play in contributing to a higher rate of **workforce participation**. This is the principal rationale for State activity across labour market programs.

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. It should focus effort on strengthening the relationship and the capacity at a regional level.

7. Implications of Changes to Commonwealth Programs

There have been a number of very significant changes to large scale Commonwealth programs including a new Job Services Australia (JSA), the Productivity Places Program (PPP), agreement on a Youth Compact and commitments to assist recently retrenched workers, reforms to existing programs (Indigenous Employment Programs) changes to eligibility criteria and a much stronger focus on minimising duplication across all tiers of government (e.g., local employment co-ordinators).

Other reforms that potentially contain implications for how *South Australia Works* programs are delivered, include:

- funding of Employer Brokers;
- funding of Local Employment Coordinators;
- new Disability Employment Services;
- school attendance or equivalent learning centre until aged 17 years;
- potential regionalisation of selected DEEWR programs; and
- Regional Development Australia (RDA) with some changes to Regional Development Boards.

Taken together, changes to Commonwealth programs are generally intended to extend coverage (thus minimising gaps), to support a broader range of assistance measures including access to training and promote a stronger focus on improving participation rates and employment outcomes.

The Commonwealth invests significant resources in providing employment services, primarily through Job Services Australia providers, but also through the Disability Employment Network and Vocational Rehabilitation Services (soon to be merged as Disability Employment Services).

Full eligibility for Commonwealth employment services¹³ is restricted to job seekers who are:

- recipients of Newstart Allowance or Youth Allowance (other), including parents and people with disability who have part-time participation requirements; or
- recipients of another form of qualifying government income support, such as Disability Support Pension or Parenting Payment (Partnered or Single), who volunteer; or
- young people (those who are aged 15 to 20 years, not employed for more than 15 hours a week or in full-time education and not in receipt of income support); or
- vulnerable young people who are full-time students (those who are aged 15 to 20 years who present in crisis and have at least one serious non-vocational barrier) are only eligible for stream 4 services; or
- Indigenous Australians participating in Community Development Employment Projects (CDEP); or
- ***for the next two years only***, those who have been made redundant will be immediately eligible for assistance from Job Services Australia.

¹³ The Harvest Labour Service (HLS) and Drought Force activities programs have much broader eligibility criteria.

This means the pool of those potentially eligible for Commonwealth employment services is potentially larger than the official count of unemployed from the ABS as individuals can work small numbers of hours and still be eligible for part-payment of benefits (but are counted as employed by the ABS), and those on non-activity tested benefits (such as the Disability Support Pension) do not need to actively seek employment. Table 4 shows the number of South Australians in receipt of Commonwealth government income support payments by broad region. Many of these persons will not be active in the labour market and so will not make use of employment services.

Table 4
Number of South Australians in receipt of income support payments by broad region, June 2006

	Disability Support Pensioners	Sole Parent Pensioners	Unemployment Benefit Recipients incl. CDEP	Total Recipients	Total not in the labour force
Adelaide (incl. Gawler)	50,817	23,130	31,999	105,945	210,189
Hills Mallee Southern	5,113	2,022	2,451	9,587	21,091
South East	2,153	1,187	1,622	4,962	9,271
Wakefield	4,568	1,658	1,950	8,176	17,274
Mid North	1,979	575	1,043	3,597	6,074
Riverland	1,506	652	947	3,104	5,287
Eyre	1,209	578	1,186	2,973	5,501
Northern & Far Western	2,716	1,419	3,191	7,326	10,695
South Australia	69,962	31,559	45,983	147,504	281,006

Source: Social Health Atlas of South Australia (Online), 2008.

Concluding Comments

One of the original objectives of *South Australia Works* was that it was designed to “... focus on identifying gaps in Commonwealth programs ...”; programs and target groups were specifically designed to assist those who were not eligible (or did not wish to participate) in Commonwealth programs.

