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False economy: New Public Management and the welfare-to-work market in Australia

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Doctor of Philosophy

AUGUST 2016

School of Social and Political Sciences
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Thesis submitted in total fulfilment of the degree

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Abstract

In 1994 the Australian Government opened case management services for the long-term unemployed to the market, laying the foundation for its now fully privatised employment services system. The system was a pioneering exemplar of New Public Management and it is widely hailed as a successful model of outsourced service delivery. However this thesis argues that the system's measures of success, focused on aggregate employment outcomes and service delivery costs, mask the adverse impact of its marketisation on 'hard to place' jobseekers and ignore the flow-on economic and social costs of their persistent unemployment.

Going beyond the existing literature and drawing together multiple sources of data, this thesis presents an in-depth analysis of the context, process and effects of providing employment assistance to people facing multiple and significant barriers to work in Australia. Its findings reveal the complex and multi-disciplinary nature of interventions encompassed in activating those jobseekers; the challenges of coordinating those interventions in contestable funding environments and thin markets; issues in assessment of those jobseekers' barriers to work and how they are streamed for employment assistance; and individualisation of the problem of long-term unemployment. The findings also reveal that, counter to predictions and despite calibrated incentives, the prospects of the long-term unemployed in Australia moving from welfare to sustainable work have not significantly improved through two decades of radical institutional change underpinned by market-based instruments.

This thesis challenges the 'choice and contestability' doctrine driving reform of human services. It argues that in the authorising environment, the symbolic value of market-based reform within policy and budgetary siloes trumps evidence of the cumulative impact of competition and explicit measures of performance in public services accessed by citizens vulnerable to exploitation or neglect in the market. In particular, it argues that much of the effort and investment devoted to helping the long-term unemployed overcome barriers to work through individual case management in the employment services system is misdirected, and that the real cost of failing to move the most disadvantaged jobseekers in Australia into work is not adequately factored into policy design, service provider incentives or system metrics in the welfare-to-work market.

Declaration

I declare that:

- this thesis comprises only my original work towards the degree of Doctor of Philosophy
- due acknowledgement has been made in the text to all other material used
- ethics approval for interviews conducted for this thesis was granted by the University of Melbourne Human Research Ethics Committee
- the thesis is fewer than the maximum word limit approved by the Research Higher Degree Committee

_____

SUSAN JOY OLNEY

Acknowledgements

I thank Professor Mark Considine, Dr Siobhan O'Sullivan and Dr Scott Brenton for supervising my PhD from beginning to end. Their guidance, feedback and example of research excellence shaped not only my thesis but my approach to scholarship. I also thank Professor John Murphy for chairing my Advisory Committee throughout my candidacy. I am very grateful to have had the opportunity to draw on the knowledge and expertise of each of the members of my Advisory Committee as this thesis developed.

I thank the earliest champions of this thesis, the referees for my application for admission to the PhD: Dr Eric McClellan, Professor Jenny Lewis, Dr Denis Muller and Julie Edwards, the CEO of Jesuit Social Services. Their support changed the course of my life and I am forever in their debt.

I thank Professor Janine O'Flynn and Associate Professor Helen Dickinson for reading drafts of this thesis and for their advice and encouragement. Both were generous mentors and role models who inspired me with the quality of their work, their approaches to work and their passion for their work.

I thank the people who granted me access to their organisations for this study and those who contributed their time and knowledge as research participants, whose identity I promised to protect. I also thank the many scholars, policy-makers and practitioners whose work informed this study or who provided referrals, advice and encouragement.

I was lucky enough to be in the first group in the School of Social and Political Sciences at the University of Melbourne to undertake compulsory PhD coursework, and to be a founding Affiliate of the Melbourne School of Government Doctoral Academy. The wealth of knowledge, experience and peer support I found in both cohorts helped me to finish this thesis and sparked ongoing collaboration in research and teaching. In particular, I thank Dr Wilma Gallet for her support and friendship as we worked towards our PhDs.

I could not have completed this thesis without the support of the Australian Government and the University of Melbourne through an Australian Postgraduate Award and grants for research in the field. I also thank the Public Policy Network, ANZ Mental Health Association, Jobs Australia and WCIG for additional bursaries, scholarships and grants to attend conferences during my PhD candidacy.

Finally, I acknowledge my family's significant contribution to this thesis. My mother, Joy Hanrahan, taught me the importance of gender equality, social justice and lifelong learning early in life and all three underpin this work. My sister, Professor Pamela Hanrahan, provided guidance whenever progress stalled. My husband, Robert Olney, did not flinch when I decided to embark on this high-risk venture and I thank him for his faith in me and for waiting so patiently for the outcome.

I dedicate this thesis to my daughters, Elizabeth Olney and Meg Olney, who outrank it as my magnum opus.

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Glossary

ABS	Australian Bureau of Statistics
ESAt	Employment Services Assessment
ESS	Employment Services reporting and tracking System
JCA	Job Capacity Assessment
JSCI	Job Seeker Classification Instrument
Long-term unemployed Long term unemployment	People unemployed and actively seeking work for 52 weeks or more
Marketisation (AU, UK) Marketization (US)	The exposure of an industry or service to market forces
Stream 4 jobseekers; 'hard to place' jobseekers	People at risk of long-term unemployment or persistently unemployed
Working Nation	A 1994 Australian Government White Paper introducing extensive reforms to labour market assistance arrangements in Australia

Notes for international readers

Australian Government	The government of the Commonwealth of Australia; also referred to as the federal government or the Commonwealth government
Australian governments	Federal, state and territory governments in Australia
Australian Labor Party (Labor; ALP)	Centre-left political party historically tied to the union movement http://www.alp.org.au/
Liberal National Coalition (Coalition)	A formal alliance of Australia's conservative and broadly centre-right parties, the Liberal Party of Australia and the Nationals, promoting the interests of business and regional Australia. These parties have governed in coalition from 1949 to 1972, 1975 to 1983, 1996 to 2007, and 2013 to date (as at March 2016).
Liberal Party of Australia (Liberal)	Conservative, centre-right political party that traditionally advocates lean government and supports free enterprise https://www.liberal.org.au/
Parliament of Australia	A bicameral Parliament consisting of a Senate and a House of Representatives, within a constitutional monarchy

Australian Prime Ministers 1991-2016		
Paul Keating 1991-1996	Labor	Replaced incumbent Labor Prime Minister Robert (Bob) Hawke in a party leadership ballot during a prolonged economic recession. Committed to expanding regional trade and reducing unemployment through non-traditional, market-oriented policies including deregulation of the financial system and the public sector. Defeated at a general election in 1996.
John Howard 1996-2007	Liberal	Led a Coalition Government. Restructured industrial relations and introduced direct employer–employee enterprise agreements (WorkChoices). Defeated at a general election in 2007. Australia's second-longest serving Prime Minister as at March 2016.
Kevin Rudd 2007-2010 2013	Labor	Replaced WorkChoices with Fair Work legislation. Rolled out a $75 billion economic stimulus package and nation-building recovery plan in response to the Global Financial Crisis, including a public works construction program. Deposed as party leader in 2010 but regained the leadership in 2013. Defeated at a general election in 2013.
Julia Gillard 2010-2013	Labor	Assumed office in a leadership ballot in 2010, two months before a general election that resulted in a hung parliament. Formed a minority government with the support of three independent members of the House of Representatives and a Greens MP (http://greens.org.au/about). Deposed as party leader in the lead up to the 2013 election, replaced by previous incumbent Kevin Rudd. Australia's first female prime Minister.
Tony Abbott 2013-2015	Liberal	Led a Coalition Government that defeated the Labor government in a 17-seat swing in the House of Representatives. Focused on reducing the budget deficit, border protection and 'ending entitlement' to welfare. Deposed as party leader in 2015.
Malcolm Turnbull 2015-	Liberal	Leading a Coalition government as at March 2016. Assumed office in a leadership ballot in September 2015 and led the Coalition to a narrow election win in July 2016. Pursuing an innovation agenda for economic growth.

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Part I - Introduction, Theoretical Underpinnings and Methodology

Chapter 1: Introduction

The rise of active welfare in Australia

> *Transcript from Keating – The Interviews (2013)*
>
> *Kerry O'Brien: [After the 1993 election] you declared a new economic challenge, and a social challenge, long-term unemployment. Partly it sprang from the recession but partly from the sharp decline in manufacturing. Middle aged men with few skills for a new economy. Now what did you use to deal with that?*
>
> *Paul Keating: As unemployment had risen, we found that long-term unemployment had risen markedly, that's people over six to twelve months unemployed. And so what I thought we needed to do was to completely change the way the labour market worked and the interface with the social security system, so we developed a whole new program, I think the first in the world, called Working Nation. And the essence of Working Nation was a kind of a contract; that we would take the long-term unemployed and we would offer them a job place and a job subsidy providing they took the work. In that context we offered to case manage each particular person over 12 months of unemployment, make the effort of managing their life back to employment.*

The year 1994 marked a significant and enduring shift in the social contract between the state and welfare recipients in Australia. Faced with economic recession, a sustained rise in long-term unemployment, questions about the efficiency of the welfare state and growing concern worldwide about the perverse social and economic effects of welfare dependency, the Australian Government embarked on reframing and redefining social security from a rights-based entitlement for the unemployed to conditional social protection with reciprocal obligations (Layard, Nickell & Jackman 1991; Mead 1992:3; Silver 1994; Keating 1994a:9; OECD 1994:5; Giddens 1994). It aimed to entrench the notion that every citizen receiving unemployment benefits had an individual responsibility to society to enhance their employability, undertake supervised job-search activity and accept any reasonable offer of paid work (O'Neill 1995:3; Howard 1998).

The 1994 *Working Nation* White Paper on employment and growth introduced extensive reforms to labour market assistance arrangements in Australia. It emphasised getting the long-term unemployed working and turning the "unemployment experience around from a **passive** skills and time waste to an **active** contribution to society" (O'Neill 1995:4 emphasis in original). It called for concerted national effort to move the unemployed into work from all tiers of government, businesses, unions and the unemployed themselves, stressing that employment and economic growth were inseparable and that the unemployed should not be "left to drift" (Keating 1994a:9). Yet the policy discourse was loaded. While acknowledging that economic growth alone was failing to move those who had been unemployed for twelve months or more into work, and that those people needed help and support from government and industry to find jobs, *Working Nation* also inferred that an overly generous social security system was contributing to persistent unemployment and deterring the long-term unemployed from adapting to changing labour market conditions (Keating 1994a:3; O'Neill 1995:3). In yoking income support for the unemployed to obligations to participate in active labour market programs, the government sought to move *discouraged* jobseekers – those needing assistance to find work - *disadvantaged* jobseekers – those needing assistance to overcome barriers to work - and *reluctant* jobseekers – those whose motivation might be weakened by benefit incentives - from welfare to work with the same governing instrument. The new regime uncompromisingly set out to push people off welfare and into work, through targeted assistance, pressure, encouragement or moral suasion (Considine et al. 2015:4; Junankar 2000:16).

Concurrently, the principles of mutual obligation and activation were gaining politic traction outside Australia, fuelled by the 1989 OECD *Employment Outlook*, the 1994 OECD Jobs Study, evaluation of California's Greater Avenues for Independence (GAIN) Program in the USA and the genesis of New Labour in the UK, which proposed a 'third way' of governing "beyond those on the right who say 'government is the enemy' and those on the left who say 'government is the answer'" (OECD 1990; OECD 1994; Riccio, Friedlander & Freedman 1994; Giddens 1994; Giddens 1998:70). In an increasingly integrated and competitive global economy, governments in OECD countries were looking for ways to reconcile the neoliberal push for market efficiency with the protection from the precariousness of the market their citizens had come to

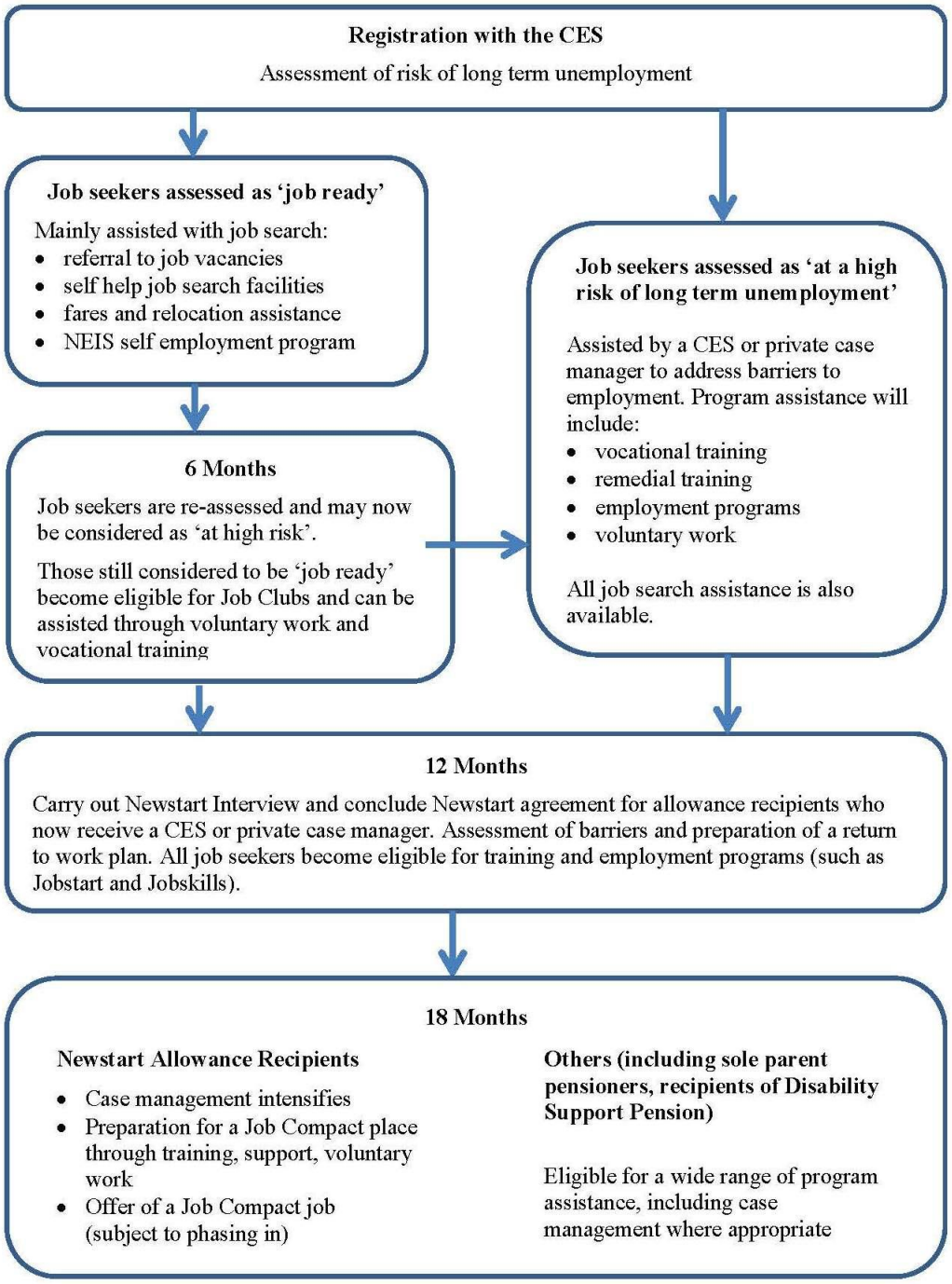
expect. Simultaneously, under political and economic pressure to cut spending, these governments were rationalising their own operations and embracing private sector style approaches to designing and delivering public services. The social policies that emerged demonstrated a shift away from the actuarial notion of "precautionary aftercare", which supposes that the future is in principle predictable, toward "systemic risk reduction" - providing citizens with education, support and incentives to be self-reliant, able and expected to adapt to change and to coproduce their own security over their life course (Giddens 1994:182-183; Sabel & Zeitlin 2003:4). Starting with the unemployed, the state was edging away from its traditional role of providing universal state services and standardised responses to social problems towards enabling and equipping citizens to help themselves (Considine 2001:2; Giddens 2003:1-34; Gilbert 2005).

Activation of the unemployed in Australia narrowed the boundaries for benevolent welfare, defined participation in paid work as a moral imperative for any Australian capable of working and charged the unemployed with responsibility for changing their circumstances. But the paradigm shift sought by the Keating Government in 1994 could not be achieved by only changing the behaviour of the unemployed. Those delivering employment services were forced to adapt and change the way they worked, driven by machinery of government changes, outcomes based performance management, the entry of contracted community and private sector agencies to the system, administrative reforms and competition for funding (Considine 2001).

Working Nation encompassed expansion of labour market programs, case management of the unemployed by government and private providers, a Youth Training Initiative, training wages, direct job creation through New Work Opportunities and a Job Compact. The sole stated aim of the ensuing *Employment Services Act 1994* was "to promote full employment by providing employment services that are free of charge to job seekers" (Commonwealth of Australia 1994 sec 3(1)). These services entailed matching job opportunities with skills that the unemployed had or were capable of attaining through training or experience. Under the Act anyone who had been unemployed for eighteen months or more was intensively case managed to prepare for and search for work and required to accept any reasonable offer of at least twelve months employment in a job generated through state subsidies to employers, as outlined in Figure 1. The Act refined its aim to promote full employment by defining case

management services as "assisting a participant in the case management system to obtain **sustainable employment**" (Commonwealth of Australia 1994 sec 37(1) emphasis added).

Figure 1: Employment services under Working Nation



(Keating 1994b:112)

The model for employment assistance unveiled by the Keating Government in 1994 set the scene for Australia's current employment services system. It turned to the market to disrupt entrenched bureaucratic ways of working with the long-term unemployed. It established an interdependent relationship between jobseekers and case managers charged with finding them sustainable and unsubsidised employment – for the jobseeker, income support contingent on working with the case manager to prepare for and find work and for the case manager, income contingent on moving the jobseeker into work. Case managers were required to identify and assess their clients' barriers to employment, to prepare a plan of assistance with each jobseeker to address those barriers, to organise activities such as training, counselling or volunteer work to help their clients become "work ready", to monitor their progress towards work readiness, to provide job search assistance and actively seek work for their clients and to report breaches of activity requirements as they arose (Keating 1994b:128). Success was measured in employment outcomes - moving people from welfare into paid employment. These fundamental features have endured in Australia's employment services system as it has evolved and the world around it has shifted.

The employment services environment in Australia

Two decades after *Working Nation*, Australia's long-term unemployed are no longer "middle aged men with few skills for a new economy" (Keating – The Interviews 2013). They are men and women, young people, people approaching retirement age, single parents and migrants (OECD 2012:44-48; Australian Bureau of Statistics (ABS) 2000:120). Some have never worked, some have low levels of education and some have outdated qualifications (ABS 2006:28). Some have little or no capacity to work full time or are only able to work episodically (Department of Social Services 2015a:51,57). Besides lacking skills to fill available jobs, they may be struggling with mental health issues, trauma, poverty, prejudice, drug and alcohol use, unstable accommodation, anxiety, mild physical and intellectual disabilities, isolation, unreliable transport, care of dependents, complex peer and family issues and intergenerational labour market detachment, excluded from participating fully in society and the economy (Ziguras 2005:19; Goodwin-Smith & Hutchinson 2014). Compounding their disadvantage and marginalisation, they face public scrutiny, criticism and censure of their lifestyle, their choices and their work ethic (Marszalek 2014; Carswell & Michael 2015). Each of these

factors can perversely affect their attachment to the labour market and their appeal to potential employers (Department of Education, Employment and Workplace Relations 2012a:15).

Australia's employment services system has also changed. It has been fully outsourced through a competitive public tender process since 1998, in three major policy reforms – *Job Network*, *Job Services Australia* and *jobactive* (sic). The first contracts under Job Network were awarded on the basis of price and links to jobseekers and employers. By 2015 the price was fixed by government, with payment contingent on outcomes and contracts awarded on the basis of demonstrated expertise and complex statistical analysis of past performance (Department of Employment 2015a). Employment services providers – a mix of for-profit and not-for-profit organisations – are contracted to enforce the government's activity requirements for income support, provide tailored job search assistance to jobseekers and post placement support where necessary, and direct 'hard to place' unemployed people to services to help them overcome non-vocational issues or gaps in skills that are keeping them out of the workforce. The number of organisations contracted to deliver employment services has reduced from a high of three hundred and six under Job Network in 1998 to forty-four under jobactive in 2015, with contracts concentrated in the hands of large, experienced providers but still split between for-profit and not-for-profit organisations (Thomas 2007; Department of Employment 2015b; Jobs Australia 2015:1). The 2015-2020 jobactive contract sets out clear expectations for mutual obligation and active participation for the unemployed around job search activity and work for the dole and places heavy emphasis on the employment services system satisfying the needs of employers for work-ready employees (Department of Employment 2014a).

