

Wrap up of market sounding session:

# Addressing youth unemployment

9.30am – 12.00pm

21 July 2016

Level 21, 52 Martin Place Sydney

## Participants

30 people attended:



## Workshop discussion

Each table was assigned a question and asked to report back to the group. Questions and responses are outlined below.

### What are the barriers to addressing youth unemployment?

We began by talking about the job services network, which is very transactional. As a result, services struggle to work with the young person in front of them and are not able to fully address their needs. There is a strong focus on achieving quick placements, so there is not time to work on other issues that they may be facing, like homelessness or disability. Retention rates are poor so it seems that those employment outcomes are not sustainable.

Other barriers we talked about included:

- Young people without work experience are competing with people with a long work history, which contributes to the high youth unemployment rate
- The question of whether young people are 'work ready' when they leave school. Anecdotally, it seems they are not. Soft skills may be undeveloped and there is a need to work with employers to support young people and to be patient
- Technological developments are seeing many jobs being automated, particularly those entry level, unskilled jobs that may have previously attracted young people
- Poor work prospects in some regions, where there are few jobs or industry growth
- Accessibility issues, such as disability and language.

## **What cohorts or locations offer opportunities for social impact investment?**

Our discussion was framed by where there are statistics to support data driven measurement and where there may be opportunities for scale. We think there is an opportunity to work with Aboriginal young people, particularly in rural areas and in Western Sydney.

Measurement indicators could include:

- number of young people in work and hours of work
- level of educational attainment and post-secondary education
- development of career pathways.

There is potential for communities that are comparable on a range of demographic indicators to act as a control group.

The challenge of working in regional areas is that there may be a lack of jobs. Education becomes a very important pathway. Though without jobs in the community, young people may have to relocate or face unemployment.

Cohorts are likely to face multiple barriers. It might be important to focus on a combination of these issues, like health status and contact with the justice system, and design an intervention to overcome these.

On the supply side, the key question is: where are the jobs? We need to identify where there are missed opportunities, supportive employers and skills gaps – and focus our effort there. The programs should be in a good location to attract young people to engage and stay in one place.

## **What data is required to develop proposals? How might we be able to measure outcomes for any investment?**

It would be useful to have employer profiles for each region. This would help identify where there are job opportunities and in what sectors. It will help us determine if there are enough jobs for the number of unemployed young people.


A really hard area is identifying those young people that are not linked into Centrelink. How do we capture these young people and work with those who need help the most?

Cost/benefit data is also needed to support proposals.

In terms of measures, we talked about job placements, return to work, and number of qualifications. But we also talked about softer measures, such as improvement in resilience over time.

## **Will investments lead to competition or collaboration among service providers? How can we ensure our efforts benefit young people?**

Probably both. It will depend on providers' willingness to partner, and there will always be some who want to go it alone. There are risks in partnerships. Key among these is determining who is responsible for performance and how you manage poor performance. We think that if partnerships are entered into, then it must be genuine or we are putting client outcomes at risk.



In terms of the second question, a long term commitment to youth employment is needed. It must remain a priority in the coming years, not just today. Young people may need long term support over years, which can't be provided if the focus suddenly changes.

It is also important that outcomes are client focused. We are a bit concerned that the focus seems to be on financial outcomes, not social outcomes. It is not necessarily about the number of people reached or days in work. Outcomes need to be aligned to employment measures and personal development, including:

- self esteem
- employability
- health
- homelessness.

### **Facilitator response**

Thank you all for an interesting discussion. I think it is important to note that social impact investment does take a long term approach. Contracts for the social benefit bonds range from five to seven years. The recently announced OnTRACC social impact investment is underpinned by a five year contract. So social impact investment does offer service providers some longer term certainty and should offer opportunities to achieve outcomes over the longer term.

## **Questions and answers**

### **There is a question about how we leverage existing services, like Transition to Work for example, to blend them into proposals. There needs to be a link.**

We would hope to see proposals that seek to build on existing initiatives like Smart, Skilled and Hired and those under Future Directions in Social Housing. Quality proposals should also identify other relevant services and describe how they will try to connect with and build on them. In the joint development phase, we will try to facilitate those connections and linkages as much as we can.

### **What about Commonwealth programs?**

We acknowledge the Commonwealth government has typically led youth employment policy and initiatives. We have been talking to them about opportunities to partner in these types of arrangements but we do not yet have an agreement or commitment about what that might look like. We will certainly seek to support and align with programs already underway.

In terms of costing benefits in proposals, we cannot accept those that accrue to Commonwealth agencies. The benefits must be limited to those that accrue to the state of NSW. We will work to identify costs and benefits for the request for proposals document so that you can provide modelling to support your proposal.

It may be difficult to justify the costs of programs over the short term, particularly if you are dealing with vulnerable groups that face significant barriers to employment. We accept that benefits may flow over the longer term. For that reason, you should consider including in your proposals benefits that accrue beyond the contract term.