Recent changes to Commonwealth programs have altered eligibility criteria and the coverage of programs considerably. For example, job seekers eligible for JSA stream services have been expanded; each of the four streams within JSA will have a work experience phase; and waiting periods to access training have been removed.

The Employer Broker Program is to assist JSA better meet the labour needs of employers; Local Employment Co-ordinators will design programs to assist redundant workers working closely with state and local government and community agencies. The Productivity Places Program will provide additional vocational education training places but many unemployed will require new forms of support to participate in the PPP.

Substantial reforms to Indigenous Employment Programs will necessitate that *South Australia Works* programs link more closely to IEP. Much greater assistance will be provided to job seekers with a disability through Disability Employment Services to achieve employment outcomes.

Exploiting complementarity between programs will be much more important (e.g., utilisation of the Indigenous wage subsidy to achieve post training employment outcomes). Opportunities to reduce duplication and provide a single point of service such as through Career Development Centres needs to be taken up. Exploring new opportunities to work collaboratively with the Commonwealth should be negotiated centrally and reciprocal benefit arrangements (REBA) and MOU's negotiated as required.

8. Findings and Conclusions

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.

South Australia Works does many things well, in particular:

- the local brokerage/Employment and Skill Formation Networks (ESFN) has established good relationships with employers and partnerships at the local/regional level to deliver training, skill development and support programs;
- *South Australia Works* has initiated employer-led programs addressing identified skill shortages linked to work opportunities;
- many programs provide “wrap-around services” to improve retention and completion rates;
- Skill Recognition Services and Career Development Centres provide services with high demand which is expected to grow in future years (e.g., via Youth Compact, growth in new migrants to augment labour supply and by decisions of COAG); and
- a number of projects have been successful in leveraging other resources including financial support from local employers and the Commonwealth.

However, *South Australia Works* has attempted to respond to a range of often competing priorities. This has led to a situation where there are a number of small scale programs that overlap in regard to specific target groups creating administrative complexities.

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.

It is proposed that DFEEST focus renewed effort on further developing and strengthening the link between economic development, labour market programs and regional delivery capacity, based on the state's uniform regional boundaries.

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.