Over the same two decades, the nature of work available, where it exists and conditions of employment have altered. More employers are seeking qualified, highly skilled and 'work ready' workers, while employment opportunities for unskilled workers are falling. Demand for workers with specific skills outstrips the number available in some industries but there is spare capacity in the labour market overall, consistent with below-trend growth in the economy (Reserve Bank of Australia 2015). The labour force participation rate has risen from 63.2 per cent in December 1994 to 64.8 per cent in April 2015 (ABS 1994:9; ABS 2015a:Apr 2015). In addition, the interregional division

of labour has been reshaped by the global economy. As governments compete to attract investment, jobs shift and become concentrated in particular areas, creating spatial disparity in employment and skills development opportunities (Fagan & Webber 1999; Watson 2013). Unskilled and low skilled work has become more casual and transitory, offering irregular and unpredictable working hours and income and limited prospects of career advancement, with young jobseekers particularly disadvantaged by this trend (Standing 2011; ACTU 2012:14; ABS 2011; Department of Employment 2015c:3). There has also been a rise in contingent, part time or ad hoc contract employment in some skilled industries, including health, allied health and post-compulsory education (Coates et al. 2009; Hall et al. 1998). While this trend arguably responds to workers' demand for flexibility in industries with high levels of female workforce participation, it appears to favour those from high skill, dual career households or those without dependents over single income families needing workplace entitlements and a steady income stream to meet ongoing expenses, to care for dependents and to accumulate assets and superannuation. In 2010, approximately eighty-four per cent of households that had been jobless for a year or more in Australia were headed by single parents, predominantly women, and over half of households that had been jobless for three years or more included a child under six years of age (Social Inclusion Board 2011:15).

There are also more people actively seeking work than jobs advertised. While some reports suggest employers still have difficulty filling jobs (Manpower Group 2015; Bevege 2015), the Department of Employment's *2014 Survey of Employers who have Recently Advertised* showed that both the availability of skilled workers and the number of applicants per advertised job vacancy was rising. Qualitative information from employers in the same survey suggested they had become more selective in recruiting staff, overlooking job applicants who might have been considered suitable in a tighter job market (Department of Employment 2014e:1). In February 2015, there were 151,600 jobs on offer while 781,600 unemployed people and a further 1,049,900 underemployed workers willing and able to work more hours were seeking work (ABS 2015a:Feb 2015; ABS 2015b:Feb2015). At the bottom of the pool of available labour, the long-term unemployed are a workforce of last resort for employers, competing for 'second tier' employment (Rimmer & Zappala 1988; Isaac 1989:51; Layard, Nickell & Jackman 1991).

In this environment, there are evident financial disincentives for the long-term unemployed with dependents to trade the surety of welfare and contingent access to free or subsidised necessities – particularly housing, health services and childcare - for precarious, low paid work (Ellwood 1987). Yet there is little empirical evidence to suggest that people who have been unemployed for more than twelve months are 'work shy'. Jobseeker compliance data reveals that in the final quarter of 2014, only one hundred and eighty-seven people refused a suitable job offered to them and two hundred and twenty-one people did not commence a suitable job – a work refusal rate of 0.06 per cent (or approximately 1 in every 1600) of the total pool of 678,732 active job seekers engaged with the employment services system in December 2014 (Department of Employment 2014c:2,12).

In 2015, launching the final report into a review of Australia's welfare system *A New System for Better Employment and Social Outcomes*, the Australian Government asserted that "activation works" while claiming that over the last decade Australia's welfare system had "grown relentlessly and become unsustainable" (Department of Social Services 2015a:62; Department of Social Services 2015b). If "activation works" but is not stemming relentless growth of the welfare system, by what yardstick is it deemed to be working? There are two possible explanations. The first is that activation of welfare recipients is not aiming to reduce reliance on welfare, which is counter to its stated purpose. The second is that demand for welfare is rising in segments of the population outside the scope of activation services. In the second scenario, it could be argued that the unemployed bear the brunt of welfare reform not because they put the most pressure on the system, but because they pose the least political risk in the system. Insisting in the report that everyone who could work in any capacity should work to reduce pressure on the welfare system, the government committed to creating one million new jobs within five years and two million new jobs over the next decade, in tacit acknowledgment that no amount of prodding or incentives can push welfare recipients into non-existent work (Department of Social Services 2015a:9, 136).

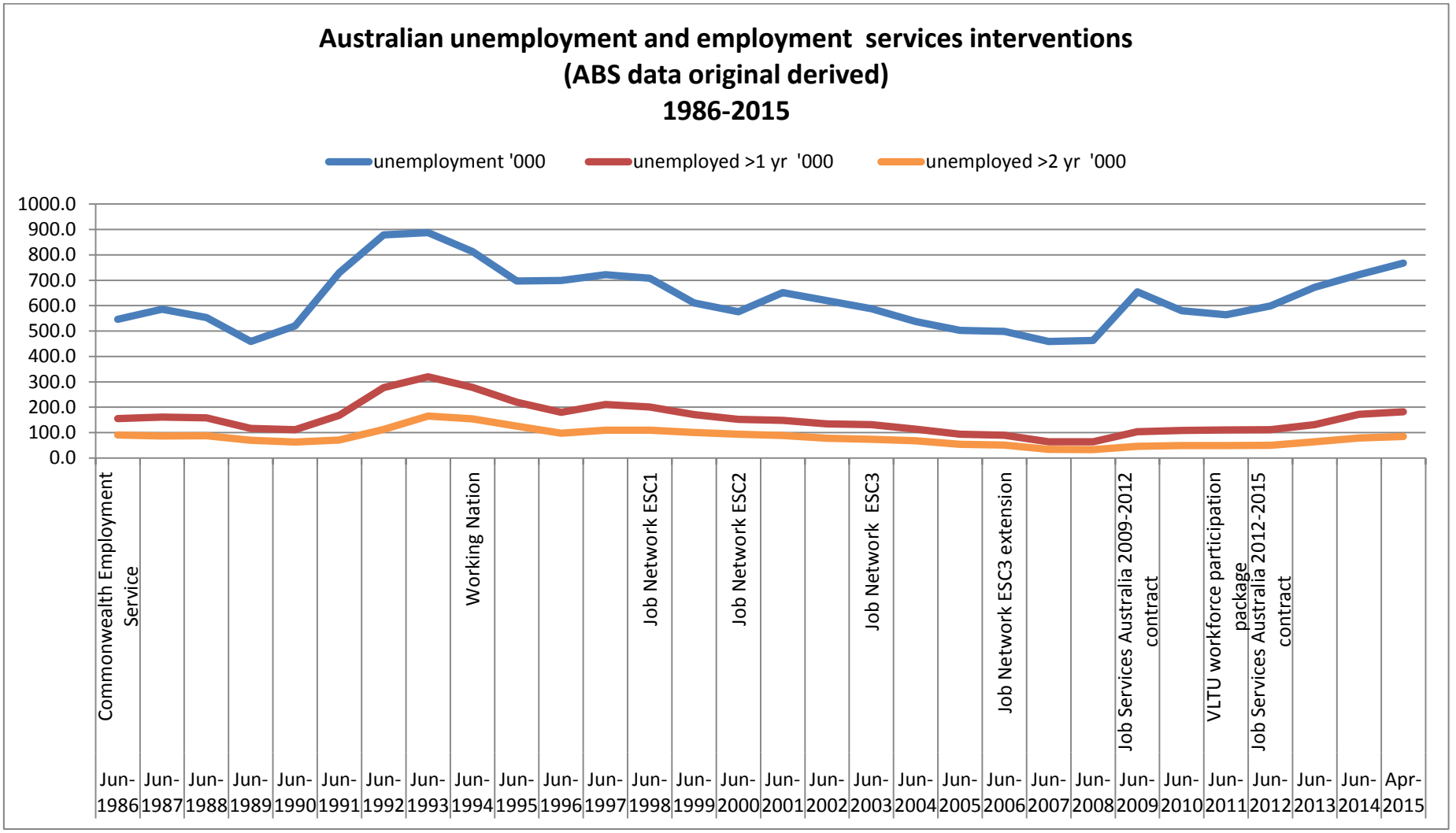
However history shows that creating jobs does not guarantee employment for marginalised jobseekers. Overarching the issues of incentives to work, capacity to work and availability of work, there is mounting evidence that the burden of unemployment is not shared equally across the population and that the long-term unemployed struggle to

compete in the mainstream labour market (McLachlan et al. 2013; Cunningham et al. 2014; Watts & Mitchell 2000:184). A random sample survey of employers conducted by the Australian Government in 2012 found that seventy-one per cent were less willing to hire people who had been unemployed for a long time "because of concerns about attitude, work ethic, reliability, motivation and consistency" (Department of Education, Employment and Workplace Relations 2012a:16). In addition, policy changes over the last decade have changed the characteristics of people receiving unemployment benefits. With the inclusion of people with a disability with partial capacity to work and principal carer parents who are no longer eligible for Parenting Payment, for example, there are now people actively engaged in the employment services system with little or no capacity to work full time or who are only able to work episodically (Department of Social Services 2015a:51,57). In 2012, more than three quarters of jobseekers streamed to receive the highest level of assistance from employment services providers had more than five barriers to work identified in their job capacity assessment reports (Parliament of Australia 2012). These jobseekers include people lacking attributes valued by employers, those facing structural and personal barriers to work and those excluded from or detached from the dominant culture.

Given the shifting composition of the claimant groups eligible for employment services support, it is difficult to analyse the impact of employment services on long-term unemployment over time. Clearly, the current pool of jobseekers who have been actively seeking work for a year or more includes people who would have been economically inactive in the past. Yet what is consistent over time is that there are people deemed by the government to be capable of working, who have access to publicly funded employment assistance, who have not secured employment after actively seeking work for 52 weeks or more. Whatever their circumstances, attempts to move these long-term unemployed jobseekers into the mainstream labour market through case management, referral to other services, job search assistance, vocational training, work experience programs, intermediate labour market programs, incentives, sanctions, post placement support and wage subsidies since *Working Nation* was conceived in 1994 have not had a significant or lasting impact on their workforce participation. Where such attempts succeed, successful jobseekers often simply displace other disadvantaged jobseekers in the queue for jobs.

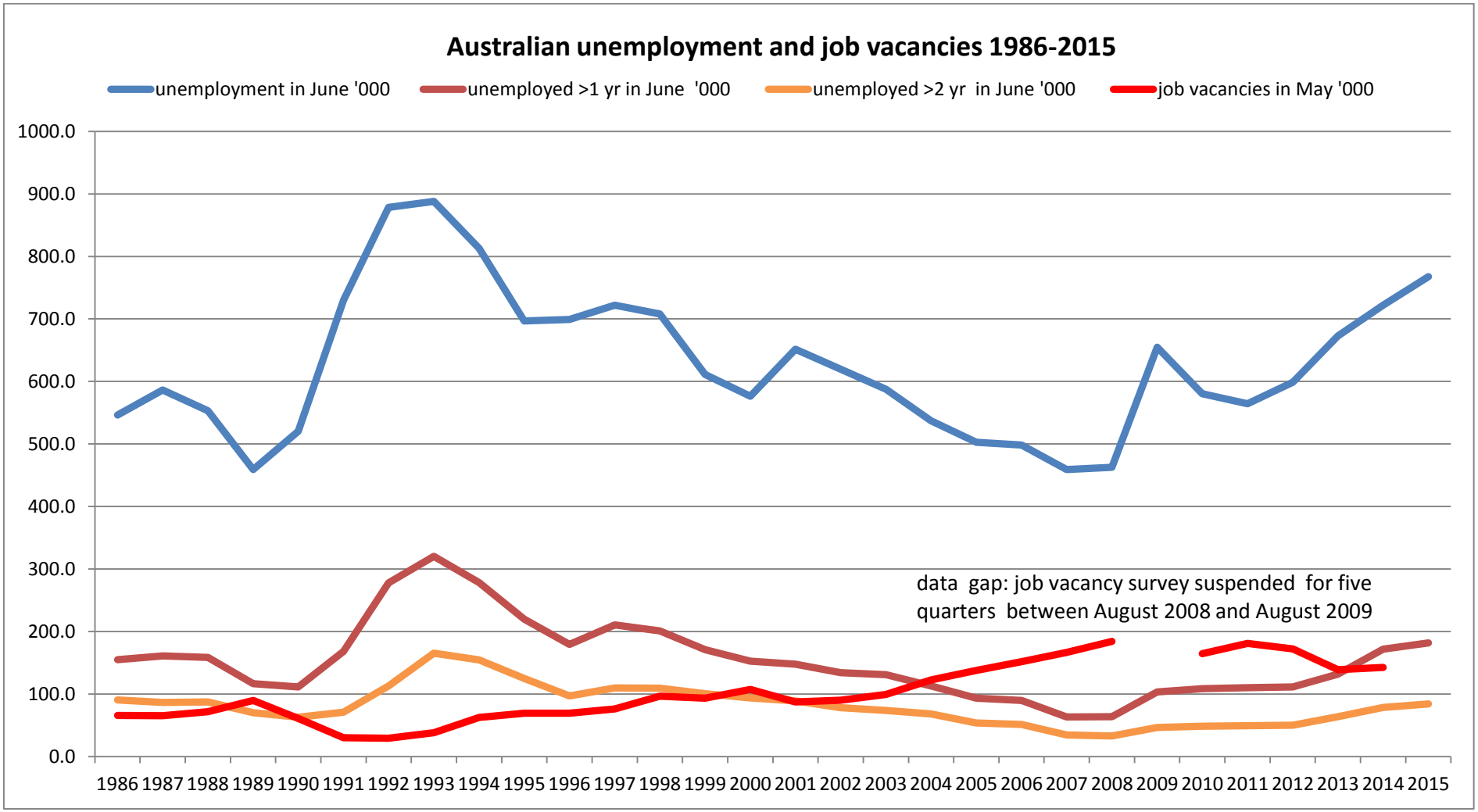
Data on unemployment, employment interventions and job vacancies in Australia from 1986 to 2015, summarised in Figures 2 and 3, reveals that long-term unemployment has persisted through global and domestic economic shifts, demographic changes, changes in the characteristics of jobseekers and the job market, changes of government, changes to machinery of government, changes in welfare and labour market policy, privatisation of employment services and over twenty years of continuous economic growth (Reserve Bank of Australia 2010; Reserve Bank of Australia 2015). Despite targeted effort and investment to reduce it, the trajectory of long-term unemployment has broadly followed the trajectory of general unemployment, with less dramatic peaks and troughs.

Figure 2: Australian unemployment and employment services 1986-2015



(ABS 2001; ABS 2015c)

Figure 3: Australian unemployment and job vacancies 1986-2015



(ABS 2001; ABS 2014; ABS 2015b; ABS 2015d)

The economic and social cost of long-term unemployment

The 1994 OECD Jobs Study warned governments to ignore members of society who had difficulty adapting to the requirements of advancing economies at their peril, claiming "their exclusion from the mainstream of society risks creating social tensions that could carry high human and economic costs" (OECD 1994:5). Yet the Australian Government's commitment to bridging that divide is patchy. Division of the population into 'lifters' and 'leaners', 'battlers' and 'bludgers' and 'strivers' and 'shirkers', and the message that the long-term unemployed must be coerced to prepare for and search for work, has been promoted by both sides of politics in Australia since the 1990s (Hockey 2012; Gillard 2011; Rudd 2010; Newman 1999). Whether that rhetoric reflected or shaped public sentiment in the early days is debatable, but the view that long-term unemployment flows from poor choices made by individuals is embraced by conservative voters and bolstered by mainstream media. The unintended consequence of that view has been reducing the appeal of those jobseekers to potential employers, who view them as damaged goods (Department of Education, Employment and Workplace Relations 2012a:16).

There is a clear economic imperative in Australia to engage people in the labour market who have been excluded from, or avoided, it in the past. By 2055, the proportion of the population participating in the workforce is expected to decline as a result of population ageing. This trend is already visible with the number of working-age people for every person aged 65 and over having fallen from 7.3 people in 1974-75 to approximately 4.5 people in 2015. By 2054-55, this is projected to nearly halve again (Commonwealth of Australia 2015:viii). The labour force participation rate for Australians aged 15 years and over is expected to fall to 62.4 per cent in 2054-55, compared with 64.6 per cent in 2014-15 (Commonwealth of Australia 2015:16). Yet even in times of skill and labour shortages, there are people with particular characteristics who tend to remain unemployed despite assistance and incentives to move into work – people with low levels of education, people struggling with mental health issues, people in unstable housing, people living in areas with concentrated unemployment and people of non-English speaking background (Department of Education, Employment and Workplace Relations 2012a:17; Fowkes 2011; Vinson 2007; Vinson & Rawsthorne 2015; OECD 1982; OECD 1988). The negative economic impact of their persistent unemployment

includes public spending on social security, activation services, health, housing, community services, justice and vocational training that fails to lead to employment; the opportunity cost of that expenditure; the loss of unemployed citizens' potential contribution to the economy as consumers, producers and taxpayers; and atrophy of the pool of labour available to industry to respond to changes in market conditions (Schultz 1961:13; Finn 2001; ACOSS 2011:10-13; Abbott, Abetz & Hartsuyker 2015). The economic impact is compounded by the social impact of rising disparity in wealth, power, social mobility, income, civic participation, mental and physical health, life expectancy and access to housing, secure work and education, which can fuel crime, discrimination and detachment from mainstream norms and values among people who feel marginalised and excluded (OECD 2015a; ACOSS 2015; Piketty 2013; Stiglitz 2012; Atkinson 2015).

In 2012 the overwhelming majority of long-term unemployed people and people at high risk of long-term unemployment in receipt of income support in Australia - classified under the Job Services Australia (JSA) contract at the time as Stream 4 clients – did not find sustainable work (Department of Education, Employment and Workplace Relations 2012b:13). The Gillard Labor Government attributed this to a "disconnect between employment services and other complementary services" assisting jobseekers while the subsequent Abbott Coalition Government blamed lack of incentive for jobseekers and employment services to achieve employment outcomes (Department of Education, Employment and Workplace Relations 2012a:17; Liberal National Coalition 2013:2). Both explanations rest on the assumption that the long-term unemployed can compete in the mainstream labour market, and find and keep a job, by changing their individual skills, behaviour or attitude. The weakness of the explanations lies in failing to acknowledge and address the complex and intertwined combination of demand and supply side factors that exclude or equip people to enter and remain in the workforce; the extent to which the design of employment services policy, its performance measures and its funding model can contribute to marginalisation of 'hard to place' jobseekers in the labour market; and the pressure the persistent unemployment of those jobseekers places on the economy and society.

Aim of this thesis

Scholars who have charted, analysed and critiqued the evolution of Australia's employment services system since the 1990s have observed that while contracting-out has enhanced the system's efficiency and effectiveness overall, it has sidelined jobseekers that need complex support to prepare for work (Considine, Lewis & O'Sullivan 2011:828; Finn 2011; Cowling & Mitchell 2003). There is room in the literature for deeper analysis of variations in service quality and outcomes for different groups of service users in the employment services system and the ramifications of those variations.

This thesis aims to contribute to public policy and employment services scholarship and ultimately, to influence policy and public management in the welfare to work arena. It presents an in-depth analysis of the context, process and effects of the "activating" approach to providing employment assistance to people facing multiple and complex barriers to work in Australia. Its key contribution is differentiating the impact of the marketisation of activation and employment services on these jobseekers from its aggregate impact. The distinction is important as this agenda continues to drive reform in human services. The persistence of long-term unemployment through more than two decades of radical redesign of the welfare state suggests that the pursuit of improved service and increased value within narrow policy and budgetary parameters leaves the most disadvantaged service users in its wake, despite efforts to mitigate that effect with graduated incentives for service providers.

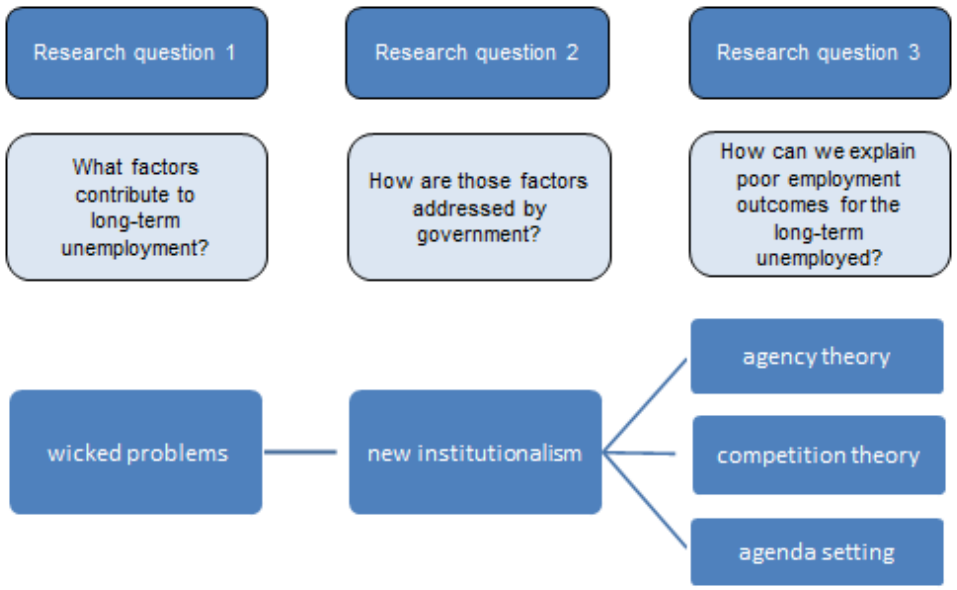
Responsibility for activation of all jobseekers rests with the employment services system. Yet for jobseekers with a large distance to cover to enter the labour market, the *process* of activation extends beyond the employment services system and its resources. Under the supervision of employment services providers these jobseekers move around and between federal and state and territory government funded services to address non-vocational barriers to work or gaps in skills. Market-based practice is pervasive in services delivered directly by government as well as outsourced services in this arena, with each actor incentivised to deliver outcomes determined by their sources of funding.

Drawing together multiple sources of quantitative and qualitative evidence this thesis addresses the following questions:

- What are the barriers to work for the long-term unemployed in Australia?
- How does the employment services system help the long-term unemployed address those barriers? Who are the other actors involved in that process?
- How can we explain failure to move people with multiple and significant labour market disadvantages into work and what are the flow-on effects of that failure?

The study is informed and framed by the literature on wicked problems and new institutionalism, as well as agency theory, competition theory and agenda setting. As shown in Figure 4, each element of this theoretical framework offers insights that can be applied to the challenge of tackling long-term unemployment in different contexts and from different perspectives. Together, they form a robust and balanced framework through which to examine and analyse the problem of long-term unemployment and to identify ways to improve employment outcomes for the long-term unemployed.

Figure 4: Theoretical framework for the study



The framework shown in Figure 4 is a multi-layered conceptual tool for examining and analysing the governance context for tackling long-term unemployment; policy reforms; the translation of policy into practice at an organisational level; and the behaviour of service providers at the point of service delivery. Each of these layers has a potential impact on employment outcomes for long-term unemployed people and each layer shapes and reshapes the welfare-to-work system in different ways. In the policy literature, implementation is a particularly problematic issue for those working in 'boundary spanning' policy arenas as it is a less straightforward process than it is often portrayed (Sullivan & Skelcher 2002; Dickinson & Sullivan 2014). Implementation of welfare-to-work policy now calls for engagement with and action from government, public, private and community partners. In that context, it is important to understand which elements of policy success or failure arise from policy design, which from policy implementation, and which from various combinations of design and implementation. This framework has scope to examine and analyse each of those elements.

Structure of this thesis

Part 1 of this thesis - chapters 1 to 3 – describes its context, background, theoretical underpinnings and research methodology. These chapters nominate 1994 as a pivotal point in the welfare to work story, when the principles of mutual obligation and activation of the unemployed were gaining political traction in OECD countries, and chart a course for this thesis through the next twenty years. Chapter 1 briefly describes economic and social challenges posed by long-term unemployment in knowledge economies; the complex barriers to work faced by unemployed people with multiple and significant labour market disadvantages in those economies; and how Australia's employment services system has evolved in response to those challenges. It proposes a theoretical framework through which to examine and analyse the governance context for tackling long-term unemployment; policy reforms; the translation of policy into practice at an organisational level; and the behaviour of service providers at the point of service delivery. Chapter 2 explores the concepts of public value, market-based governance and the active welfare state; the rise and legacy of New Public Management; the impact of New Public Management on the Australian welfare state; the federal/state divide in constitutional responsibility for public services accessed by welfare recipients in Australia; challenges in coordinating government-funded services

across jurisdictions and portfolios to address wicked problems like long-term unemployment; and the persistence of long-term unemployment despite targeted policy interventions to reduce it. Chapter 3 sets out the propositions underpinning this research and the research design and methodology; and describes how this thesis unfolded. It began as a study of networks of services radiating from employment services providers - at that time delivering services under the Job Services Australia (JSA) contract - helping the most disadvantaged JSA clients, categorised at the time as Stream 4, overcome barriers to work. However the picture that emerged from the data was far richer than anticipated – a mosaic of governance issues, market forces, policy, processes, relationships and complex disadvantage shaping the odds of the long-term unemployed and jobseekers most at risk of long-term unemployment finding and keeping a job.

Part 2 of this thesis - chapters 4 to 7 – examines efforts to move the long-term unemployed from welfare to work in Australia. These chapters reveal the complex and multi-disciplinary nature of interventions encompassed in activating those jobseekers; the challenges of coordinating those interventions in contestable funding environments and thin markets; issues in assessment of those jobseekers' barriers to work and how they are streamed for employment assistance; individualisation of the problem of long-term unemployment; and the employment services system's track record of moving these jobseekers from welfare to work. Drawing together primary and secondary data, chapter 4 examines the workings of Australia's employment services system, its record of moving Stream 4 JSA clients into work in recent years, the process of assessing jobseekers' capacity to work and the process of streaming them for employment assistance. In light of the system's poor record of moving the long term unemployed into work revealed in Chapter 4, Chapter 5 questions whether employment assistance provided to people facing multiple and complex barriers to work is misdirected; explores the distinction between capacity to work and employability; and examines what employers want from their workforce and values underpinning workforce recruitment. Chapter 6 presents my field work findings on barriers to work faced by Stream 4 JSA clients. The chapter compares data collected from employment consultants in interviews on barriers to employment faced by their Stream 4 clients with barriers identified through the Employment Services Assessment and/or Job Capacity Assessment when Stream 4 jobseekers are initially streamed for employment services.

The marked difference in the barriers identified in interviews and their prevalence suggests that regular face-to-face contact with JSA employment consultants elicits a more nuanced view of the barriers Stream 4 jobseekers face in finding and keeping work than initial job capacity assessments, and draws out information on more sensitive issues like mental health, drug and alcohol use, criminal history, unstable accommodation, behaviour or personal presentation. Finally, this chapter examines referral of Stream 4 JSA clients from employment services to other services to overcome barriers to employment - who is involved in that process, what happens, why and when – and reveals a high incidence of referrals from employment services to health professionals and counsellors to address mental health issues among this cohort. Chapter 7 explores the interaction between services offered to and accessed by Stream 4 JSA clients in the sites I visited, including client focused links between employment services and other services (referrals) and organisation focused links (strategic collaboration and partnerships). It discusses how different organisations work with common clients, how different organisations work with each other, and inconsistencies in regulatory environments, contractual obligations, priorities, funding, work processes and performance indicators; and outlines successes and challenges raised by JSA providers and other organisations working with common clients in relation to coordinating their activities.

Part 3 of this thesis - chapters 8 and 9 – explains governance challenges in tackling long-term unemployment in Australia and the ripple effects of the marginalisation of 'hard to place' jobseekers in the employment services system and in the labour market. These chapters challenge the 'choice and contestability' doctrine driving reform of human services and argue that much of the effort and investment devoted to helping the long-term unemployed overcome barriers to work through individual case management in the employment services system is misdirected. Chapter 8 looks at governance dilemmas in addressing significant labour market disadvantage from three perspectives - the design of employment services policy; the way in which the policy is translated into frontline services; and the challenges of addressing multiple and intertwined barriers to employment in a market-based, highly fragmented institutional landscape involving federal and state government departments, government agencies and contracted service providers with competing priorities. The chapter identifies structural weaknesses in the employment services contract and the way employment services interact with other

services that are failing the most disadvantaged and marginalised jobseekers. It considers whether the employment services contract is driving individualisation of the problem of long-term unemployment, or responding to it. Finally, it considers desired outcomes from activating the long-term unemployed and suggests key levers for success that entail rethinking assessment of their capacity to work, interventions to enhance their employability, and funding and metrics for services involved in activating the people facing multiple and complex barriers to work. Chapter 9 concludes that the market-based reform of Australia's employment services system has had a disproportionately negative impact on jobseekers requiring high levels of effort and investment to enter the workforce; calls for the measures of success of market-based reform in complex human services to factor in its flow-on effects; and outlines the theoretical and policy implications of this thesis. Finally, it argues that the findings of this study highlight the need for proactive, coordinated and targeted service responses from the employment, education, housing, transport, disability, health and justice sectors to prevent long-term unemployment, to reduce the financial burden of caring for those already caught in a cycle of unemployment and to promote social and economic inclusion for those on the margins of, or excluded from, the labour market.

Chapter 2: Market-based governance and the active welfare state

Introduction

Governments in OECD countries are grappling with the economic and social impact of entrenched unemployment in the face of complex social risks, an increasingly integrated and competitive global economy and escalating political and economic pressure to cut public spending. Many have introduced extensive reforms to their income support and employment assistance regimes, underpinned by two key principles – mutual obligation, narrowing the boundaries of benevolent welfare; and marketisation, embracing private sector style approaches to designing and delivering public services in an effort to be more responsive, accountable and efficient. Counter to predictions, the reforms have not had a significant or enduring impact on entrenched labour market disadvantage. Evidence suggests that the pursuit of improved service and increased value in activation and employment services has left the long-term unemployed in its wake in recent years. In Australia, the seasonally adjusted unemployment rate fell from 9 percent in October 1994 – when reforms to the employment services system were introduced - to 6.2 percent in September 2015 (ABS 2015a:Sep 2015). Yet seasonally adjusted figures also show that after the global financial crisis, the number of long-term unemployed in Australia rose from 64,700 people in July 2008 to 186,900 in September 2015; proportionally a much sharper increase than the rise in the total number of unemployed people over the same period from 477,900 to 769,900 (ABS 2015c:Sep 2015).

The barriers to work faced by the long-term unemployed, and people at risk of long-term unemployment, traverse policy and service boundaries. They straddle federal and regional government jurisdictions, portfolios and departments and national frontiers. They are multi-dimensional, overlapping, compound and mutually reinforcing. They highlight inconsistencies and lack of coherence in economic and social policies. Overcoming these barriers presents significant governance and management challenges to governments under pressure to demonstrate efficiency and effectiveness in delivering public services. While targeted incentives and new models of delivery may change the behaviour of actors in particular policy spheres, measuring the overall impact of those actions can be difficult in the broader environment of shifting and siloed government regulatory, funding, contracting and

reporting arrangements. Effecting real change hinges on governments' capacity to draw different policy strands together, to reconcile competing priorities, to protect service users vulnerable to exploitation or neglect in the pursuit of efficiency, and to articulate clear overarching goals for public investment in terms understood by the authorising environment. In theory, this is encapsulated in 'creating public value' through strategic design and implementation of public policy, achieving the equivalent of shareholder value in public management focused on the collective good (Moore 1995; Benington & Moore 2011; Moore & Khagram 2004:3). Yet policy rhetoric of coordinated, strategic and integrated design and delivery of public services is rarely backed up by structural collaboration or systemic attempts to capture and understand the cumulative impact of policy action in government.

The quest for 'efficient and effective' government

The premise that it is vital to work across policy and organisational boundaries to effectively tackle complex problems at a cost the authorising environment is willing to bear now pervades social policy, although evidence of its effectiveness is hard to find (Pollitt 2013, Head 2014, Dickinson 2008:2; Peters 2006). Early incentives and initiatives to streamline government services tended to be ad hoc, underpinned by broad macroeconomic theory, examples of practice in specific contexts and political pressure for governments to cut costs and demonstrate efficiency rather than robust empirical evidence of improved outcomes for service users (Gray and Wood 1991; Mandell 2001; Edwards 2001; Goldsmith & Eggers 2004; Head 2008, 2014). Nevertheless, the idea resonated with policy makers, scholars and voters. The concept of 'joining up' public services, under a range of names including joined-up government, collaboration, whole-of-government and horizontal coordination, was embraced by the Democrats in the US, the Social Democrats in Germany, The Australian Labor Party and Britain's Labour Party. It gained significant attention and traction under British New Labour, which claimed that traditional government structures built around specialist functions were ill-equipped to resolve the increasingly complex social, economic, political and environmental issues affecting Britain at the time.

The rhetoric of Labour's 1996 pre-election manifesto *New Labour, New Life for Britain* attracted voters dissatisfied with the status quo (Labour Party 1996). New Labour's policy was built around the philosophy of a 'third way' to reconcile neoliberalism with social

protection by "…grafting traditional concerns for equality and social justice on to an economic system based on free markets" (Giddens 1994:68, 1998; Hamilton 2001:89). At its heart was the concept of mutual obligation, presented as "…a new citizenship contract, based on responsibilities as well as rights. The state helps provide citizens with the resources to make their own lives, but in return they have to recognise their obligations to the community" (Giddens 2001). Post-election, the Blair Government's White Paper *Modernising Government* and subsequent action plans called for the public sector to provide integrated and seamless service delivery to more effectively tackle wicked problems like entrenched disadvantage in communities, poverty, crime and substance abuse (Blair 1999; Churchman 1967; Rittel & Webber 1973).

Since then, scholars and policy makers worldwide have examined the costs and benefits of government working across policy and organisational boundaries, both in terms of process and outcomes (for example Gray et al.. 2003; Goldsmith & Eggers 2004; Kamensky & Burlin 2004; Halligan 2005; Head 2008; Christensen, Fimreite & Lægreid 2007; State Services Authority Victoria 2007), and in terms of systemic barriers to defining and sharing problems, delivering outcomes in complex policy environments, measuring shared outputs, mobilising resources and delivering integrated services (Sullivan & Skelcher 2002; Van Gramberg, Teicher & Rusailh 2005; Vinson 2007; O'Flynn et al. 2011; Alford & O'Flynn 2012; Shergold 2013; Centre for Social Impact 2014; Head 2014). Much of the literature suggests that coordinating effort and resources across policy and organisational boundaries promotes efficiency and effectiveness in the provision of public services. The lingering questions are, firstly, why governments and their agents struggle to work in this way and secondly, when they do, why wicked problems persist - and continue to grow - in the face of those efforts.

Despite years of stated commitment to work across policy boundaries to address wicked issues – from *Modernising Government* (Cabinet Office 1999) to *A Stronger, Fairer Australia* (Australian Government 2010) – there are few examples of governments coordinating expenditure, activity and rules affecting common service users across different jurisdictions and tiers of government in an effective, sustainable and durable way. Australia, for example, has a National Mental Health Strategy that has encompassed four five-year National Mental Health Plans covering the period 1992 to 2014, overlapping with the Council

of Australian Governments (COAG) National Action Plan on Mental Health between 2006 and 2011. Forging intersectoral partnerships and linkages has been an explicitly stated priority in all National Mental Health Plans over two decades, with each plan placing major emphasis on coordinating and integrating services accessed by those experiencing mental health problems and mental illness. Yet approximately fifty separate statutory inquiries into different aspects of failure in the mental health system conducted between 2006 and 2012 revealed that policy and service silos hampered coordinated and holistic provision of mental health care for people in need of multi-dimensional support (Rosenberg & Hickie 2013:2). As shown in Table 1, services like law and order, employment services, health, education and housing continue to cite growing numbers of service users with mental health issues – encompassing anxiety, affective and substance use disorders – as a key challenge with remarkable consistency. However there is no consistency in how service users' mental health issues are diagnosed and framed in each context, and resources and responsibility for addressing those issues are not apportioned within an overarching framework. This is particularly significant in the context of delivering employment assistance to people facing multiple and complex barriers to work, in light of research findings on assessment of their capacity to work and steps taken to enhance their employability set out in Chapter 4 and Chapter 6 of this thesis.

Table 1: Efforts to coordinate services accessed by people experiencing mental health problems across federal and state governments in Australia

Commitment to service coordination in National Mental Health Plans 1992-2009	
1992	Within the life of the Plan the Commonwealth and the States/Territories will establish joint pilot projects with other government agencies to assist people with mental disorders to live in the community…(Australian Health Ministers 1992:10)
1998	To encourage the provision of a mix of health and welfare, employment and income support services, this Plan places major emphasis on the need to forge linkages and partnerships in collaboration with stakeholders and agencies providing health and community support. (Australian Health Ministers 1998:foreword)
2003	The 2003–2008 Plan will see partnerships with other sectors such as housing, education, welfare, justice and employment, to assist with the recovery of those experiencing mental health problems and mental illness. (Australian Health Ministers 2003:3)
2009	Coordinate the health, education and employment sectors to expand supported education, employment and vocational programs which are linked to mental health programs…Develop integrated approaches between housing, justice, community and aged care sectors to facilitate access to mental health programs for people at risk of homelessness and other forms of disadvantage. (Australian Health Ministers 2009:iv)
Sample of issues flagged by other services accessed by people experiencing mental health problems 2008-2014	
Housing	People with mental health (and drug & alcohol) issues comprise a significant proportion of the population facing homelessness. (NSW Health & NSW Department of Family and Community Services 2012:4)
Education	Some students have very complex welfare needs that have a profound impact on their ability to attend school, complete homework and concentrate on their studies. These are students who may no longer be in a stable family environment, those living independently, pregnant teens, those with mental health issues and the homeless. (Lamb & Rice 2008:34)
Justice	Specific types of crime are increasing rapidly, such as alcohol-fuelled assaults, trafficking in 'ice' and other new kinds of illicit drugs, family violence, child abuse…Police are spending a lot more time responding to incidents caused by mental illness…(Victoria Police 2014:2)
Employment	Employment is critically important for those who are experiencing alcohol, drug, mental health, homelessness and other social exclusion issues and can help people to successfully address and manage such problems...Under the current arrangements, employment services are not well equipped to deal with the complex range of issues experienced by these clients. (Herron et al. 2013:1)

Australia's struggle to coordinate services accessed by people with mental health issues is not unique; nor is its struggle to capture how different services identify, classify and respond to mental health issues among their service users. In the UK, research into mental health policy between the mid-1990s and 2010 revealed that isolated top-down policy actions had profound and unpredictable flow-on effects as service users, actors and organisations adjusted to new conditions in the system, yet policymakers consistently failed to examine the cumulative effects of their interventions (Hannigan & Coffey 2011). At every level, problem formation, problem ownership, evidence to guide change and policy 'solutions' reflected different stakeholders' priorities, values, experience and position in the system. Beyond mental health policy, research in Sweden explored the practice of Public Employment Services classifying hard-to-employ people as "occupationally disabled" on the basis of characteristics ranging from "deficiencies in one's social abilities" to post-traumatic stress in order to explain their persistent unemployment (Holmqvist 2009:407, 411, 412). Holmqvist (2009) argues that governments' tendency to frame social issues like homelessness and unemployment as medical issues by linking them to individuals' mental health shifts the focus of interventions from managing socioeconomic problems to treating individual problems (Holmqvist 2009:405-406). Arguably, the breadth of psychological and emotional issues encompassed in mental health leaves it open to use as a catch-all term to which any deviation from the norm among people accessing public services can be ascribed - a legitimised 'too-hard basket' for service providers under pressure to achieve outcomes.

Demonstrating efficiency and effectiveness in tackling complex and enduring policy problems is a challenge for governments. In a landmark article published in the 1970s, Rittel and Weber (1973) described problems in social policy that were highly resistant to resolution as 'wicked'. Wicked problems share particular characteristics reflecting their complexity and present equally complex governance and management challenges in the planning and delivery of public services (Rittel & Webber 1973; Australian Public Service Commission 2012):

1. *Wicked problems are difficult to define and classify*. Different stakeholders have different perceptions of the problem, in most cases each with an element of truth. These perceptions are largely based on stakeholders' ideas for solving the problem, which are constantly evolving. Every wicked problem is essentially unique.

2. *Wicked problems have no clear solution*. The process of solving the problem is linked to understanding its nature. Because there are no clear criteria for understanding the problem, nor any criteria to prove that all solutions have been identified and considered, solutions are always open to improvement. Governments generally seek ways to best manage such problems within particular parameters and terminate their efforts when priorities or resources shift.
3. *Wicked problems have many interdependencies, multiple causes and internally conflicting goals*. Every wicked problem can be considered to be a symptom of another problem. Disagreement between stakeholders seeking to resolve a wicked problem tends to reflect their individual view of the various causal factors. Solutions involve finding equilibrium between competing priorities and require action and compromise at every level of government, in the private and community sectors and by individuals.
4. *Attempts to address wicked problems can lead to unforeseen consequences*. Any solution implemented can generate consequences over an extended, unbounded period of time and policy-makers have no way of tracing the repercussions on people affected ahead of time or within a specified time span. In making decisions with far-reaching effects, there is no tolerance for failure.

These characteristics are evident in multi-layered problems like mental health issues, drug or alcohol issues, social exclusion, long-term unemployment, early school leaving, homelessness, family breakdown and crime, which straddle federal and regional government jurisdictions, portfolios and departments and in some cases, national boundaries. These problems expose gaps between policy rhetoric and practice, the practical challenges of policy design and policy implementation and the dilemmas and trade-offs involved in frontline delivery of public services to citizens with complex needs. The key weakness in efforts to address such problems, according to Rittel and Webber, lies "at the juncture where goal-formulation, problem-definition and equity issues meet" (Rittel & Webber 1973:156). This encompasses framing the problem to be addressed (agenda setting) and from there, considering where there is or could be capacity to resolve that problem in a way that is palatable to citizens and stakeholders with vested interests (institutionalism, agency theory, competition theory). The multi-faceted nature of wicked problems means that every policy decision or action is open to

debate, calling for examination and analysis within a multi-faceted theoretical framework.

Complex and layered problems like long-term unemployment pose ongoing governance and management challenges to governments under financial and political pressure to solve them. Analysis of relevant literature suggests many of those governance and management challenges are the legacy of an era of public sector reforms widely known as 'New Public Management'.

Before New Public Management

The Great Depression sparked a shift in the role of government towards protecting individuals from the uncertainties of the market. Governments assumed greater responsibility for the economic welfare of citizens by stimulating employment and economic activity through public spending during recessions. While the economist John Maynard Keynes is widely credited as the main architect of this reform, it emerged from a convergence of ideas, scholarship and practice across the US, the UK and Europe grappling with unprecedented economic challenges that defied conventional solutions – a period of "policy…being groped towards in practice" (Pilling 2014:52). In his account of the development of the US Government's New Deal in the early 1930s, one of President Roosevelt's advisors said:

> *...I doubt whether any of the men in the room had ever heard of John Maynard Keynes, the English economist who has frequently been referred to as the economic philosopher of the New Deal. At least none of them cited his writing to support his own case, and the concepts I formulated, which have been called 'Keynesian' were not abstracted from his books, which I had never read. My conceptions were based on naked-eye observation and experience…*
> *(Eccles 1951:132)*

The common ground in this trend was belief that consumption drives economic growth (Keynes 1936). At the time it was accepted that inflation and recession were mutually exclusive and there was widespread agreement that the state should intervene to promote employment and induce demand for goods to "contribute to the continuity of

capitalism" when the market flagged (Turner 2011:383). With the US 1935 Social Security Act, the New Deal made provision for income support for families where neither parent was in work on the condition that recipients would continue to actively seek work - a condition that would shape thinking about the relationship between income support and employment in market-driven economies for years to come. This continued beyond the Second World War, when the role and size of government grew to enact broader social reform and maintain full employment. Keynesian macroeconomic theory prevailed for nearly five decades.