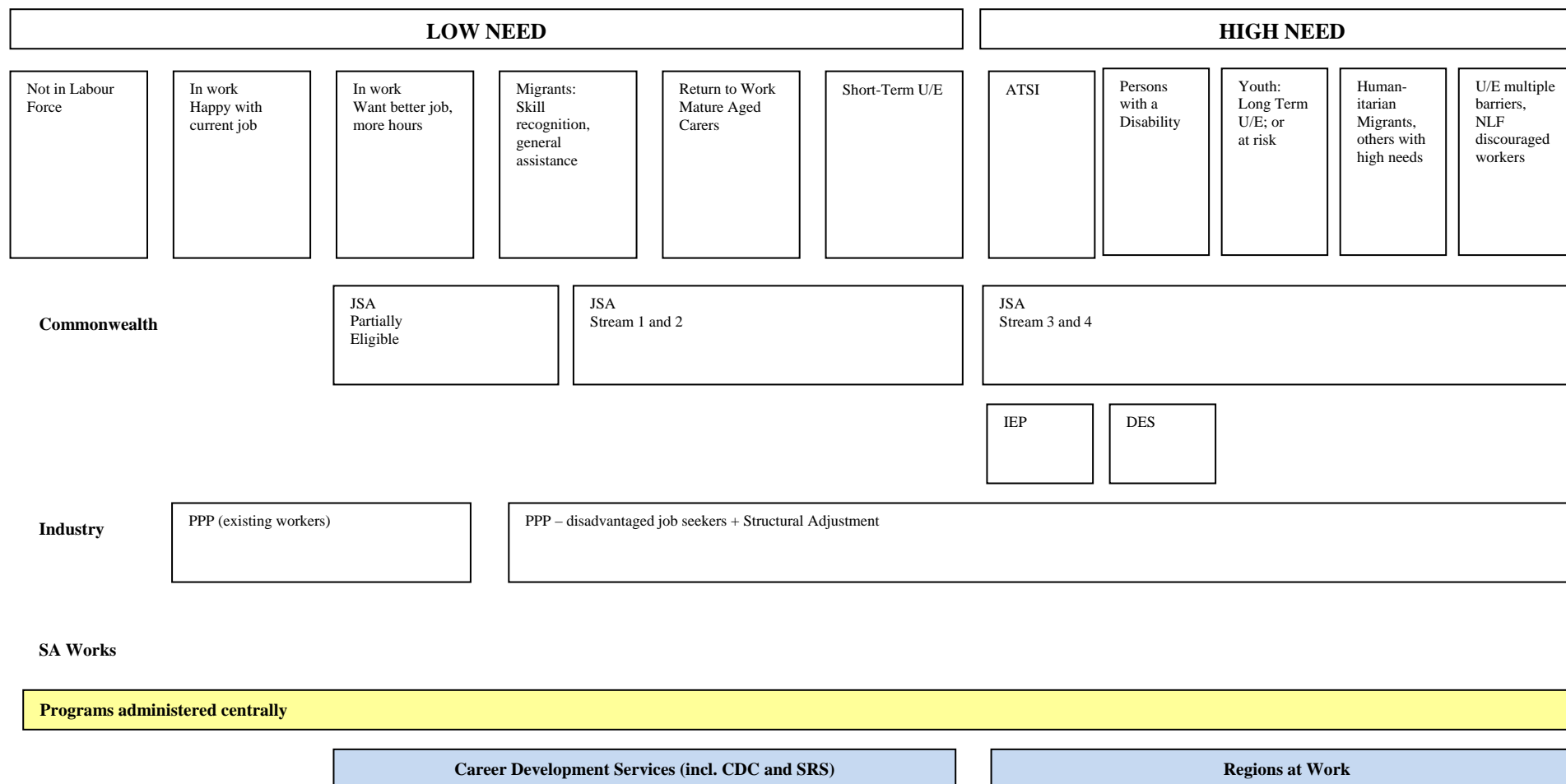
Regions at Work would be the most significant delivery mechanism for *South Australia Works*. DFEEST's officers in regions and in Central Office would act as ‘brokers’ drawing together *South Australia Works* funding with Job Services Australia providers, other DEEWR funding, local employers, and local 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

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.

Developing ESFNs

To ensure that all potential clients with “high needs” are considered when designing local, customised programs, it is proposed that the membership of Employment and Skill Formation Networks be broadened to include industry representation, community representation and human service agencies including families and communities, health and housing.

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.

It is proposed DFEEST Central Office be responsible for providing each region with a more comprehensive regional industry and labour market profile, drawing together the multiple sources of data that is currently available (i.e., DFEEST, DTED, DEEWR, PIRSA, ABS). There should be opportunity for input at the regional level based on local knowledge and understanding of regional labour markets and priorities.

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.

It is proposed that programs designed to achieve sustainable employment outcomes be subject to more rigorous evaluation. To support this, all Regions at Work participants would have

recorded on the initial contact/registration form their JSA agency, JSA stream (1-4) and agreement to participate in an evaluation of the program.

Consideration should also be given to the development of a user friendly, IT system to facilitate the electronic transfer and input of participants and outcomes data from each region.

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.

Greater inter-departmental liaison between DFEEST and DEEWR on programs, guidelines, and funding of projects that is supported by a Memorandum of Understanding will assist in developing regional strategies to achieve agreed outcomes.

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).

This provides an ideal opportunity for DFEEST to establish agreements with relevant agencies that include co-operation on regional strategies to achieve agreed outcomes.

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) in conjunction with relevant Central Office resources 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.