The tide turned in the 1970s. In the wake of the Vietnam War and the 1973-74 oil crisis, highly industrialised countries experienced rising unemployment and rising prices simultaneously. 'Stagflation', a term first used in the UK House of Commons to describe stagnation of the production of goods and services combined with rising inflation, was a policy scenario beyond the parameters of Keynesian modelling (UK Hansard 1965:c1165). Criticism of the 'nanny state' and large-scale government intervention to stimulate the economy and employment ensued. This criticism gained momentum in the 1980s under free market proponents UK Prime Minister Margaret Thatcher and US President Ronald Reagan, underpinned by theory on the use of monetary policy to balance inflation, unemployment and economic growth developed by Reagan's key economic adviser, Milton Friedman (Friedman 1968; Thatcher 1980). The social and economic costs of the welfare state were scrutinised and new schools of economic thought such as behavioural economics (Camerer, Lowenstein & Rabin 2004; Jones, Pykett & Whitehead 2013) and new institutional economics (Coase 1998) challenged traditional assumptions about rationality, blurring boundaries between economics, psychology, sociology and political science. Concurrently, the German philosopher and sociologist Habermas suggested that the structural limitations of the welfare state arose from a deliberate process of linking economic conditions, rising unemployment and budget pressures to the costs of the welfare state in the minds of voters (Habermas 1986:7).

Responding to growing economic, social and political pressure, public management reforms undertaken in the 1980s and early 1990s marked a general shift away from 'big government' and passive welfare towards economic rationalist, politically neutral, budget-maximising, 'private sector style' approaches to designing and delivering public

services – the beginning of an ongoing drive for government to 'work better and cost less' in a global and competitive economy (Hood & Dixon 2015; Aucoin 1990:134; Osborne & Gaebler 1993; Hood 1995:94, 101-102). The "employment of market means to advance public goals" was widely embraced as the way forward (Nye 2002:ix).

The spread of New Public Management

Most citizens in market-oriented societies have come to expect governments to be lean, responsive, accountable and efficient in providing public services – to embrace private sector styles of management, to change their approach when necessary, and to change quickly (Savas 1991; Hood 1995; Aulich 2001; Hughes 2003; Mulgan 2005; Kamarck 2006; Duncan & Ritter 2014). These expectations have challenged traditional vertical forms of government administration and thrown harsh light on bloated bureaucracies, inflexible processes and procedures, inefficient resource management and the performance, competence and ethics of public servants (Hood 1991, 1995; Brereton & Temple 1999; Horton 2006; Dusevic 2013). Critics of large government bureaucracies say they are risk averse, difficult to steer and slow to change direction, and make inefficient use of resources – all characteristics that impede innovation, flexibility and entrepreneurship (Osborne & Gaebler 1993; Pollitt 2003; Considine 2005; Pollitt & Bouckaert 2011). A common response from governments to these criticisms has been to downsize their administration and shift their focus to 'steering not rowing' - from delivering public services by managing people and programs to "coordinating resources for producing public value" (Goldsmith & Eggers 2004:24). This entails breaking public services into "corporatized" units each with their own cost centre, organisational identity, delegated decision-making and managerial authority (Hood 1995, p.95-97) and in some cases, outsourcing services or developing multi-stakeholder processes, with the aim of enhancing service delivery through greater local flexibility and capacity for responsiveness (Considine & Lewis 1999; Giddens 2001; Considine 2005; Aulich & O'Flynn 2007; Cameron 2010; Considine, Lewis & O'Sullivan 2011; Alford & O'Flynn 2012; Dickinson, O'Flynn & O'Sullivan 2014).

These approaches epitomise New Public Management, a term coined by Christopher Hood in the 1990s to describe governments' efforts to 'modernise' their administration and public services, reduce waste and increase accountability (Hood 1991:3-19). Since

then scholars have debated use of the term in the absence of an agreed doctrine (Hughes 2008), suggesting it is no longer relevant in an era of digital governance (Dunleavy et al. 2006) or might more aptly be described as 'new public governance' (Osborne 2010; Bovaird & Loffler 2009:6). Others acknowledge the term's shortcomings but defend its use in the absence of a paradigmic alternative (de Vries 2010). Even the originator of the term acknowledges it was "somewhat mystical in essence" and comprised an eclectic set of ideas and practices (Hood & Peters 2004:268; Hood & Dixon 2015:3). Nevertheless, the "so-called New Public Management movement" (Hood & Dixon 2015:3) dominated analysis of public administration and management in the late 1990s as political parties in the US, the UK and Australia among others sought "…a means of grafting traditional concerns for equality and social justice on to an economic system based on free markets" and while it has been challenged, it remains a key part of governance discourse (Hamilton 2001:89; Newman 2001; Hughes 2003; Christensen & Lægreid 2007).

New Public Management heralded significant changes to frontline delivery of social services in OECD countries, theorised at the time as the emergence of a post-Fordist welfare state (Giddens 2001; Goldsmith & Eggers 2004; Considine 2005; Pittard & Weeks 2007; Considine, Lewis & O'Sullivan 2011). It was hypothesised that the new welfare state would be characterised by separating programs from traditional forms of bureaucracy, contracting out major program activities, competition between program providers, decentralisation of key resource allocations, network governance, co-production of services and more varied forms of welfare provision to respond to increasing diversity in the community (Considine, Lewis & O'Sullivan 2011:812; Goldsmith & Eggers 2004). The literature shies away from highlighting cost-cutting as a characteristic of this approach, although it is implied by emphasis on efficient use of resources, entrepreneurship and innovation. By 2010 the drive to cut public expenditure was more explicit and the emergence of the 'Big Society' in the UK, couched in terms of redistributing power from the state to citizens, reflected growing concerns about the state's capacity to address complex social problems in a cost-effective way (Smith 2010; Kisby 2010; Cameron 2010). At best, the state was seen as a lumbering and outmoded business model, and at worst, as a barrier to citizen action, entrepreneurship and efficient service delivery (Sullivan 2012). Defending his government's welfare

reform agenda in the face of savage criticism in 2012, UK Prime Minister David Cameron pulled no punches:

> *We are in a global race today… the old powers are on the slide. What do the countries on the rise have in common? They are lean, fit, obsessed with enterprise, spending money on the future - on education, incredible infrastructure and technology. And what do the countries on the slide have in common? They're fat, sclerotic, over-regulated, spending money on unaffordable welfare systems, huge pension bills, unreformed public services (sic).*
> *(Cameron 2012)*

The complexity of contemporary public policy issues, combined with changing citizen expectations, compelled governments to rethink New Public Management less than two decades in. While there were evident improvements in efficiency in having clear lines of accountability within agencies, it became apparent that organisational focus on the delivery of outputs within portfolios and departments and meeting performance indicators and incentives linked to those specific goals were inhibiting collaboration and integration across government to respond to and resolve issues crossing policy boundaries (Van Gramberg, Teicher & Rusailh 2005; State Services Authority Victoria 2007:3).

The impact of New Public Management on the Australian welfare state

In Australia, questions concerning governments' capacity for responsiveness were raised as early as 1974 by the Royal Commission on Australian Government Administration, which called for a more adaptive approach to service delivery and more efficient approaches to delivering government objectives (Coombs 1976). Since then there has been growing emphasis on value-for-money provision of government funded services, increased focus on efficiency and results, expectations of greater transparency around process and, more recently, scrutiny of social impact (Shergold 2003; Marston & McDonald 2007; Gallop 2007; Alford & O'Flynn 2012). Responses to this include the Australian Government's reforms to enhance competition in the higher education sector in the 1980s and 2014 (Marginson 1997; Hockey 2014), privatisation of delivery of employment services to welfare recipients in the 1990s (O'Donnell & Mitchell 2001; Underhill 2006:295) and expansion of the role of non-government organisations in

delivering mental health services, also in the 1990s, on the basis that they could deliver some services more efficiently or more effectively than the government or the private sector (Whiteford & Buckingham 2005). This trend was also fuelled by theories that turning delivery of services over to local private providers would promote civil society, although empirical evidence was scarce (Gilbert 2005:17). In line with what was happening in other OECD countries, the "world of large, hierarchically defined public organisations which provided their citizens with a set menu of standard, universal services, delivered by a career workforce" was losing political ground in Australia (Considine 1999:183-4). Government was transforming from a direct service provider to a manager of a portfolio of provider networks, increasingly reliant on contractors from both the private sector and the not-for-profit sector to deliver public policy outcomes (Goldsmith & Eggers 2004).

However contracting-out presented new challenges. Firstly, the term 'public value' was problematic, given the dynamic and complex nature of the authorising environment (Moore 1995; Eggers & Goldsmith 2004:24). The definition and realisation of public value requires the participation of a range of stakeholders and "what is valued and what is legitimate to authorise is continually contested in the public sphere" (Ernst & Young 2014:7). Arguably for political expediency, assessment of public value is often confined to the relative benefits and costs of different methods of service delivery with limited consideration of flow-on effects, unintended consequences or cost-shifting (Alford & O'Flynn 2012). Secondly, transaction costs to governments and the organisations with which they work associated with lengthy and complex procurement processes, and requisite shifts in organisational culture, work practices and workforce composition on both sides associated with contracted service delivery, are often omitted from the value-for-money equation. The government competitive tendering process alone consumes substantial time and money within and outside government, with no return on investment for unsuccessful bidders, and has spawned growing demand for specialist tender writers outside government and probity specialists within government. Thirdly, in situations where complex problems span jurisdictions and portfolios, tensions can surface when contractual obligations overlap or leave gaps in service delivery, linked to factors like funding silos, competing priorities, privacy, approaches to performance measurement, regulatory and risk regimes, scope to marshal local resources, measures of success and tolerance for political risk, or when the environment in which a

contracted provider is operating shifts during the life of a contract (Head & Alford 2008; Hood 2002). These tensions stem from one of the key characteristics of New Public Management – the disaggregation of public sector organisations into public sector 'products' (Hood 1995:95).

Disaggregation of public services impacts on policy design and implementation as well as coordination of service delivery (Rhodes 1998:23). The bureaucracy focuses on the delivery of outputs assigned to portfolios and departments, which reinforces policy siloes and limits capacity and drive to resolve issues crossing policy boundaries, and this is compounded by outsourced service delivery with contractual obligations, performance indicators, regulations and incentives tightly bound to the key performance indicators of the contracting agency. Where issues prove intractable, governments rather than organisations working directly with service users tend to define and frame the problem to be addressed, nominate 'complementary' services to address it, and drive coordination of those services from the top down. Escalating efforts to join up government both at the policy level and at the point of service delivery acknowledge these weaknesses, yet ongoing feedback from practitioners suggests there has been little progress in addressing them (Dunleavy et al. 2006; Dunleavy 2010). In Australia, they can be further complicated by the division of constitutional responsibility for services between the federal and state and territory governments (Chandler 2000; Van Gramberg, Teicher & Rusailh 2005:2).

At the time of Federation, power over matters of national importance such as defence, citizenship, immigration and international trade were given to the Commonwealth while states held responsibility for services like education, health, regional development, community services, housing and local government. This split is consistent with the principle of subsidiarity in one respect – that policy and service delivery should be devolved to the level of government closest to the people receiving the services (Galligan 2014; NCOA 2014:69). A key structural issue affecting federal and state relations in this sphere is vertical fiscal imbalance, or the disparity between the respective responsibilities of the Commonwealth and the states and their relative capacities to fund those responsibilities (Galligan 2014; NCOA 2014:70; Chordia & Lynch 2014; Chordia 2014).

Over time, welfare reform has placed increasing pressure on state services without commensurate changes to the states' capacity to generate revenue. The Goods and Services tax has failed to keep pace. States must choose between accepting funding from the Commonwealth with terms and conditions attached in order to fulfil their constitutional functions, increasing federal intrusion into traditional state government areas of responsibility (Head 2007), or managing alone. The Commonwealth also has the option to bypass states and provide funding directly to non-government entities through grants or program funding for specific purposes. Ultimately, in both scenarios, voters can be left unsure of which level of government to hold responsible for policy success or failure while the fragmentation of responsibility for outcomes and policy design frustrates non-government organisations concerned with issues crossing jurisdictional boundaries (Head 2007; Chordia 2014; Brown 2014).

High level efforts to coordinate public policy and services across jurisdictions in Australia, such as the Royal Commission into Australian Governments (Coombs 1976), interdepartmental committees (Australia Management Advisory Committee 2004) and the Council of Australian Governments (COAG) have had limited success. In 2002 Prime Minister John Howard observed that "some of the most challenging policy choices faced by government are those that cross the traditional boundaries between Cabinet ministers' portfolios and between the Australian, State and Territory levels of government" (Howard 2002: foreword). Deeply embedded bureaucratic characteristics persistently frustrate attempts to work across program boundaries, even with high level champions (O'Flynn et al. 2011:253). In most cases reforms to that end achieve sub-optimal results or are unsustainable, in part due to lack of supporting architecture and the entrenched program focus of government bureaucracies and in part due to lack of understanding about the complexity of activity and relationships at the point of service delivery (O'Flynn et al. 2011; Alford & O'Flynn 2012). If governments are committed to efficient, streamlined, holistic and networked service delivery, it appears they must rethink siloed tendering, contracting, reporting and acquittal arrangements. In the Australian context this raises complex questions about policy design, inter-governmental funding arrangements and agency and program based funding allocations.

The legacy of New Public Management

In October 2013 the Australian Government established an independent body to review and report on the performance, functions and roles of the federal government with a "broad remit to examine the scope for efficiency and productivity improvements across all areas of Commonwealth expenditure" (NCOA 2013:1). This body, the National Commission of Audit, examined the benefits and costs of outsourcing, competitive tendering and procurement as a means of delivering public services and acknowledged that there were challenges in striking "the right balance on accountability, privacy, probity and consumer protection" (NCOA 2014 section 10.3). In the face of rising expectations for more effective service delivery and "improved coordination and collaboration, both within the Commonwealth Government and between the Commonwealth, States and Territories, businesses and community organisations", the Commission recommended that decisions to outsource in future should be made with reference to a broadly accepted set of principles, with appropriate safeguards to protect the rights of citizens and provide potential contractors with fair opportunities to compete (NCOA 2014 section 10.3). There is, however, no formal, structured approach at the Commonwealth level for considering which services should be contestable or outsourced (NCOA 2014 section 10.3).

At all levels of government in Australia, coordinated and co-operative procurement is generally limited to goods or services in common use, such as IT, office supplies, catering or vehicles (Department of Finance 2015; Victorian Government Procurement 2015; NSW Government Procurement Board 2015). There is no coordinated procurement process for products and services purchased by governments to promote social and economic inclusion of people outside the labour market. Guidelines at federal, state and local government levels set overarching frameworks and standards for procurement but individual departments and agencies within three levels of government are responsible for their own contracting, contract management, business decisions and processes. These departments and agencies, with hundreds of employees within them making purchasing decisions on behalf of government, effectively operate as separate purchasers, each with their own priorities, business requirements, processes, key performance indicators and measures of success (Department of Finance and Regulation 2009:2-6). Both the extent of disaggregation of government procurement and the

complex layers of accountability around the use of public funds are legacies of New Public Management reforms.

As government evolves, the organisations with which it works are also undergoing substantial shifts in culture and work practices. They are competing to deliver services to government and on behalf of government, and the pool of potential contractors is growing, yet they are often asked to collaborate at a local level. In particular, governments' approach to delivering social services under tightly regulated but piecemeal contracts is reshaping the not-for-profit sector, a phenomenon explored by other researchers over more than two decades (Smith & Lipsky 1993; Eikenberry & Kluver 2004; Barraket (ed) 2008; Sidoti et al. 2009; Considine, O'Sullivan & Nguyen 2013; Considine, O'Sullivan & Nguyen 2014; Considine et al. 2015:55-75; Gallet et al. 2015). In 2009, given the sector's growing role in delivering public policy outcomes, the Australian Government instructed the Productivity Commission to assess the contribution of the not-for-profit sector and impediments to its development. Its report flagged an urgent need to review and streamline government tendering, contracting, reporting and acquittal requirements related to outsourced service provision. Consultation with not-for-profit providers, many of whom were working with multiple government agencies and within multi-tiered regulatory and funding environments, revealed two key issues related to delivery of government funded services - inefficiency on both sides of the contract associated with multiple funding streams; and 'red tape':

> *... a key concern of NFPs [not-for-profits] in relation to government funded services is the sheer number of service agreements and contracts NFPs need to enter into in order to maintain the financial viability of their organisations. Submissions and consultations provided anecdotal evidence that in some cases providers are being contracted by multiple government agencies (including across levels of government) to deliver services that essentially address different and, to some extent, overlapping aspects of the same problem. Conceptually, having too many funding streams can be inefficient to the extent that it involves avoidable costs for both governments and providers. On the face of it, this suggests that governments should consider the appropriateness and feasibility of joining up funding streams within and across levels of government...*
>
> *(Productivity Commission 2010:312)*

> *Consultations with NFPs and their submissions have provided strong anecdotal evidence that in many cases [reporting] requirements have become overly prescriptive and process driven and impose a significant compliance burden on providers…At least to some extent, these problems appear to be an outgrowth of poor risk management…While governments are aware of this issue and can point to a range of initiatives intended to reduce compliance costs, these efforts appear to be largely occurring in a piecemeal fashion. As such, it is doubtful whether they will be sufficient to arrest and reverse the growing compliance burden on providers without further impetus being given to reform efforts. In particular, governments need to focus on reducing the avoidable costs associated with inconsistent, overlapping and redundant requirements across government agencies and levels of government. (Productivity Commission 2010:338)*

More broadly the report flagged that multiple short-term funding agreements undermine the capacity of providers to plan and deliver services efficiently and effectively, and found strong support among providers for governments to enter into service agreements and contracts that reflect the length of time needed to achieve complex outcomes like intergenerational or social change (Productivity Commission 2010:336).

What has emerged from the contracting out of social services in Australia is a highly fragmented institutional landscape involving federal and state government departments, government agencies and contracted service providers working with common clients, all committed to their own way of working administratively and philosophically. Considine's observation that what is done and what is not done in the routine practices of government agencies cuts a track for those who follow (Considine 2005:2) is upheld by subsequent research findings from O'Flynn, Buick, Blackman and Galligan:

> *The pervasiveness of a program focus and the silos that it creates and reinforces were seen as impossible to combat, even in a setting where there was physical co-location and strong endorsement from Ministers and Secretaries. The power of programs to shape behaviour has created a series of pathologies that undermine joined-up approaches…*
> *(O'Flynn et al. 2011:249).*

In this environment it seems counterintuitive for governments to expect contracted service providers to 'join up' at a local level to address complex social issues. Siloed approaches to procurement encourage, generate, or entrench siloes in service delivery by splitting contracted services into government-defined categories (for example health, education, housing, employment services, community services); binding contractual obligations to the key performance indicators of the contracting organisation; and outsourcing service delivery to specialised service providers with agendas and priorities of their own. But does that *preclude* holistic servicing of end users? Building on the work of classical theorists like Weber and Durkheim, the study of new institutionalism in sociology, economics and political science provides scope for deeper analysis of the contracting-out process, structure-agency relationships and how rule-based constraints, cultural beliefs, social relationships shape practices in different fields (Powell & DiMaggio (eds) 1991; Rhodes 1995; Goodin 1996; Peters 2005; Bell 2002; Heugens & Lander 2009; Alderson 2011:248; Hodgson 2011:360-366).

New institutionalism and joined up government

A landmark article by DiMaggio and Powell in 1983 revitalised the structure-agency debate in institutional analysis. First, they proposed that organisations producing similar services or products could reasonably be expected to be exposed to similar structural forces and consequently, an organisation's potential for agency will only differ in organisation-level variables such as access to public funding or participation in professional associations (DiMaggio & Powell 1983:148). Secondly, they identified isomorphism – similarity in processes or structure - as the default variable for institutional theory, which was quickly adopted as a crucial indicator of institutionalism on both sides of the structure and agency debate. Thirdly, they specified three general pressures for isomorphism in organisations – the threat of coercion by actors upon whom the organisation depends, mimicry of successful counterparts, and fields becoming diffused with normatively laden ideas through professional networks or credentialing institutions (DiMaggio & Powell 1983; Bell 2002). Heugens and Lander subsequently questioned whether organisational behaviour was the product of social structure or organisational agency; whether conformity to institutional norms enhances or diminishes organisational performance; and whether organisational field–level

factors could explain differences in the pull of isomorphic forces across organisational fields (Heugens & Lander 2009:61). The structure-agency debate, theories of action, conceptualisations of institutions, how institutions interact with each other and the wider structural forces in politics and the economy are all important elements in examining the behaviour of actors delivering public services under market-driven conditions, both within government and working under contract. Yet the elements carry variable weight in analytical perspectives grouped under the umbrella of 'new institutionalism'.

Inspired by new institutional economics, rational choice institutionalism assumes that the behaviour of agents is goal-directed; that institutions are constructed by individual actors for rational purposes and that individual actors engage in changing and shaping institutional environments to suit their goals – a perspective that critics say overemphasises institutions and structures and downplays choice and agency (Bell 2002; Heugens & Lander 2009). Cultural frame institutionalism addresses these criticisms. Initially it conceptualised institutions as durable social structures that shape the practice and behaviour of actors, but it has since captured broad attention for its contribution to the study of diffusion, isomorphism and heterogeneity in organisational fields. More recently it encompasses the study of markets and industries, in particular how economic institutions are embedded in broad fields of interaction like professional and trade associations, government agencies, firms and not-for-profit actors. Complementing cultural frame institutionalism, relational institutionalism argues that atomistic accounts of social processes provide an 'under-socialised' account of organisational behaviour that ignores the influence of social forces on organisational action and decision making. It conceptualises institutions as networks of relationships that shape actor behaviour and argues that the basic unit of social analysis should not be individual entities nor structural wholes but the processes of interaction between and among them. Under this umbrella, network theory provides a set of tools and a framework for considering how ties among organisations – exchange relations, shared directors, location or affiliations – aggregate into an inter-organisational structure, considering both organisations *as* networks and organisations *in* networks (Powell 1990; Latour 2005; Osborne 2010; Lewis, Alexander & Considine 2013).

Granovetter's research in the 1980s into the extent to which economic action is embedded in structures of social relations revealed widespread preference in business for transacting with individuals of 'known reputation' and that few people rely on 'generalised morality *or* institutional arrangements to guard against trouble' where money is involved (Granovetter 1985:490, 1973). If economic action is fundamentally influenced by the variable location of single actors in social networks, it follows that insertion of actors into stable networks of personal relations allows information to spread and opportunism to be controlled, with members "foregoing the right to pursue their own interests at the expense of others", generating trust and isolating those who are not trustworthy (Granovetter 1973; Powell 1990:303). Building on these findings in 2009, Considine, Lewis and Alexander found that the embedded resources produced within the work-based social networks of politicians, bureaucrats and key community leaders – trust, forms of connectedness and exchange, the getting and giving of advice and the obtaining and giving of strategic information – were key drivers of innovation in delivery of public services (Considine, Lewis & Alexander 2009). These connections are reflected in shared language in pre-election promises, policies and calls for submissions; in requests for tenders and tender submissions; and in the terms of reference of interdepartmental and intersectoral working groups. The increasing movement of people between and across the public sector bureaucracy, private enterprise, the not-for-profit sector and research in Australia - fuelled in part by the impact of rational choice institutionalism on the public sector workforce and in part by changing work patterns – presents opportunities to explore in more depth whether those who drive innovation in employment services occupy certain positions within networks, whether a certain pattern of connections improves employment outcomes or whether connections are only effective when associated with aspects of the formal structure of government. Furthermore, as bureaucrats outsource services within the boundaries of different and multi-layered procurement rules and priorities, interesting research puzzles are emerging in relation to ways in which their experience and networks shape how they frame projects for implementation, the selection of contractors, their approach to contract management and evaluation and how they see their work in a broader institutional context.

Research is now blurring theoretical boundaries in the study of institutions in sociology, in economics and in political science. Organisational theorists at that interface, 'new

structuralists', are drawing on network analysis, contemporary organisational analysis, institutional analysis, multi-dimensional scaling and political analysis to study cultural beliefs and social relationships as distinctive yet overlapping dimensions that shape practice in particular fields (Lounsbury & Ventresca 2003:457–480). In public policy research, the evolution of hybrid institutions involving public, for-profit and not-for-profit providers in the delivery of public services is exposing the limitations of 'public versus private' in policy debates, as evidence mounts that neither markets nor hierarchies can resolve complex policy problems (Brandsen, van de Donk & Putters 2005; Skelcher, Sullivan & Jeffares 2013; Dickinson, O'Flynn & O'Sullivan 2014). As governments increasingly outsource public services with the expectation that government, for-profit and not-for-profit providers of different services will coordinate their efforts at a local level to maximise public value, research into boundary-spanning activities, brokerage, trust and network ties in hybrid multi-actor networks, and their impact on the legitimacy and performance of those networks, is racing to keep pace with practice (Sullivan & Skelcher 2002; Considine & Lewis 2003; Klijn, Steijn & Edelenbos 2010; Sørensen & Torfing 2009; van Meerkerk 2014; Head 2014; O'Flynn et al. 2014:10).

Australia's employment services system embodies the challenges of managing hybrid institutions in practice, given the range of providers involved in delivering employment services; the system's reliance on external actors to achieve outcomes for jobseekers facing non-vocational barriers to work; and the complex rules and regulations surrounding its service delivery. New structuralism, relational institutionalism and research into hybrid forms of governance provide a robust theoretical framework for examining the design, development and implementation of the system. They also provide a framework for developing new knowledge around the challenges facing Australian federal and state governments in harnessing and developing the skills and talents of providers of employment services, providers of other public services and industry to reduce the economic and social costs of long-term unemployment in tough economic times.

The welfare-to-work market

In Australia, as in most OECD countries, economic and political pressure is fuelling need and incentive for greater cooperation between governments, business and society to dismantle hurdles to employment for people with multiple and significant labour market disadvantages (Australian National Audit Office 2014a; Australian Social Inclusion Board 2011; Australian Public Service Commission 2012). The 2012 OECD report *Activating Jobseekers: How Australia Does It* found that Australia's activation strategy for the unemployed, enforcing work availability and mutual obligation requirements, contributed to it having one of the highest employment rates in the OECD (OECD 2012). However an issues paper released by the Australian Government that same year acknowledged that employment outcomes for highly disadvantaged jobseekers could be improved and that in future "employment servicing arrangements need to better encourage partnerships with other services…and to deliver holistic servicing to job seekers" (Department of Education, Employment and Workplace Relations 2012a:5,17).

Australia's employment services are fully outsourced, exemplifying the core characteristics of New Public Management. Employment services providers are contracted by the federal government to provide everyone receiving unemployment or parenting payments with services and support, either directly or through referral to specialist services, to help them move from welfare to work. This service is underpinned by a 'labourist' model of activation of welfare recipients – that is, it spurs unemployed people to prepare for and search for work in exchange for income support by participating in labour market programs, work-like structured activities or training to address individual gaps in knowledge and skills or industry skill shortages (van Berkel 2002:3; Pollitt & Bouckaert 2011; Stafford & Kellard 2007:132; Barbier 2005; Johansson 2001; Considine 1999; Mead 1997; Besley & Coate 1992). The 'work first' approach is based on the premise that any job is better than no job, and that some attachment to the labour market will translate into lasting attachment to the labour market. More broadly it contends that moving welfare recipients into any form of paid work quickly - promoting economic inclusion – will have the flow-on effect for them and their families of strengthening inclusion in other domains – social, cultural and political - and provide broader public benefits such as reduced welfare costs,

efficiencies in service delivery outcomes, increased economic activity and social cohesion (van Berkel and Borghi 2008; Vinson 2007; Vinson & Rawsthorne 2015; van Berkel 2002:3-4; Mead 1997).

As outlined in Chapter 1, on 1 July 2015 the Australian employment services system transitioned from 2012-2015 contracts for Job Services Australia (JSA) to 2015-2020 jobactive contracts. While the rhetoric surrounding the new iteration reflects the language of public value, it retains the key characteristics of New Public Management – a focus on efficiency, competition between providers, discrete performance measures and discrete resource allocations. Under JSA, people in receipt of unemployment benefits deemed 'fit to work' were sorted into four streams for varying levels of assistance from JSA providers according to their level of disadvantage and needs; under jobactive, they are sorted into three streams. Under both contracts, responsibility for activation of jobseekers rests with the employment services provider. But for people with a large distance to cover to the labour market and grappling with complex personal and systemic barriers to work and learning – Stream 4 jobseekers in JSA and Stream C in jobactive - much of the *process* of activation occurs in services designed, driven and/or funded by other parts of government. Activation of highly disadvantaged jobseekers in Australia extends beyond the employment services system and its resources. Along a continuum of capacity to work, these people move around and between federal and state and territory government funded services with siloed objectives, measures of success, funding and reporting arrangements, sometimes over a long period of time.

Funding to employment services providers is contingent on outcomes – payment by results. Under JSA these ranged from social outcomes – clients making progress towards employability – to participation in education and training, to employment. Under jobactive, outcomes are almost exclusively employment focused. While there are premiums attached to achieving employment outcomes for highly disadvantaged jobseekers, and those rates increase the longer a jobseeker is out of the workforce before achieving an outcome, achieving sustained improvements in participation and employment outcomes for this group appear to come at a cost the market is reluctant to bear. Allegations of discrimination against marginalised jobseekers have persisted since employment services were first outsourced – that 'hard to place' jobseekers are

regularly sidelined, receiving sufficient attention to meet activity requirements for income support but making little progress towards employment (Considine, Lewis & O'Sullivan 2011:828; Australian Social Inclusion Board 2011; O'Sullivan, Considine & Lewis 2009; Australian Public Service Commission 2012; Parliament of Australia 2004 sec 4.40; Faulkner 2011). In 2012 the Gillard Government acknowledged a need for integrated approaches and greater cooperation between government, employment services, the community sector and business to address the issue of employment services 'creaming and parking' – prioritising clients more likely to find work and therefore generate a faster return on a smaller investment (Department of Education, Employment and Workplace Relations 2012a). However it is in the process of cooperating that the fragmentation of the government procurement system poses challenges, discrepancies emerge between the rhetoric of joined up services and practice on both sides of the contracting process, and funding and regulatory silos are thrown into sharp relief.

A quasi-market of initiatives, programs and networks of organisations helping disadvantaged jobseekers overcome vocational and non-vocational barriers to work has formed around employment services providers, with varying degrees of contestability and conditions associated with the various sources of funding that sustain it. This market draws in a broad range of service providers and hosts for work activity placements, including government agencies, private enterprises, not-for-profit organisations and incorporated associations. Some services provided to jobseekers in this market are purchased directly by employment services providers; others like health and wellbeing programs, vocational education and training, community building initiatives and transitional labour market programs draw on other sources of funding or in kind resources – government contracts, non-recurrent grants from federal, state and local government, philanthropic grants, support from business and volunteers. This institutional structure, with its patchwork funding, enables marginalised jobseekers to meet activity requirements for income support and maintain connection to services and support through periods when they are exempt from activity requirements.

The movement of these jobseekers around this quasi-market without moving them into work raises questions about the extent to which long-term unemployment can be attributed to personal capabilities or behaviour rather than social, economic or structural

factors. OECD economies are increasingly based on the production, distribution and use of knowledge and information. Consequently, demand for educated and highly skilled workers is rising while employment opportunities for unskilled workers are falling. Most governments in OECD countries have focused on improving human capital to address this - providing broad-based formal education, establishing incentives for firms and individuals to engage in continuous training and lifelong learning and improving the ratio of labour supply and demand in relation to skill requirements (OECD 1996:7,19). Yet Australia's record in this area, explored in Chapter 4, suggests that training and work experience alone are not enough to move to people with significant and multiple labour market disadvantages into the workforce, even with punitive incentives. There is growing awareness that social and economic policies must be mutually reinforcing to develop dynamic and competitive knowledge-based economies that are also inclusive (de la Fuente & Ciccone 2002; Prior & Mellor 2002; Blunkett & Johnson 2005).

The knowledge and skills people need to participate in the labour market include codified knowledge - represented in standards, education and training curriculum and written procedures and texts - and tacit knowledge - gained through experience, through working with others and through the application of codified knowledge (Australian Industry Group 2007:4). Codified knowledge is more commonly associated with formal and structured learning and tacit knowledge with informal and non-formal learning. In the latter, development of human capital and social capital converge. Theorists like de Tocqueville (2001), Bourdieu (1983), Coleman (1988) and Putnam (2000) argue that the impact of upgrading human capital is maximised through social capital, when skills and knowledge are "brought into socio-economic circulation" (Balatti & Falk 2001:1).

Recent studies of people receiving income support in Australia challenge assumptions about welfare recipients' values, attitudes, skills and motivations, indicating that many are active in their communities, engaged in paid or volunteer work and/or caring for others (Murphy et al. 2011; Vinson 2010). However there is also evidence that in communities facing multiple and complex problems – high unemployment, social exclusion, high crime rates, shifts in economic activity – the normative nature of networks can inhibit participation in education and training and employment (Maclachlan 2004; White & Wyn 2008). Research in the US, Australia and the UK

indicates that the most vulnerable and deprived citizens are being locked into areas with declining economic activity and corresponding declining quality of health, education, amenity and welfare, which contributes to widespread social stress, loss of self-esteem and disenchantment with, and alienation from, mainstream socio-political traditions (Giddens 2001; Prior & Mellor 2002; White & Wyn 2008; Beck 1992; Wilkinson & Pickett 2009; Vinson 2007; Vinson & Rawsthorne 2015; Stiglitz 2012). Symptoms of a deficit in wellbeing in communities include rising poverty levels, unemployment, relationship breakdown and a predilection to blame those who are different for a loss of efficacy, and are often linked to other indicators of social stress such as substance abuse and gambling (Prior & Mellor 2002; White & Wyn 2008; Beck 1992; Wilkinson & Pickett 2009; Vinson 2007; Stiglitz 2012). Yet the cumulative cost of long-term unemployed people being excluded from mainstream economic and social activity is rarely measured.

Reconstruction of the citizen as a 'customer' and how the 'problem' of long-term unemployment is defined and discussed sets boundaries around how it is addressed (Bacchi 2009; Shapiro 1992). Discourse on these individuals and communities has moved away from a structurally oriented social justice perspective, where disadvantage and exclusion are considered to be problems of society and the economy, to a focus on individual deficiencies and poor choices (Martin 2004; Silver 2007; Mayer 2009; Saunders 2004; Holmqvist 2009). The distinction between being "work-fit" and being competitive in the labour market is largely ignored (Gillett 2014). The tipping point for welfare reform appears to be a convergence of economic and political will - when the cost of supporting unemployed people exceeds a society's *capacity* to fund it and, concurrently, its *willingness* to fund it. Increasingly, responsibility for persistent unemployment is being laid at the feet of the individuals, or services that cushion those individuals from the consequences of detaching from the labour market:

> *While Australia's income support system is primarily aimed at alleviating disadvantage, a number of recent welfare reforms have focused on the potential role welfare has in sustaining or even causing disadvantage. This reflects an emerging policy consensus on the need for governments to address the negative effects of welfare dependency, including engaging in active interventions in the lives of welfare recipients….Recent debate has shifted from participation requirements and the means*

> *tested conditions of entitlement. It now centres on the living conditions of those being targeted and whether the behaviour of welfare recipients is contributing to their disadvantage.*
> *(Buckmaster & Klapdor 2010)*

Continuing that theme, the UK Work Programme Prospectus dated November 2010 sets out points raised by respondents to an informal consultation on the design and delivery of the proposed Work Programme – drawn from three hundred online comments and meetings with representatives from over 50 organisations – and government responses. The following concern raised and corresponding response highlights the tensions that can exist between government and contracted service providers, and the government's clear line of demarcation between charity and contracted delivery of public services:

> *Charities asked to deliver the Work Programme would be required to counteract their guiding principles by reporting non-compliance with required activity to Jobcentre Plus*

> *It is right that conditionality has a role to play in supporting people back to work, and we will expect sub-contractors to report any breaches of conditionality they recognise to the Department. It will be for individual charities to decide whether this arrangement runs contrary to their charitable activity and therefore whether they wish to participate in the Programme.*
> *(Department for Work and Pensions 2010:16)*

Pierson observed in the mid-1990s that the politics involved in dismantling the welfare state are not simply the mirror image of the politics of expanding it, because as it grew new constituencies and beneficiaries developed vested interests in maintaining it. However he also noted that despite interest groups linked to particular social policies being "prominent political actors", their "influence on policy depends whether leaders can actually mobilise members to reward or punish policy makers for particular courses of action…The constituencies of welfare state organizations must be activated to be politically effective" (Pierson 1994:29-30). The environment is now more complex. Organisations working with welfare recipients under contract to government are arguably complicit in its courses of action, and must balance lobbying and advocacy

with their commercial relationship with the state. It could also be argued that the complexity and fragmentation of policy instruments and service delivery mechanisms in the welfare state effectively exclude welfare recipients from mobilising as a group.

Underpinned by differing opinions about poverty and its causes (see for example Mead 1997; Murphy et al. 2011), the views of critics of welfare reform who are concerned about the individualistic assumptions underpinning it, and its supporters, who argue for human agency, are polarised. Sen, an influential voice in social inclusion literature, argues that the impact of unemployment is not only deficiency of income but "…far-reaching debilitating effects on individual freedom, initiative and skills" (Sen 1999:21). Despite the European Union's designation of three common indicators of poverty and social exclusion – the *at-risk-of-poverty rate*, the *severe material deprivation rate* and the *share of people living in households with very low work intensity* (Agostini, Sabato & Jessoula 2013:28) - debate still surrounds the concept of exclusion and its measures. On assuming office in 2013 the Australian Prime Minister Tony Abbott swiftly dismantled the previous government's Social Inclusion Board and portfolio and dispensed with lexicon of social inclusion entirely, having declared in his election campaign that "insisting that Aboriginal children attend school and that adults attend work programmes, for instance, is a much more effective means of promoting social inclusion than adding the term to a minister's title" (Abbott 2012). However both sides agree that sustainable employment is the best way out of poverty and social exclusion for people of working age, and that there are groups of people with common entry barriers to employment that remain persistently on the margins of or outside the labour market.

Servicing the hardest to help in the welfare-to-work market

The *Employment Services – building on success Issues Paper* released by the Australian Government on 11 December 2012 flagged a need to improve coordination of services accessed by disadvantaged jobseekers to improve employment outcomes (Department of Education, Employment and Workplace Relations 2012a:17). In response to "strong feedback about the "disconnect" between employment services and complementary services" the government pledged to deliver holistic servicing to jobseekers through

stronger partnerships between employment services and other services, including the Department of Human Services:

> *We know, through the JSA Demonstration Pilots and other initiatives, that partnerships reduce duplication, encourage innovation and holistic servicing, and result in improved results for job seekers. The Government would like to encourage a constructive conversation on how to build partnerships with other services, particularly around how to:*
>
> - *improve coordination and sharing of resources between employment services providers and complementary services*
> - *improve coordination between employment service case managers and complementary service case managers, where a job seeker is receiving assistance from both sources, and increase awareness of the full range of Commonwealth and State/Territory assistance available to both job seekers and their providers.*
>
> *(Department of Education, Employment and Workplace Relations 2012a:17)*

Issues highlighted for discussion included how the employment services system might be structured to encourage partnerships with a wide range of other organisations to meet the needs of jobseekers; how to ensure that partnerships effectively reduce duplication and free up more resources for jobseekers; how partnerships between training providers and employment services could most effectively improve outcomes for jobseekers; and how the relationship between employment services and Centrelink could be improved to better assist jobseekers. The issues paper elicited spirited responses from nearly two hundred employment services providers, other service providers working with the unemployed, academics and peak bodies about barriers to coordinating services accessed by the long-term unemployed. Challenges flagged in submissions highlighted tensions between the priorities and contractual obligations of different services, the burden of compliance, diverse interpretations of engagement, concerns about the jobseeker assessment process and reservations about the employment services system's singular focus on achieving quick employment outcomes (Davis & Giuliani 2013).

However coordinated case management was not a priority for the Abbott Coalition Government when it came to power in 2013. Its declaration that "every Australian who

is capable of working should be in a job, preferably for a wage but, if not, for the dole" (Liberal National Coalition 2013:2) paved the way for a new set of relationships between employment services providers and other services, and between employment services providers and employers. Focused firmly on moving people off welfare as quickly as possible, the Coalition was less concerned with providing services and support to the long-term unemployed than removing disincentives to work and encouraging a "work-like culture" among jobseekers (Department of Employment 2014a:7). Partnership priorities for employment services shifted away from services helping clients overcome non-vocational barriers to work and toward organisations likely to contribute to faster achievement of measurable outcomes for clients. In particular the government's Work for the Dole policy, intended to "instil work like behaviours and develop the personal attributes and pre-employment skills that employers are looking for" in jobseekers, required employment services providers to work with contracted Work for the Dole coordinators, not-for-profit organisations, local councils, schools, community organisations and state and federal government agencies to source Work for the Dole places and projects for their clients (Department of Employment 2014d:4). The Abbott Government's reduced emphasis on training for the unemployed, in particular discouraging training not directly related to a specific job (Department of Employment 2014a:23), was difficult to reconcile with the consistent stance of the OECD, the International Labour Office and the G20 that low educational attainment is a key factor contributing to unemployment, and that lifelong learning is vital for social cohesion and economic growth (OECD 2011:6; OECD 2004:185; OECD 2003a:3; OECD 1994:51-52; International Labour Office 2011).

Engaging marginalised and vulnerable people in lifelong learning, encouraging and assisting them to manage socio-economic and life trajectory changes over their life course, helping them overcome vocational and non-vocational barriers to workforce participation, equipping them with skills needed by industry and finding work that suits their circumstances continues to challenge current practice in the active welfare state. The process of moving people from welfare to work calls for consideration of the locus of control of welfare recipients (Rotter 1954); appreciation of the spectrum of people with labour market disadvantages, differentiated by a range of lifestyle, social, and economic factors; capacity to adapt on the part of institutions to customise services to individual and enterprise need and reduce inflexibility; and emphasis on the importance

of connections across government and between government, organisations and citizens to create new life options and opportunities for people on the margins of or outside the labour market.