References

- Economic Development Board (2009) “Economic Statement: South Australia’s Prospects for Growth”. Government of South Australia, Adelaide.
- Keating, M. (2008), “Review of Skills and Workforce Development in South Australia: The Challenge for the Next Decade”. Government of South Australia, Adelaide.
- OECD (2008), *More than Just Jobs. Workforce Development in a Skills Based Economy*, edited by Sylvain Giguere.
- Productivity Commission (2006), “Potential Benefits of the National Reform Agenda”.
- Schofield, K. (2003), “Skills for South Australia: Final Report of the Ministerial Inquiry”. Government of South Australia, Adelaide.
- South Australian Centre for Economic Studies (2008), “Modelling What Works Well in *South Australia Works* in the Regions”. A Report commissioned and published by the Department of Further Education, Employment, Science and Technology, Adelaide.

Appendix A

South Australia Works 2007/08

Overview

South Australia Works is a suite of learning and work programs which provide community learning, workforce participation and workforce development services. The objective of *South Australia Works* is to increase learning, training and employment opportunities for all South Australians, particularly those people who face barriers to accessing training and employment and who need additional help to break into the paid workforce. The retention and up-skilling of existing workers is also addressed through programs situated under *South Australia Works*.

South Australia Works has eight priorities – regional people, young people, mature aged people, Aboriginal people, community engagement, working with industry, the public sector and skills recognition.

The achievements of the 2007/08 *South Australia Works* programs are summarised below with the estimated outcomes¹⁴ for 2008/09 shown in brackets:

- 36,572 people participated in learning, training, skills development and work programs (32,135);
- 19,003 people participated in programs where obtaining a job was the primary outcome, resulting in 8,430 people gaining employment (16,745; 8,430 gaining a job);
- 9,008 young people participated in programs, with 4,201 getting a job; (8,300; 4,175 gaining a job)
- 4,910 mature-aged people were supported, with 1,699 gaining a job; (3,620; 1,620 gaining a job); and
- 1,866 Aboriginal people participated in a range of programs, with 860 getting a job (1,580; 795 gaining a job).

In 2008/09 in addition to 16,745 people expected to participate in **works programs**, a further 15,390 people are expected to participate in **learning, skill development and training programs** with a minimum of 11,000 participants in Adult Community Education programs; 641 students at Tauondi Aboriginal College and 2,000 clients of the Skills Recognition Service.

Key Programs

South Australia Works programs are grouped under key priority areas:

- Regions;
- Young People;
- Mature Aged;
- Aboriginal People;
- Communities;
- Public Sector;
- Industry; and

¹⁴ Estimates as at 31 March 2009, published in the 2008/09 DFEEST Portfolio Statement.

- Skills Recognition Services.

A brief overview of each priority area is provided below.

South Australia Works in the Regions

South Australia Works in the Regions assists regional organisations and networks to identify their region's training and employment needs, and to address them in ways appropriate to each region. *South Australia Works in the Regions* provides a range of learning, training and employment opportunities for mature aged, young and Aboriginal people, and people from other groups, who struggle to participate in the labour market.

Career Development Centres

Career Development Centres/Services provide people with free, confidential career planning and employment service. Priority is given to unemployed and underemployed people, and people who want to work but are not participating in the labour market. Career Development Services through the *South Australia Works in the Regions* program enable a localised response to be delivered.

South Australia Works for Young People

Learn2Earn (L2E) Program

Learn2Earn is a 12 month program supporting young people aged 16-24 who have left school before completing Year 12 to re-engage with learning.

Youth Conservation Corps (YCC)

The Youth Conservation Corps program provides young South Australians with the opportunity to gain skills and work experience and to transition into employment while participating in projects which conserve South Australia's natural and cultural heritage.

Alternative Learning Options Program (ALOP)

The Alternative Learning Options Program is a Social Inclusion Board initiative aimed at increasing school retention. The program provides funding to TAFESA to develop a short term alternative learning environment for school-aged students identified as being at risk of disengaging from education. Young people are engaged in training and education through the provision of alternative program settings and supports.