The need for multi-layered analysis of responses to long-term unemployment

The persistence of long-term unemployment through more than two decades of targeted reform of Australia's welfare-to-work market suggests that approaches to activating and providing employment assistance to people facing multiple and complex barriers to work to date are not meeting the needs of those jobseekers or the needs of their potential employers. This raises questions about the motivations and constraints for contracted providers in the employment services system to prepare 'hard to place' jobseekers for work (Chapter 4); employers' priorities and labour market trends (Chapter 5); the nature of barriers to work faced by the long-term unemployed (Chapter 6); how policy is translated into practice at an organisational level and at the front line (Chapter 7); and. the governance context for the welfare-to-work system (Chapter 8). As outlined in Figure 4 in Chapter 1, this thesis draws on research on wicked problems and new institutionalism, as well as agency theory, competition theory and agenda setting, to explore those questions. Every element of this theoretical framework offers insights that can be applied to the challenge of tackling long-term unemployment, but in isolation they can only offer part of the solution. Together, they form a multi-faceted lens through which complex and layered problems like long-term unemployment can be examined and analysed.

Chapter 3: Methodology

Research Questions

Scholars who have studied the evolution of Australia's employment services system since the 1990s have observed that while contracting-out has enhanced the system's efficiency and effectiveness overall, it has marginalised jobseekers that need complex support to prepare for work (Considine, Lewis & O'Sullivan 2011:828; Finn 2011; Cowling & Mitchell 2003). There is room in the literature for deeper analysis of variations in service quality and outcomes for different groups of service users in the employment services system and the flow-on effects of those variations.

This study set out to disaggregate the impact of marketisation on activation and employment services for people facing multiple and complex barriers to work from the aggregate impact of marketisation on the system. The persistence of long-term unemployment through more than two decades of radical redesign of the welfare state suggests that the pursuit of improved service and increased value through market-based reform leaves vulnerable service users in its wake, despite efforts to mitigate that effect with graduated incentives.

Responsibility for activation of *all* jobseekers rests with the employment services system. Yet for jobseekers with a large distance to cover to the labour market, the process of activation extends beyond the employment services system and its resources. Under the supervision of employment services providers these jobseekers move around and between a range of federal and state and territory government funded services to address non-vocational barriers to work or gaps in skills, with the aim of improving their prospects of finding and keeping a job. The design of the system suggests that shared understanding of what is keeping these jobseekers out of the workforce – agreement on the problem - and shared objectives – agreement on the solution – between employment services providers, other service providers, employers and the jobseekers themselves is important in tackling long-term unemployment. Evidence of poor employment outcomes for highly disadvantaged jobseekers suggests there are issues on both fronts.

This research was designed to explore two propositions. The first proposition is that coordinating employment services and other services working with people facing multiple and complex barriers to work can improve employment outcomes for that group of jobseekers. The second is that siloed policies, funding, accountability, purchasing arrangements and timelines inhibit coordination of employment services and other services working with people facing multiple and complex barriers to work, and have an adverse impact on employment outcomes. The study began with the following questions:

1. What are the barriers to work for the long-term unemployed in Australia?
2. How does the employment services system help the long-term unemployed address those barriers? Who are the other actors involved in that process?
3. Is there a structural weakness in that process that is failing to move people with multiple and significant labour market disadvantages into work?

Research Design

Informed by contemporary research into poverty and disadvantage, this thesis is based on a study of numbers and contextualities (Kura 2012:1). I wanted to examine the impact of market-based reform on activation and employment services for people facing multiple and complex barriers to work on three levels – *macro*, examining the context of service delivery, governance trends and broad shifts in policy and outcomes; *mesa*, examining the translation of policy into practice at an organisational level; and *micro*, examining the behaviour of service providers at the point of service delivery. The governance environment, the policy environment and the service delivery environment being examined, and the behaviour of individuals in each of those environments, were complex and dynamic. The literature suggested that data for this research could best be gathered through mixed-method inquiry, drawing together elements of exploratory, descriptive and explanatory social research design (Yin 2008; Johnson, Onwuegbuzie & Turner 2007; Bazeley 2004; Creswell 2003; McMillan & Schumacher 1993; Kaplan & Duchon 1988). As my research was problem-centred, combining qualitative and quantitative methodologies offered scope to gather diverse types of data over all three levels of inquiry and to compare and triangulate findings to reach some conclusions and to guard against bias (Ostlund et al. 2011). I ultimately embraced a bricolage approach

to capturing and understanding the complex nature of the problem of long-term unemployment and how it is addressed in the lived world, combining "multiple methodological practices and empirical materials, perspectives, and observers" to give the study rigour and depth (Denzin & Lincoln 2011:5).

Marsh and Furlong (2002) contend that a social scientist's orientation to research is shaped by his or her ontological and epistemological position. I am aware that the questions I had, the information I sought, how I interpreted my findings and the theoretical framework in which my research was set were shaped by my 'socio-historical location' (Hammersley & Atkinson 1995:16). While I was not a 'participant-as-observer' in the employment services system (Gold 1958), my links to the bureaucracy, the employment services sector, the education and training sector and the community sector built up over years of working in government and in the not-for-profit sector with disadvantaged communities proved invaluable in accessing information and recruiting research participants in each of these spheres, although only three of the fifty-four people I interviewed were known to me before the study. My experience and networks functioned as tacit reference checks in securing and conducting interviews and appeared to enhance trust in my capacity and discretion as a researcher among research participants in all sectors, smoothing the way to frank and fearless disclosure in interviews. While there was a risk of bias inherent in sourcing research participants through networks, there was no viable alternative given my work history and the narrow target group for the research. I took care to mitigate that risk through triangulated data collection, drawing on multiple sources of evidence including review of relevant literature, document analysis, secondary data analysis, case studies, observation, structured interviews with client-facing workers in employment services and semi-structured interviews with other individuals and organisations interacting with the long-term unemployed.

The qualitative component of the research includes different stakeholder perspectives to provide a "robust and holistic picture" of the employment services policy environment (Vidovich 2003:78). This study was designed to capture place-based practice at a point in time, radiating from JSA providers to other organisations working with common clients. It combines examination of networks – *who* is involved, *what* happens and *when* - with descriptive narratives from individuals in the network – *how* and *why* actors in

the network work the way they do – to mitigate emphasis of structure over agency and to capture benefits and barriers to service coordination identified by a range of actors (Lewis 2010). The JSA providers at the centre of the study were selected for their characteristics and location and I made the initial approach to each JSA provider involved through shared connections. All the providers I approached agreed to participate in the study. Other research participants were drawn from government, government agencies, for-profit and not-for-profit organisations working with Stream 4 JSA clients. As this study focuses on policy design, policy implementation and organisational behaviour, JSA clients were not directly involved. However I captured incidental interaction of JSA clients with the organisations involved in the study through observation. In all, I interviewed fifty-four people for the study.

The locations and organisations included in the study were selected to meet particular criteria – a mix of for-profit and not-for-profit JSA providers, a mix of demographic characteristics among JSA clients, a mix of local labour market opportunities and a mix of coastal, regional, rural and metropolitan locations. Ultimately, site visits and interviews were conducted in eleven locations across two Australian states - a sample size that was manageable within the study's timeframe and budget but large enough to generate robust data and protect the anonymity of the organisations involved.

The questions for structured interviews with frontline JSA workers were developed after extensive review of the literature, in particular research based on surveys of frontline employment services staff conducted by the University of Melbourne in 1998, 2008 and 2012 (Considine 2001, O'Sullivan, Considine & Lewis 2009, Considine et al. 2013). All participants involved in structured interviews – JSA frontline or client-facing workers - were asked the same questions in the same order, with minor variation. The semi-structured interviews, involving key local actors outside JSA identified in the structured interviews with frontline JSA workers, were more flexible 'guided conversations' (Lofland & Lofland 1984:12) to cross-check perceptions of working relationships and services accessed by Stream 4 JSA clients in each location. The data collected was sorted and coded under the broad themes of client barriers to work, referral relationships, benefits of service coordination and barriers to service coordination.

The data that emerged from the study was far richer than I anticipated - less a network analysis and more a mosaic of policy, processes, relationships and complex disadvantage affecting the long-term unemployed. Credit for the breadth and depth of data collected lies with the research participants, who contributed their time and knowledge generously to the study.

Approach to data collection

The study began with a wide-ranging literature review, followed by analysis of secondary data on outcomes for Stream 4 clients in JSA and related costs. The next step was primary research to find elements common to networks of organisations or services within and around the employment services system that were successfully moving people with multiple and significant labour market disadvantages into sustainable work, or structural deficiencies hampering achievement of that outcome.

The primary research was conducted in three stages. Comprehensive information about the research methods employed in each stage and location, and details of how the organisations and interviewees involved in the study were approached and selected, are outlined below.

Stage 1: twenty-nine interviews across five regional locations

I conducted a pilot study in State 1 in April 2013. I chose to begin the study outside the jurisdiction in which I had worked, to ensure my methodology did not hinge on familiarity with the policy environment, organisations or local practice.

I planned to interview frontline workers in a JSA provider operating in multiple locations about how they work with their Stream 4 clients; the barriers they help those clients address to improve their prospects of finding work; where they refer clients for specialist support and how they connect with those services. I would then interview identified key external actors working with common clients about their experience of working with JSA. The aim was to investigate if and how different organisations delivering government-funded services to people with multiple and significant labour market disadvantages work together; how they each contribute to building the capacity

of those people to move into work; the extent to which their activities, funding streams and measures of success coordinate; and whether the current approach effectively dismantles hurdles to employment faced by the long-term unemployed.

The JSA provider at the centre of the pilot study was selected through purposeful sampling. It is a not-for-profit provider with more than twenty offices spread across the state, delivering a range of government funded services under contract and working with diverse client groups. I submitted a research proposal directly to the CEO early in 2013, who secured agreement from the organisation's Board and senior executive team to participate in the study. I sought and received ethics approval for the study shortly after.

My itinerary and site visits in April 2013 were negotiated with each office. I visited and stayed between two and four days in each research site, I collected data from five offices outside the metropolitan area – the head office in a large inland regional city, two offices in geographically close but demographically diverse coastal communities, and two in rural towns – and key external actors in each location. Participation was voluntary and anonymous. No one approached declined to be involved. With the support and endorsement of managers in each site, all frontline JSA staff in each site agreed to be interviewed. Interviews with external organisations were arranged by phone in situ and conducted face-to-face in the interviewees' workplaces or cafes. All participants were given a plain language statement about the research and signed consent forms before being interviewed (Appendix 1, Appendix 2). This process followed three key principles of ethical research - seeking informed consent from participants, ensuring confidentiality and avoiding harm.

In each location, data was collected through:

Observation – field notes

- the local area – housing, shops, transport, businesses, visible industries, welfare services, education facilities, health services, parks, people
- location of the JSA office – accessibility, proximity to transport and proximity to other services working with common clients

- appearance of JSA office – shopfront, signage, layout, furniture, resources, colour scheme, filing systems
- services delivered directly by the JSA – employment services, disability services, education and training, welfare services
- people movement - people in the office, ratio of workers to clients, use of space
- location of external services to which JSA clients are referred
- JSA database internal training session (one site)
- JSA staff meeting (two sites)

Interviews – audio recordings and field notes

- Interviews with three key executives in the head office of the JSA provider - the Deputy CEO and the Chief Operating Officer face-to-face in their offices and the Manager of Job Services by telephone – ranging from 30 minutes to one hour. The purpose of selecting and interviewing these individuals was to capture the extent to which activities offered to the organisation's Stream 4 clients are driven by contractual obligations; how the organisation decides which services for jobseekers to offer in-house and which to outsource; and the scope for frontline workers to exercise their own judgment and draw on their own networks to assist their clients. This data was cross-referenced with interviews with frontline workers for triangulation.
- Semi-structured face-to-face interviews with site managers, business development consultants (responsible for liaison with employers and industry) and post placement support workers (responsible for providing support to employers and ex-jobseekers after placement) in the JSA's selected branch offices, ranging from 30 minutes to one hour.
- One hour structured face-to-face interviews with JSA employment consultants (responsible for providing employment assistance to jobseekers) working directly with Stream 4 clients in the JSA's selected branch offices. These interviews encompassed a number of questions and responses built around a Likert scale (Appendix 3)
- Semi-structured face-to-face interviews with key external local actors identified in interviews with JSA frontline staff, ranging from 30 minutes to one hour. The purpose of interviewing these individuals was to cross-reference perceptions of the

benefits and barriers of coordinating services to Stream 4 JSA clients and working with the JSA in the local area, for triangulation.

- The majority of interviews were audio recorded and manually transcribed.

Document and secondary data analysis

- website content, brochures, forms, employee manuals, policy documents, employee induction/training materials, annual reports, aggregate records, published data, organisation mission statements and promotional material
- processes, procedures and guidelines for tracking and reporting activity

This pilot study was designed to reveal key levers and variables in networked service approaches that would determine the next steps for my research. For example:

- if I found that state government programs or funding played a significant role in addressing barriers to work or achieving employment outcomes for Stream 4 JSA clients in the pilot study, I would do a comparative study in another state
- if the state government's impact on employment outcomes was negligible in the pilot study, I would do a comparative study in another state focusing on the relationship between the vocational education and training and employment services, to assess the impact of policy variations between states on jobseekers accessing training
- if the JSA provider's not-for-profit status was significant in building relationships with other organisations that played a significant role in employment outcomes for Stream 4 JSA clients, I could do a comparative study of a private provider.

Stage 2: twenty interviews across four regional locations

My pilot study, involving a JSA provider and its networks in five regional locations in State 1, revealed that many of its Stream 4 JSA clients were engaged in programs or drawing on services funded, managed or administered by state government that were assisting those clients to overcome barriers to work. I decided to conduct a comparative study in a regional area in another state, using the same approach, to examine the impact

(if any) of variations in state government programs on JSAs achieving outcomes for their Stream 4 clients.

The JSA provider at the centre of this study was again selected through purposeful sampling. It is a not-for-profit provider with more than sixty offices spread across three states, delivering a range of government funded services under contract and working with diverse client groups. I submitted a research proposal to the CEO who agreed to participate in the study in State 2, and subsequently liaised directly with the managers of the regional sites I wished to visit. I sought and received ethics approval for the study shortly after.

Interviews were conducted in August and September 2013, encompassing four offices – two in a regional city, one in a rural town and one in a coastal town – and key external actors in each location. Again, participation was voluntary and anonymous. Only one person approached to participate declined – a government employee who was unavailable to meet me in person at short notice and unwilling to be interviewed by phone later. With the support and endorsement of managers in each JSA office, I interviewed frontline JSA staff on site. Interviews with external organisations working with common clients were arranged by phone and conducted face-to-face in the interviewees' workplaces or cafes. As in the first study, all participants were given a plain language statement about the research and signed consent forms before being interviewed. In each location, data was collected through observation, structured and semi-structured interviews and document analysis and captured in field notes and audio recordings.

The second study revealed variations from the pilot study which could have been attributed either to location or the JSA provider's not-for-profit status. I decided to conduct a final comparative study in State 2 in a metropolitan area, with a for-profit provider at the centre of the study.

Stage 3: five interviews in one metropolitan location

The final study, involving a for-profit JSA provider operating in a metropolitan area in State 2, was smaller. Again, the JSA provider at the centre of this study - a wholly

owned subsidiary of an offshore company with more than one hundred offices Australia-wide - was selected through purposeful sampling. My aim was to check for major variations in operations between regional and metropolitan, and for-profit and not-for-profit JSA providers. In October 2013 I submitted a research proposal to the state general manager who agreed to participate in the study. Following ethics approval, I conducted interviews in the JSA office and offsite with a service provider working with common clients in December 2013. The results rounded out the findings of my previous studies and I was confident at that point that I had sufficient data to test my hypotheses.

Primary data capture

Table 2: Overview of data collection

Source of data	**quantity**	**format**
Site visits: 9 regional areas 1 metropolitan area	• 10 JSA offices • 2 state government offices • 2 Centrelink offices • 2 employers • 7 external organisations working with common clients	notes (qualitative data)
Structured interviews with JSA client-facing staff (audio taped)	28	questionnaires (quantitative data)
Semi structured interviews with staff in JSA, government and external services (audio taped and transcribed)	20 (12 participants overlap the structured interview group, expanding on questionnaires)	transcripts (qualitative data)
Semi structured interviews with staff in JSA, external services and employer (not audio taped)	18	notes (qualitative data)
Total interviews	**54**	**36 audio files** **28 questionnaires** **20 transcripts** **field notes**

Table 3: Method of data collection in each location

Location	**Interviews**	**Other activities**
State 1 coastal town	7	• observation at JSA, Centrelink and surrounding area • team meeting
State 1 coastal town	9	• observation at JSA and surrounding area
State 1 regional city	4	• observation at JSA and surrounding area • team meeting • senior managers meeting
State 1 rural town	6	• observation at JSA, youth service and surrounding area • staff training on JSA reporting system
State 1 rural town	3	• observation at JSA and surrounding area
State 2 metropolitan	5	• observation at JSA and surrounding area
State 2 rural town	3	• observation at JSA and surrounding area
State 2 regional city	9	• observation at JSA, Centrelink, DHS Vic, complementary services and surrounding area
State 2 regional city	2	• observation at JSA and surrounding area
State 2 coastal town	6	• observation at JSA, DHS Vic, complementary services and surrounding area
Total interviews	**54**	

Table 4: List of interviews

	Interview ID#	**Location**	**Occupation**
1	101	State 1 coastal town	JSA site manager
2	102	State 1 coastal town	JSA employment consultant
3	103	State 1 coastal town	JSA employment consultant
4	104	State 1 coastal town	JSA employment consultant
5	105	State 1 coastal town	JSA business development consultant
6	106	State 1 coastal town	JSA post placement support worker
7	107	State 1 coastal town	For profit (FP) employment broker
8	108	State 1 coastal town	JSA site manager
9	109	State 1 coastal town	JSA employment consultant
10	110	State 1 coastal town	JSA employment consultant
11	111	State 1 coastal town	JSA employment consultant
12	112	State 1 coastal town	JSA/DES employment consultant
13	113	State 1 coastal town	JSA employment consultant
14	114	State 1 coastal town	JSA employment consultant
15	115	State 1 regional city	JSA Chief Operating Officer
16	116	State 1 regional city	JSA Manager

17	117	State 1 regional city	JSA Deputy CEO
18	118	State 1 regional city	Registered Training Organisation (RTO) Manager
19	119	State 1 rural town	JSA area manager
20	120	State 1 rural town	JSA team leader
21	121	State 1 rural town	JSA employment consultant
22	122	State 1 rural town	JSA employment consultant
23	123	State 1 rural town	youth services worker
24	124	State 1 rural town	JSA site manager/ employment consultant
25	125	State 1 rural town	JSA employment consultant
26	126	State 1 rural town	JSA business development consultant
27	127	State 1 coastal town	trainer (RTO)
28	128	State 1 coastal town	case manager community housing
29	129	State 1 rural town	JSA team leader/staff trainer
30	201	State 2 regional city	JSA site manager
31	202	State 2 regional city	JSA employment consultant
32	203	State 2 regional city	JSA employment consultant
33	204	State 2 regional city	JSA employment consultant
34	205	State 2 regional city	JSA employment consultant
35	206	State 2 regional city	program manager state government
36	207	State 2 regional city	Not for profit (NFP) work and learning broker
37	208	State 2 regional city	JSA employment consultant
38	209	State 2 regional city	JSA employment consultant
39	210	State 2 regional city	community services worker
40	211	State 2 coastal town	program manager state government
41	212	State 2 coastal town	manager youth services/mental health
42	213	State 2 coastal town	manager Indigenous service provider
43	214	State 2 coastal town	JSA employment consultant
44	215	State 2 coastal town	JSA employment consultant
45	216	State 2 rural town	JSA site manager
46	217	State 2 rural town	JSA employment consultant
47	218	State 2 rural town	JSA employment consultant
48	219	State 2 metropolitan	JSA site manager
49	220	State 2 metropolitan	Language other than English (ESL) service provider
50	221	State 2 metropolitan	JSA employment consultant
51	222	State 2 metropolitan	JSA post placement support worker
52	223	State 2 metropolitan	JSA employment consultant
53	224	State 2 coastal town	employer
54	225	State 2 regional city	trainer (non RTO private training)

Primary data analysis

Drawing on notes from all fifty-four interviews, twenty-eight questionnaires, thirty-six audio files and twenty interview transcripts, I coded my fieldwork data under four broad themes - Stream 4 JSA clients' barriers to work, JSA referral relationships to address those barriers, the impact of service coordination on employment outcomes for Stream 4 JSA clients and barriers to service coordination. As outlined in Table 5, my aim was to analyse the data across three levels – actor analysis, decision-making or game analysis and network/institutional analysis (Klijn 1996; Lewis 2010).

Data on **jobseekers' barriers to work** came directly from Likert scale responses from JSA employees working directly with Stream 4 clients to the questions "how often do you have to address the following issues to improve the prospects of your Stream 4 clients finding work?" and "what other barriers to work do you come across among your Stream 4 clients?". Data on **JSA referral relationships** was both quantitative and qualitative, requiring post-collection analysis. How JSA employment consultants determined which activities they recommend to their Stream 4 clients came from a Likert scale response to "to what extent do the following factors determine activities you recommend to your Stream 4 clients?", while where they turned for help and why was gathered through open questions. Data on the **impact of service coordination** on employment outcomes for Stream 4 JSA clients, **barriers to service coordination** and secondary themes was drawn from content analysis and manual in vivo coding of interview transcripts and field notes from discussion sparked by open questions posed to JSA providers and local partner organisations (Krippendorf 1989; Cooper & Schindler 2014:385; Glasser & Strauss 1967). Secondary themes that emerged in content and transcript analysis were internal organisational challenges faced by JSA providers in delivering employment services to Stream 4 JSA clients, and the relationship between JSA providers and employers.

Table 5: Approach to data analysis

Level of analysis	**Theme**	**Quantitative data source**	**Qualitative data source**
Analysis of actors	Characteristics of Stream 4 JSA clients Who is involved in preparing those clients for work?	JSA frontline staff questionnaire - Likert scale	JSA providers and local partner organisations open questions
Analysis of decision-making	Assessing Stream 4 JSA clients' barriers to work JSA responses to Stream 4 JSA clients' barriers to work	JSA frontline staff questionnaire - Likert scale	JSA providers and local partner organisations open questions
Institutional analysis (responses to wicked problems - agency theory, competition theory, agenda setting)	Impact of service coordination Barriers to service coordination		JSA providers and local partner organisations open questions

Data selection

This thesis draws on multiple sources of evidence including review of relevant literature, document analysis, secondary data analysis, case studies, observation, structured interviews with client-facing workers in employment services and semi-structured interviews with other individuals and organisations interacting with the long-term unemployed. The study focused on whether there is a structural weakness in relationships between employment services and other services that could explain a failure to move people with multiple and significant labour market disadvantages into work. However the data collected also raised questions about complex disadvantage affecting the long-term unemployed, suggesting there is scope for further research into persistent labour market disadvantage, active welfare, employers' expectations of their workforce, approaches to 'managing' the long-term unemployed from welfare to work and the merits of the 'work first' model of employment assistance.

Part 2 – Examining efforts to move the long-term unemployed from welfare to work in Australia

Chapter 4: The effectiveness of activation and employment services in tackling long-term unemployment

Introduction

Drawing together and analysing data from fragmented sources, including original data from interviews with people working directly with the long-term unemployed, this chapter examines the workings of Australia's employment services system, its measures of success and the return on investment in employment services for the long-term unemployed. It raises questions about the Australian Government's approach to providing activation and employment assistance to people on the margins of the labour market and its selection of policy instruments to tackle long-term unemployment in relation to producing public value.

Australia embraces two political philosophies in tackling long-term unemployment. Both advocate activation of working-age welfare recipients and both focus on redressing 'deficiencies' in individuals through case management to discourage welfare dependency. The left leans toward building individual knowledge, skills and capacity to work, providing services and support to the long-term unemployed to improve their prospects of finding and keeping a job (for example Keating 1994a; Department of Education, Employment and Workplace Relations 2012a). The right leans toward changing individual attitudes and behaviour in relation to welfare, enforcing work-like behaviour, building work habits and removing disincentives to work (for example Australian Government 2015b). The majority of long-term unemployed people and people at high risk of long-term unemployment in receipt of income support in Australia do not find sustainable employment under either regime. Research and labour market outcomes data over time indicate that activation programs emphasising rapid placement into any suitable job, work for the dole, ad hoc training for short term work and penalties for noncompliance produce low employment outcomes for the most disadvantaged jobseekers (Nam 2005; Parkinson & Horn 2002), while longer term interventions to build employability skills also have limited success (Perkins 2011; Kemp & Neale

2005). Furthermore the sustainability of successful outcomes is unclear, as the rate of return of those who do find work to unemployment benefits is not tracked (Department of Employment, Workplace Relations and Small Business 2000:87; Department of Employment and Workplace Relations 2002:69-70).

This dilemma is not unique to Australia. Evaluation of the California's Greater Avenues to Independence (GAIN) program in Riverside between 1988 and 1990 – a welfare-to-work program that became the model for the 'work first' approach to jobseeker assistance - revealed that despite active engagement with local employers and operating in an area with numerous local employment opportunities for those seeking entry level work, almost half of the program participants were not employed during the three year period, two thirds were not working at the three-year interview and the program produced diminishing employment outcomes over time (Riccio, Friedlander & Freedman 1994:233; Peck & Theodore 2000:125). Subsequent studies showed that employment outcomes in Riverside continued to fall after 1990 (Freedman et al. 1996:20; Hotz, Imbens & Klerman 2000:52). In its reanalysis of the program in 2000 the US National Bureau of Economic Research expressed concern that the results of the Riverside GAIN evaluation had been interpreted as suggesting that the work-first orientation program was relatively more effective than human capital development programs, warning that short term evaluations "understate effectiveness of human capital development programs relative to those that emphasize early labor force entry and attachment, simply because the human-capital development programs are more time-intensive treatments and typically take longer to complete relative to work-first programs" (Hotz, Imbens & Klerman 2000:4, 26).

The Riverside GAIN program may not have had an enduring impact on the local rate of unemployment, but it sparked widespread and ongoing reform of employment services (Considine et al. 2015:4-5). Its relative success in moving welfare recipients into work raised challenging questions about the governance of welfare, simultaneously turning the heat up on governments already under political pressure to fight unemployment more efficiently and effectively and offering a solution that could produce results in an electoral cycle. Coinciding with the rise of New Public Management, it presented an opportunity for governments to disrupt entrenched patterns of behaviour in the unemployed and those delivering services to them. In Australia, this played out in a raft

of changes to the administration of labour market assistance programs, obligations and sanctions for those in receipt of unemployment benefits, incentives for those providing services to them to move them quickly into work and the entry of contracted service providers into the employment services system.

The *Working Nation* White Paper was Australia's first step towards privatising its employment services system (Keating 1994a, 1994b). Since then the system has undergone three significant reforms – *Job Network* from 1996 to 2009; *Job Services Australia* from 2009 to 2015; and the *jobactive* 2015-2020 contract – and has been fully outsourced through a competitive public tender process since 2003. The Australian Government contracts employment services providers – a mix of for-profit and not-for-profit organisations - to shepherd the unemployed from welfare to work. These providers enforce activity requirements for income support and help their clients overcome issues keeping them out of the workforce. The employment services tender process, and contracts with employment services providers, are managed and monitored by the Commonwealth Department of Employment. Before being referred to an employment services provider, unemployed people are assessed and streamed for varying levels of assistance to find work according to their level of disadvantage and needs. This assessment is conducted by Centrelink, a branch of the Commonwealth Department of Human Services responsible for managing and administering payments and services to people in need of income support. Streaming not only determines the level of service and support these people are eligible to receive from employment service providers, but also their obligations in return for income support (Australian Government 2016).

Who delivers employment services in Australia?

Under the 1994 *Employment Services Act* the government began to phase in competitive arrangements for case management of the long-term unemployed and within a decade Australia's public employment services system was entirely outsourced. From the outset, contracted case management was delivered by both for-profit and not-for-profit organisations, including faith-based organisations with strong track records of delivering complementary state-funded assistance to welfare recipients (Considine 2001). The aim was to tap into the networks, skills and expertise of a range of

organisations to engage and move the target group from welfare to work (Keating 1994b:129; Maddock, Corden & Hunt 1998:14). Yet research conducted by the University of Melbourne in 1998, 2008 and 2012 found little variation in the way for-profit and not-for-profit employment services providers operated (Considine 2001, O'Sullivan, Considine & Lewis 2009; Considine et al. 2013). This was attributed in part to the terms of the contract and reporting mechanisms and in part to 'herd behaviour' among providers seeking to maximise profit and minimise risk of non-compliance in response to the increasing government oversight and regulation of their activity (Considine, Lewis & O'Sullivan 2011:826).

This study dug deeper to examine the extent to which the employment services contract and competition shapes the provision of service to jobseekers facing multiple and complex barriers to work. With regard to interaction with those jobseekers, there was no evidence of a mercenary/missionary divide between for-profit and not-for-profit employment services providers involved in this study. Across the board, approaches to monitoring compliance with activity requirements for income support and case management reflected the terms of the contract and what was deemed to be industry best practice. However interviews with client-facing staff in employment services providers and in other services working with the long-term unemployed revealed variations in for-profit and not-for-profit organisations' activity *surrounding* their interaction with those jobseekers that reflected the priorities of their governance structures and their organisational culture. These variations, explored in detail in Chapter 7, shaped their operations within the parameters of the employment services contract – how they chose which services to offer internally, how they chose other organisations to work with, how they combined services to help jobseekers overcome barriers to work, and their staff recruitment and retention strategies. The differences go some way towards explaining the Australian Government's commitment to maintaining a mix of for-profit and not-for-profit providers in the employment services system.

Not-for-profit providers

The distinguishing feature of not-for-profit providers in the employment services system is that any profit made by the organisation goes back into the operation of the organisation to carry out its purposes, and is not distributed to any of its members. The

Australian Government accepts an organisation as non-profit where its constitution or governing documents prevent it from distributing profits or assets for the benefit of particular people, both while it is operating and when it winds up (Australian Charities and Not-for-profits Commission 2015; Australian Taxation Office 2015).

The not-for-profit sector is widely regarded by governments as a vital contributor to achievement of a range of economic and social policy objectives, including community strengthening, regional development, post-disaster relief, poverty relief, employment, lifelong learning and civic participation (OECD 2003b; The World Bank 2013). Beyond policy, the role of self-governing voluntary associations as incubators or foundation stones of democracy has been explored empirically and theoretically by scholars for more than a century (de Tocqueville 2001; Hole 1860; Dewey 1916; Knowles 1950, 1980; Granovetter 1973; Toynbee 1985; Coleman 1988; Hirst 1994; Elsdon 1995; Putnam 1995; Smith 2000; Maddison & Denniss 2005). In Australia, despite variations in size and capacity between not-for-profit organisations that are highly professionalised – for example those working in social services, education and health and professional associations – and those whose volunteers are their main resource – for example sport and recreation clubs – the not-for-profit sector claims it shares core values reflecting commitment to social justice, community development principles, community ownership, inclusive participation, community empowerment, lifelong learning and active citizenship (ACOSS 2016; VCOSS 2016; NCOSS 2016). The sector provides opportunities for people to volunteer on committees of management, in administration, sales, fundraising, coaching or asset maintenance, on specific projects or assisting others in their community. It also enables people from different backgrounds, life circumstances, economic circumstances, ages and abilities to mix on equal terms on common ground, promoting tolerance, acceptance of diversity and norms of shared values while building social capital, communication, social and life skills. It is a significant employer and service provider in thin markets, especially in remote and disadvantaged communities. In some cases it is a trusted intermediary between government and vulnerable citizens, interpreting, analysing and conveying information both ways, with demonstrated capacity to reach individuals and groups that government finds hard to engage. In communities facing compound disadvantage – high unemployment, social exclusion, geographic remoteness, shifts in economic activity, demographic shifts, bushfire or drought – the social benefits of not-for-profit

organisations pooling knowledge, skills and resources to ease people through crises or life transitions are apparent and seized upon by politicians seeking good news stories. The challenge is attaching tangible value to this activity in a governance environment oriented around efficiency and measurable outputs. The 'value-add' of not-for-profit providers in the employment services system is hard to see when their performance is measured against contractual obligations with emphasis on reporting in particular ways, hitting targets and passing inspections.

New Public Management changed the way social services were delivered in many OECD countries, including Australia (Giddens 2001; Goldsmith & Eggers 2004; Considine 2005; Considine, Lewis & O'Sullivan 2011). The government's monopsony power in the welfare services market gave it free rein to determine how those services could be delivered and by whom. With emphasis on value-for-money provision, increased focus on efficiency and results and expectations of greater accountability and transparency around process, not-for-profit organisations working in a contestable government contracting environment began to adjust their culture and work practices to compete with for-profit organisations (Considine 2003). At the same time, government was grafting the language of the not-for-profit sector into policy, espousing the importance of community, inclusion, access, equity and individual empowerment not from a social justice standpoint, but an economic one. While not-for-profit organisations were drawn into the contracting environment to pursue their own mission – either directly by servicing clients likely to be neglected by profit-seeking firms or vulnerable to exploitation, or indirectly by generating revenue to support charitable purposes determined by their own governance structure - their activity was increasingly driven and bound by contractual obligations and rules. Pursuing their mission with taxpayer funding came at a cost. Significantly, the organic and holistic way they had worked with individuals and communities when they were accountable only to private interests was broken down by siloed contracts, funding, accountability, reporting requirements and timelines.

The burden of red tape, both in terms of draining resources and hampering effectiveness, is a recurrent theme in concerns raised by the not-for-profit sector about competitive tendering, although it is common to all providers. Research in 2010 by the Productivity Commission into the contribution of Australia's not-for-profit sector

flagged that multiple short-term funding agreements were undermining the capacity of not-for-profit organisations to operate strategically and deliver publicly-funded services efficiently and effectively. It found strong support among providers for governments to enter into service agreements and contracts that reflect the length of time needed to achieve complex outcomes, such as intergenerational or social change (Productivity Commission 2010:336). Four years later the Australian Government extended the term of the employment services contract from three years to five years in its 2015-2020 iteration. Correspondingly the Department of Social Services released an Options Paper with the stated aim of reducing the burden of regulation on the civil society sector - the newly elected Abbott Government's preferred name for the charitable and not-for-profit sector (Department of Social Services 2014:8).

These adjustments foreshadow ongoing changes for the sector. In his opening address to the *Building Partnerships between Governments and Not-for-Profits* conference in May 2014, the Minister for Social Services Kevin Andrews asserted that the Abbott Government "fundamentally believe[s] that local people understand local issues and are best placed to solve local problems… The Government's role should be limited to drafting the general rules of the road and providing **some** of the funding you require to provide for those in need" (Andrews 2014 emphasis added). A year later, in a speech to the Australian Council of Social Services 2015 National Conference, the subsequent Minister for Social Services Scott Morrison proposed attracting capital from private investors to effect social change by making welfare "a good deal for investors – for private investors" (Morrison 2015a). Unless assessment of the return on investment extends beyond savings in isolated program areas, the balance of evidence suggests this approach would drive service providers to 'pick winners'.

The pervasiveness of marketisation in reforming social services compels organisations working with welfare recipients to demonstrate the value of their activity within parameters attached to discrete sources of funding. This is a challenge for organisations working with citizens mired in disadvantage. For example case management of a highly disadvantaged jobseeker in the employment services system may reduce the likelihood of that person requiring mental health services, or being homeless or being imprisoned; it may build that person's confidence with a flow on effect on how they interact with others; it may have a positive impact over time on that jobseeker's family and

community; but the value of that case management is measured only in employment outcomes. The not-for-profit sector is simultaneously grappling with effect of competitive tendering for contracts on its culture (Smith & Lipsky 1993; Eikenberry & Kluver 2004; Barraket (ed) 2008; Rogers 2006; Sidoti et al. 2009:12; Considine et al. 2015:70) and the changing nature of philanthropy, where donations are increasingly being replaced by impact or social investing (Pro Bono Australia 2013; Phillips & Smith 2015; Salamon 2014). Impact investing often leverages on government programs, funding and resources, presenting a high risk of failure when the environment shifts. Many scholars have argued that in the ideological push for smaller government, the not-for-profit sector has morphed from a distinctive civil society actor into a delivery platform for underfunded government services, picking up the hard end of the market and bearing the blame for shortcomings in service provision (Onyx et al. 2007; Casey et al. 2008; Smyth 2014; Leat 1995). Governments' moves to acknowledge and allay those concerns through agreements with the sector - for example the UK's 2007 *Compact on relations between the government and the voluntary and community sector in England*, Canada's 2001 *Accord between the Government of Canada and the Voluntary Sector* and Australia's 2010 *National Compact: working together* – have had little impact. Contracts for service delivery make no distinction between types of providers. Presciently, Diana Leat observed in 1995:

> *In future many voluntary organisations may be in competition not merely with each other but also with for-profit commercial organisations…In so far as voluntary organisations increasingly put income generation before public benefit mission in their priorities and adopt the language, structure and style of commercial organisations, the non-profit/for-profit distinction will become increasingly tenuous. (Leat 1995:184).*

The lines of demarcation between government, the private sector and the community sector have blurred under the contracting regime "where the private sector practises social responsibility and states seek to be more entrepreneurial, while community organisations become more and more business-like" (Smyth 2014:2). Yet the image of the not-for-profit sector as a distinctive player in the welfare market persists. In the 2013 *Service Sector Reform* report project leader Professor Peter Shergold said he had "witnessed at first hand the frugal, committed and empathetic approach that CSOs (and

the contribution of their volunteers, donors, philanthropic benefactors and corporate supporters) bring to their support of disadvantaged Victorians" (Shergold 2013:20). The answer to why the sector's frugality, skills, networks and unique resources do not translate into efficient and effective service delivery may lie in its struggle to reconcile demand for public value with its mission to work with and for people whose voices are drowned out in the authorising environment.

This study asked client-facing workers in for-profit and not-for-profit employment services providers what motivated them to work in employment services and in their organisation. In not-for-profit providers, workers used phrases like "doing good work", "to see people overcome barriers", "make a difference", "changing people's lives" and working somewhere that embraced "a client-centred approach" (interview #209, state 2 regional city, JSA employment consultant; interview #125, state 1 rural, JSA employment consultant; interview #126, state 1 rural, JSA business development consultant; interview #102, state 1 coastal, JSA employment consultant; interview #216, state 2 rural, JSA site manager). Yet ultimately, it was how this sense of purpose translated into employment outcomes that mattered. Interviews outside the employment services system revealed that not-for-profit status was a double edged sword for providers in working with government, other services, jobseekers and employers. On one side it was a badge of commitment to 'the greater good', an advantage in environments that valued social impact; on the other, it was a symbol of inefficiency and bleeding heart commitment to the downtrodden, a disadvantage in environments that valued profit (interview #107, state 1 coastal, FP employment broker; interview #207, state 2 regional city, NFP work and learning broker; interview #206, state 2 regional city, program manager state government; interview #221, state 2 metropolitan, JSA EC). How this played out in practice is explored in Chapter 7. Yet overall, these findings counter concerns that inherent tensions exist between a market-based approach to the procurement and funding of human services and the characteristics and motivations of not-for-profit organisations (Productivity Commission 2010:297; Barraket 2008). In the wake of the Global Financial Crisis, they potentially position not-for-profit service providers as valuable allies for governments in pursuit of inclusive growth and grappling with the economic and social cost of addressing complex social problems amid growing disenchantment with mainstream socio-economic traditions (Stiglitz 2012; Occupy Wall Street 2011; We Are The 99 Percent 2011).

For-profit providers

Australian law does not impose a statutory duty to maximise profits and shareholder wealth on for-profit providers of employment services, but their directors have a clear fiduciary duty to act in the best interests of the company under the *Corporations Act 2001 (Cth).* While they may "implement a policy of enlightened self-interest on the part of the company" they "may not be generous with company resources when there is no prospect of commercial advantage to the company" (Austin et al. 2005:281-282 [7.13]). It is reasonable to assume that private firms enter the Australian employment services market to serve the best interests of their shareholders, not to maximise the public good. The impact of the outsourcing of state welfare programs to the private sector - on service users, on the not-for-profit sector and on those commissioning the services – has been debated in Australia and overseas by scholars, social workers and public-interest lawyers for almost two decades. Their concerns are best illustrated by considering the entry of the global security and aerospace company Lockheed Martin to the welfare market.

In 1996, in the wake of new welfare laws in the US, Lockheed Martin threw its hat into the ring to overhaul and run welfare programs on behalf of government, a field traditionally left to charities and niche small businesses. Hiring senior ex-government officials with local knowledge and expertise – a tactic widely employed by for-profit and not-for-profit organisations tendering for government business before and since - and initially bidding to take over $US563 million in welfare operations in Texas, Lockheed Martin had a long-term vision to market comprehensive welfare contracts to governments seeking more efficient and cheaper ways to run welfare programs. The senior vice president of business development at Lockheed Information Services was quoted in the press at the time as saying "we're approaching this marketplace the way we approach all other marketplaces" (Bernstein 1996). Concurrently, commenting on the privatisation of welfare services, a state legislator in Texas observed "Obviously, [firms] are not going into it with altruistic motives and the intent of losing money. The profit motive is foremost" (Dunlea 1997). The notion of welfare as a profit-making venture unnerved advocates for service users and provoked accusations of 'poverty profiteering'. "To nonprofit observers, Lockheed Martin's crossover proved that for-

profits would do anything for a buck, including reinvent themselves as providers of social services" (Ryan 1999). However proponents claimed that opening the market to the private sector would be cost-effective, efficient and have a positive impact on the culture and landscape of the welfare system (Rom 1999).

The attraction for government to work with large, hierarchical and sophisticated organisations like Lockheed Martin, capable of activating offices, staff, technology and service delivery almost as soon as they signed a contract, was understandable. The key risk flagged was that private firms would over-service on initial government programs to push competitors out of the market and gain subsequent, more favourable contracts (Rom 1999:171). Nearly twenty years later and on the other side of the globe, the concerns raised on Lockheed Martin's entry into the US welfare market in 1996 resurfaced when the company expressed interest in bidding for a £1bn NHS contract to run General Practice support services in England. The chair of the British Medical Association slammed the UK Government's continued emphasis on competition over integration of existing services, alleging millions of pounds would be wasted as the system grappled with the challenges of competitive tendering and the displacement of traditional service providers. In response, Lockheed Martin cited its credentials to do the work and pledged to continue exploring opportunities in the public sector (Cooper 2014). The firm ultimately decided against bidding for the contract. Whether that decision was based on the terms of the contract, or a case of the medical profession holding more sway than the not-for-profit sector over decisions around the contracting of publicly-funded services, is unknown.