South Australia Works for Mature Aged People

The Employment 40 Plus program is for people aged over 40 who are unemployed or under employed and facing barriers to finding employment. The program funds full-day forums which provide participants with the opportunity to meet with employment and training service providers.

South Australia Works for Aboriginal People

Aboriginal Apprenticeship Program

Provides incentives that assist with the employment of 50 trade based apprentices and the support of over 150 apprentices 'in training' per financial year in the private sector. The program provides participants with intensive mentoring support for the full four years of their apprenticeship as well as post placement support.

Aboriginal Employment Program

Increases the number of Aboriginal people employed in both the public and private sectors through skills development, work placement, career development and recruitment activities. Participants are provided with ongoing support.

Tauondi Aboriginal College

Delivers a range of culturally sensitive vocational education and training programs, both accredited and non-accredited to Aboriginal students, providing pathways to employment or further training.

South Australia Works in Communities

Adult Community Education – to provide a range of general adult community education and/or language, literacy and numeracy experiences that can address educational social and economic disadvantage.

Abilities for All – program is designed for people with a disability who are not currently engaged in the labour market. The program provides vocational training for people to increase their opportunities for employment. Outcomes from the program include employment, the achievement of higher qualifications, and work placements.

Employment Assistance Program –assists unemployed people who are experiencing significant barriers to employment to become job ready and move into sustainable employment. The program has three primary priority groups: young people at risk, mature age unemployed, and Aboriginal people.

South Australia Works in the Public Sector

CareerStart SA

CareerStart SA supports the employment of trainees, cadets and apprentices in the public sector for those most disadvantaged in the labour market particularly young people, Aboriginal and Torres Strait Islanders, people with a disability, the longer term unemployed, people who have been or are under State care. CareerStart SA also supports entry level employment opportunities in local government and, depending on the level of uptake within the public sector, the not-for-profit community services sector.

Skills Register

People who have successfully completed a traineeship, apprenticeship, cadetship or graduate placement, providing access to vacancies lodged through the Notice of Vacancies, and employment referral services. The Skills Register service also provides assistance with career profiling, résumé development, and attendance at employment related workshops and information sessions.

South Australia Works with Industry

Joint Group Training Program (JGTP)

Group Training is an employment and training arrangement whereby an organisation employs apprentices and trainees under a contract of training and places them with host employers, in particular small and medium sized businesses. The organisation is responsible for the quality and continuity of the apprentices' and trainees' employment and training.

Industry Partnership Program

The Industry Partnership Program enables Industry Skills Boards to broker and manage workforce development programs that recruit, induct, and train unemployed and underemployed people to retain them in industries in South Australia.

InSkill SA

InSkill SA registration is a requirement for businesses wanting to tender or apply for South Australian Government works and service contracts and associated sub-contracts valued at \$250,000 or more (GST inclusive). InSkill SA provides opportunities for Government, industry and community to work together to create and sustain employment and a skilled workforce in South Australia.

Labour Market Adjustment Program (LMAP)

LMAP assisted displaced workers following retrenchment due to company or industry downsizing, closure or restructure. The program came to an end in 2008/09, however some funded activities are continuing in 2009/10.

Pre-Apprenticeship/Traineeship Program (PAT)

The Pre-Apprenticeship/Traineeship Program assists job seekers to enter into an apprenticeship or traineeship in designated areas and occupations experiencing skills shortages in South Australia. The program supports the delivery of pre-apprenticeship or pre-traineeship training (370 hours of accredited training) in areas identified as experiencing skills shortages for a minimum of 15 people for each course sponsored.

South Australia Works to Recognise Skills

Skills Recognition Services

The focus of the service is to ensure a quick transition of skilled migrants into the workforce by facilitating the recognition of migrants skills and qualifications, and if necessary, providing opportunities for these skills and qualifications to be enhanced.

Skills Recognition Services provides information, brokerage and referral services in the areas of recognition of qualifications and skills gained locally or overseas, pathways to recognition of prior learning and support with career development opportunities.