In the push to cut government spending and achieve the equivalent of shareholder value in public management for citizens, the for-profit market-driven model of service delivery dominates (Benington & Moore 2011; Moore 1995). However as explored in Chapter 2 of this thesis, assessment of the public value of outsourcing services is often confined to the relative benefits and costs of different methods of service delivery with limited consideration of flow-on effects, unintended consequences or cost-shifting (Alford & O'Flynn 2012). It could be argued, for example, that large, multi-national firms involved in the production of weapons or the building and running of correctional facilities profit from the failure of the welfare state. Should such firms be excluded from delivering services within it? For governments seeking immediate cost-savings in the

welfare arena, striking a balance between value, legitimacy and organisational capability is an ongoing challenge (Moore & Khagram 2004:3).

In examining how the employment services contract and competition impacts on jobseekers facing multiple and complex barriers to work, this study found, unsurprisingly, that for-profit providers focused on finding efficient ways to achieve measurable outcomes and comply with the contract to generate profit. This was reflected in how they chose which services to offer internally, how they chose other organisations to work with, how they monitored the progress of jobseekers and how they managed the staff performance. Where they referred jobseekers to other services to address non-vocational barriers to work the process was tightly managed, ensuring all parties involved remained focused on achieving an employment outcome. There was no evidence of neglect or under-servicing of 'hard to place' or challenging jobseekers; rather, there was evidence of innovative practice helping those jobseekers prepare for and find work. However interviews in this study overall revealed that jobseekers in thin markets faced more complex barriers to work than those in metropolitan or regional city locations. There is room for further research into whether jobseekers facing multiple and complex barriers to work gravitate toward, or are directed toward, not-for-profit employment services providers over for-profit providers, and whether case management of jobseekers in thin markets avoided by for-profit providers is more challenging overall.

Why have both?

Giddens (1998) advocates combining different actors and interests in delivering public services to increase flexibility and responsiveness. In contracting both for-profit and not-for-profit providers to deliver employment services, the Australian Government also seems to be seeking balance in the system between efficiency and altruism. Yet it smacks of naivety to expect for-profit contractors to put the public good before commercial advantage and to expect not-for-profit providers to be the moral compass of the system while competing in it. All employment services providers, both for-profit and not-for-profit, have their own reasons for bidding for the contract and test the limits of the employment services regime in different ways to achieve their own objectives.

What is less clear is where they draw the line between mimicking the behaviour of providers who are reaping rewards from the system and censuring those they believe to be gaming it. Streeck and Thelen suggest this is part and parcel of institutional change, a process of pushing the boundaries of rules "making use of their inherent openness and under-definition" until they are revised and then starting the process again (Streeck & Thelen 2005:15). However it pinpoints a tension in outsourcing welfare services. O'Flynn (2015) argues that what is reasonable from a commercial viewpoint is less palatable, politically and morally, when organisations are seen to profit from delivering public services to citizens vulnerable to exploitation. Yet not-for-profit organisations like The Salvation Army Employment Plus and Mission Australia generate millions of dollars in revenue each year from this activity to further their own agenda. From their perspective, profiting from delivering employment services is palatable if profit is distributed not to shareholders, but to a charitable purpose determined by their own governance structure.

In arguing for the not-for-profit sector to play a greater role in delivering services to vulnerable citizens, the waters between not-for-profit organisations' advocacy and their commercial relationship with the state are muddied. Concerns raised on behalf of vulnerable service users by displaced service providers, or by organisations with a stake in the market, are easily dismissed by the authorising environment. Furthermore, the corporatisation of language surrounding services can make it difficult for voters to distinguish between public, private and not-for-profit providers of publicly funded services. In 2014, *Helping Government Serve the People*® and "improving the lives of communities worldwide", global for-profit provider MAXIMUS generated revenue of US$1.7 billion and profit of US$452.1 million (MAX Solutions 2014; MAXIMUS Inc 2014:24). In Australia, a wholly owned subsidiary of MAXIMUS successfully tendered for jobactive contracts for 2015-2020 in twenty-nine of fifty-one service regions, delivering services in more than twice the number of regions and twice the number of sites than any other provider. Tenders were partly assessed on how quickly the bidding providers had moved jobseekers into work compared with competitors in the past five years, making the government's priorities clear (Department of Employment 2014c: Part Eii). However the president of the National Welfare Rights Network voiced the concerns of many advocates of service users and the not-for-profit sector about the flow-on effect of the contracts saying "It's difficult to accept that employment

assistance funding for people who need work should be diverted to provide profits to big US corporates" (Williams 2015).

Where profits from delivering employment services are distributed does not appear to factor into assessment of the public value of outsourcing them, suggesting that efficient delivery of services is a higher priority for the authorising environment. However in practice the pursuit of efficiency can limit access to services for some citizens, shifting costs and challenging traditional conceptions of citizenship (Somers 2008: 134-135; Freedland 2001:91). The long-term, flow-on costs of governments failing to protect citizens who are 'hard to service' and vulnerable to neglect or exploitation in the market can be high. In the employment services system, there is ample evidence that preparing some jobseekers for work comes at a cost the market is unwilling to bear, and equally ample evidence that these market forces are shifting costs to other public services, for example health, justice and housing. In the pursuit of better ways to deliver public services to all citizens, the real public value of combining different actors and interests in delivering services may not be greater flexibility and responsiveness but institutional learning - lessons learnt by government in the process of observing different actors respond to forces reshaping public services in different ways (Sullivan 2015a).

All the employment services providers involved in this study grappled with how to best balance their contractual obligations with their own organisation's agenda. Their activity was shaped and driven by conditions attached to their funding, their sources of legitimacy, their own governance structure, the regulatory environment in which they operated and their relationships with their clients and other organisations. This study revealed that successfully moving highly disadvantaged jobseekers from welfare to work often hinged on local intelligence, local networks and trust. Those qualities are not confined to the not-for-profit sector. How trust, local knowledge, reciprocity and legitimacy impact on the myriad of relationships between governments, for-profit employment service providers, not-for-profit employment service providers, complementary service providers, employers and jobseekers, as well as relationships between management and client-facing staff in employment services providers, is explored in detail in Chapter 7 of this thesis.

Jobseeker assessment and streaming

People in receipt of income support in Australia assessed as 'fit to work' – those deemed capable of moving from welfare to work with assistance - are sorted into four streams for varying levels of support from employment services providers according to their needs. The streaming process is managed by Centrelink. Created as a government agency under the *Commonwealth Services Delivery Agency Act 1997* and later becoming a branch of the Commonwealth Department of Human Services under the *Human Services Act 2011 (Cth),* Centrelink is responsible for managing and administering payments and services to people in need of income support (Centrelink 2016). People receiving unemployment benefits are assessed by their local Centrelink office to determine their capacity to work, their barriers to work and their eligibility for services to help them find work. If they are not assessed as having Continuing Inability to Work (CITW) – that is, if they are ineligible for the Disability Support Pension - they are given information to help them choose an employment services provider in their local area to work with in searching for a job.

The first tool employed by Centrelink in assessing and streaming the unemployed for assistance – a form of jobseeker triage - is the Job Seeker Classification Instrument, or JSCI (Department of Employment 2015). The JSCI is a questionnaire used to determine a jobseeker's relative level of disadvantage in the labour market and the likely difficulty of that person obtaining employment. Jobseekers are assigned points according to their answers to specific questions that correlate with disadvantage in the labour market. Jobseekers are classified as Stream 1 if they score fewer than 19 points; Stream 2 if they score 20–28 points; and Stream 3 if they score more than 29 points. Entry to Stream 4 - the stream for the most disadvantaged job seekers - is based on further assessment (Australian Law Reform Commission 2015).

The JSCI is ordinarily administered by Centrelink when a jobseeker first registers for activity-tested income support (Department of Employment 2015d). The assessment can take place over the phone or face-to-face. For jobseekers flagged in the JSCI as facing significant barriers to work, an Employment Services Assessment (ESAt) and/or Job Capacity Assessment (JCA) is conducted by a suitably qualified assessor approved by Centrelink. Centrelink guidelines state that ESAts and JCAs are generally conducted

face-to-face at an interview but can be arranged in other formats including phone, video conferencing or file assessments to suit the customer's needs and appointment requirements. The same considerations are applied to the assessment regardless of the format. The assessor is responsible for preparing for the interview and assessment, conducting the assessment, making an onward referral/s to employment service provider or other support services and completing an assessment report. The person being assessed is required to provide current and past medical or disability details, evidence of past workforce participation, skills and training and their employment history. Based on that evidence, the assessment encompasses identifying medical, psychological, social and/or vocational barriers impacting on the jobseeker's capacity to work; determining interventions to address barriers to work; determining personal factors, risk of non-compliance and vulnerabilities; and recommended referrals to employment services or related services.

Assessments are informed by evidence provided by the jobseeker at the time of assessment, thereby hinging on the jobseeker's level of disclosure of their circumstances. However assessors have the discretion to seek medical evidence from a treating doctor or other appropriate source to complete an ESAt where they think it is necessary, for example, where a job seeker has been unable to obtain sufficient medical evidence from their treating doctor to verify a medical condition or a vulnerable job seeker with a suspected mental health condition is unable to be effectively assessed through normal procedures (Department of Human Services 2013). The assessment remains valid for two years unless there is a significant change in a person's circumstances that affects their level of functional impairment and work capacity.

Once Centrelink has assessed a welfare recipient's situation and determined that they are eligible for employment assistance, that person is 'streamed' and referred to the employment services system. Each stream has different levels of service and resources attached to it, giving employment services providers scope to tailor support to individual jobseekers' needs and circumstances. The streams for the Job Services Australia contract (2012-2015) and jobactive (2015-2020), with corresponding support and jobseeker obligations, are shown in Table 6 and Table 7 respectively:

Table 6: The employment services streaming process – JSA 2012-2015

Stream	Criteria	Assistance offered across all streams	Stream-specific assistance
1	job seekers who are work ready	• Development of an Employment Pathway Plan • Assistance preparing a résumé • Advice on the best ways to look for work • Information on job opportunities in your area, including a list of available jobs which are suited to you • Advice on what types of employers and industries need more workers • Advice on how you can receive training to skill you for work opportunities • Access to an interpreter if you need one • Regular face-to-face meetings with a Job Services Australia provider and regular reviews of individual circumstances to ensure provision of appropriate levels of support • Access to work experience	• skills assessment
2	job seekers with relatively moderate barriers to employment		• help to develop skills • help with language, literacy and numeracy • help to overcome personal barriers to work
3	job seekers with relatively significant barriers to employment		
4	job seekers with severe barriers to employment		• integrated, intensive assistance combining pre-employment and employment assistance • a range of services to address vocational and non-vocational barriers, including providing or organising assessments, counselling or professional support, referral and advocacy and other support services • reasonable access to JobSearch and computer facilities and advice about how to use them to look for work

Table 7: The employment services streaming process – jobactive 2015-2020

Stream	Criteria	Assistance and obligations across all streams	Stream-specific assistance and obligations
A	job seekers who are the most job competitive	• Employment Providers actively monitor the frequency and quality of a job seeker's job searches and the completion of their annual Mutual Obligation activity • jobseekers undertake 20 job searches per month, with Employment Providers having the flexibility to tailor this requirement according to a job seeker's individual circumstances and local labour market conditions • agree to a Job Plan that will outline what they will do to improve their work readiness and to follow through on these commitments • complete Work for the Dole or another approved activity (such as part time work, part time study in an eligible course, participation in accredited language, literacy and numeracy training or volunteering) for 25 hours per week for six months each year if they are aged under 30 years • complete Work for the Dole or another approved activity for 15 hours per week for six months each year if they are aged 30 to 49 years • complete an approved activity for 15 hours per week for six months each year if they are aged 50 to 59 years.	• self-help facilities • monitored job search • commence Work for the Dole after six months • case managed after 12 months.
B	job seekers who need their Employment Provider to play a greater role to become job ready		• case managed • commence Work for the Dole after 12 months, unless they are affected by the Stronger Participation Incentives for Job Seekers under 30 • Job seekers will change their Employment Provider if they are still unemployed after two years so that there can be a fresh perspective to helping them move off welfare and into work.
C	job seekers with a combination of work capacity and personal issues that need to be addressed so that they can take up and keep a job		• case managed • commence Work for the Dole after 12 months, depending on their capacity • Job seekers will change their Employment Provider if they are still unemployed after three years

Service and outcome fees for employment services providers are tiered according to the classification of the clients involved, following complex rules and processes. The JSA contract encompasses over three thousand A4 pages of guidelines related to compliance and monitoring and one hundred and forty-four outcome payment types determined by the jobseeker's stream and period of unemployment, the nature of the outcome, how the outcome is achieved and whether the outcome or the jobseeker attracts a bonus (Thompson 2013:9; Department of Education, Employment and Workplace Relations 2012:4). Payments for achieving outcomes for disadvantaged jobseekers are higher to encourage providers to work with those jobseekers in spite of the extra effort involved in obtaining job placements for them. Fees and related funding available for JSA Stream services include **Service Fees**, time limited by the contract for basic services to jobseekers such as registration, skills assessment or development of an Employment Pathway Plan, ranging from $63 to $587 for a 13 week period; **Job Seeker Placement Fees**, paid when a jobseeker is placed in a job for a specified period, varying from $385 to $550; and **Job Seeker Outcome Fees**, paid when a job seeker remains employed for 13 and 26 weeks and fully exits income support, ranging from $277 to $2940.15 (Australian National Audit Office 2014b:32). Client streaming also informs the employment services provider ranking system called Star Ratings, which measures the relative performance of providers against key performance indicators in the employment services contract (Department of Employment 2015e). This system is explored in more detail later in this chapter.

Issues with the Streaming process

Under JSA, the Commonwealth Department of Human Services was responsible for assessing and streaming welfare recipients for employment assistance and the Commonwealth Department of Employment was responsible for delivering employment services. Separating the streaming of jobseekers from service delivery was a risk management strategy by government to prevent providers in the employment services system placing clients in streams that offer higher returns and rankings. The influence of the employment services provider over the streaming was curtailed in 2006 in the wake of widespread findings of providers gaming, or failing to understand, the job seeker classification system. One of those providers was the not-for-profit Salvation Army Employment Plus, which had been delivering employment services under

contract since 1998. In response to being named in a television exposé of rorting in the Australian employment services system aired by the Australian Broadcasting Commission in February 2015 the Salvation Army wrote, "It is a matter of public record that a repayment of $9 million was made to the Commonwealth by Employment Plus in 2006. A Government audit, which we fully cooperated with, found we had incorrectly classified job seekers as highly disadvantaged, thereby attracting a higher fee. This was not due to deliberate manipulation of the funding model but rather, a combination of the complexity of the job seeker classification instrument, poor internal processes and human error" (Australian Broadcasting Commission 2015). It is unsurprising that the government moved swiftly to change the rules in the wake of clawing back $9 million from a charity that runs an annual and high profile public campaign for donations to address gaps in the state's provision of welfare services (Salvation Army 2016).

In 2012, the Australian Government released the *Employment Services – building on success Issues Paper* calling for public submissions on how the employment services system might be improved. Submissions flagged that the sector considered current assessment processes, and particularly the JSCI, inadequate for assessing complex barriers to employment. Reluctance on the part of the jobseeker to disclose barriers was identified as an issue in both the initial assessment of capacity to work and in employment services case management relationships, and generally attributed to low levels of trust (Davis & Giuliani 2013:3).

Similar findings emerged in the field work for this thesis. More than half of the JSA employment consultants interviewed for this study believed the majority of their clients were incorrectly streamed. A further fourteen per cent said inaccurate assessment surfaced occasionally. The remaining one third of consultants was unsure. One JSA site manager voiced suspicion about inconsistent patterns of streaming, saying that the number of jobseekers assessed as Stream 1 referred to her organisation had increased from twenty-three to ninety-five in the previous six months – something she attributed to shifting Centrelink targets, not changing local demographics (interview #108, state 1 coastal, JSA site manager). Where streaming issues arose, jobseekers had commonly been assessed by Centrelink over the phone before referral to the JSA provider and were either unaware of factors keeping them out of work, disinclined to assist in the assessment process or unwilling to disclose sensitive information about their mental

health, drug and alcohol use, criminal history, unstable accommodation, behaviour or personal presentation over the phone. Compounding lack of disclosure, without a face-to-face meeting there was no opportunity for the assessor to make a visual assessment of the client's employability. A JSA employment consultant recalled her surprise at meeting a new client assessed as Stream 2, a fifty year old woman who was "morbidly obese, caring for two adult disabled children and with grief and loss issues" (interview #129, state 1 rural, JSA employment consultant). Another was working with a Stream 4 client with long term addiction and health issues that she felt had no prospect of finding work (interview #216, state 2 rural, JSA site manager). Other issues around clients' appearance, presentation and personal hygiene that were missed in phone assessments were flagged by several employment consultants as significant barriers to work, with many Stream 4 clients requiring dental work to improve their prospects of finding a job (interview #209, state 2 regional city, JSA employment consultant; interview #110, state 1 coastal, JSA EC; interview #126, state 1 rural, JSA BDC; interview #203, state 2 regional city, JSA EC; interview #209, state 2 regional city, JSA EC; interview #218, state 2 rural, JSA EC).

While there was capacity in the system for Centrelink to 're-stream' a jobseeker at the request of a JSA provider, the process involved significant effort on the part of the jobseeker to gather evidence to support the claim. As jobseekers identified by JSA providers as being in the wrong stream were either unwilling to disclose particular information about their circumstances to Centrelink in their initial assessment, unaware of their barriers to work or disinterested in the assessment process, this effectively stems requests for reassessment. JSA providers tended to adapt their services to suit these clients using the resources available rather than persuading the client to seek reassessment (interview #108, state 1 coastal, JSA site manager).

Significantly, this study found a marked difference between barriers to employment and their prevalence identified in the jobseeker assessment and streaming process and those identified by employment services providers working with the long-term unemployed, detailed in Chapter 6. Given the extent to which a jobseeker's stream determines their obligations in return for income support and their access to assistance to find a job, current processes for streaming raise important questions around informed consent from the welfare recipient's end of the social contract and accountability and duty of care to

vulnerable citizens from the state's end. Are welfare recipients with addictions or cognitive impairment, for example, fully aware of the ramifications of their Employment Services Assessment? Those with the most to lose in terms of mutual obligation for income support are the least equipped to navigate the assessment process. The findings of this study show that even with tiered incentives, in a service environment built on payment by results, a jobseeker's stream has a significant impact on their odds of moving from welfare to work.

Measuring performance

The *Employment Services Code of Practice* for the 2012-2015 Job Services Australia (JSA) contract commits providers to working with communities, clients, employees, sub-contractors and other providers to deliver quality employment services; helping each jobseeker find a pathway into employment; and supplying employers with staff that meet their needs. Under that, the Service Guarantee for Stream 4 jobseekers requires employment services providers to develop an Employment Pathway Plan for every jobseeker; to help 'pre job search ready' jobseekers deal with issues that might make it hard for them to look for work, by providing counselling or other professional support or referring them to other support services; and for those ready to look for work, to look at their skills and qualifications and providing assistance and advice to help them find and keep a job.

Contracts to deliver employment services across Australia are managed by the Department of Employment. The Department of Employment, the Commonwealth Department of Human Services (through Centrelink) and contracted employment services providers use a common ICT system called the Employment Services System (ESS) to record information tracking the progress of jobseekers towards work, such as meetings attended, changes in personal circumstances, job search and training activities planned or undertaken. ESS is administered by the Department of Employment and is the primary tool for monitoring the performance of employment services providers. Along with data from the Department of Employment's Post Programme Monitoring (PPM) Survey (OECD 2012:216-217), data from ESS informs Labour Market Assistance Outcomes reports produced quarterly by the Department, which capture

outcomes for employment services clients (Department of Employment 2015f), as well as provider 'Star Ratings', also produced quarterly (Department of Employment 2015e).

The Star Ratings system was developed to audit and quantify each employment services provider's relative performance against two key contractual performance indicators - **KPI1 Efficiency**, the average time taken by providers in comparison with other providers to assist clients with particular characteristics into employment and **KPI2 Effectiveness**, the proportion of clients with particular characteristics for whom placements and outcomes are achieved, including social outcomes for Stream 4 clients. Using proven statistical regression analysis to compare the performance of JSA providers across Australia, the government employs a set of twelve weighted performance measures for each JSA Stream accounting for different jobseeker characteristics and labour market conditions. Overall ratings are calculated by aggregating individual Stream ratings, with Stream 4 contributing 40%, Stream 3 30%, Stream 2 20% and Stream 1 10%. The model calculates a performance score for each site across Australia and a national average performance score is calculated from these scores. Providers then receive a Star Rating based on comparison of their individual site performance scores to the national average site performance score. The ratings are used by the government to drive improved performance, to motivate providers to persevere with 'hard to place' jobseekers and to allocate business share to providers; and by providers as a measure of their performance against their contract (Considine, Lewis & O'Sullivan 2011:816; OECD 2012:114; Lewis et al. 2015). They are also intended as a tool for jobseekers to assess the comparative performance of providers in their local area in choosing a provider help them find work, although interviews in this study suggest it is rare for jobseekers to put much effort into selecting their employment services provider. Most were directed to a specific JSA provider by Centrelink, or picked the provider closest to their Centrelink office, home or other services they regularly visited (interview #201, state 2 regional city, JSA site manager; interview #208, state 2 regional city, JSA EC). In any case, jobseekers' choice could be restricted by ceilings imposed by government on the number of clients each provider can accept. Most JSA providers were co-located or situated very near other services or government offices accessed by their clients.

What gets measured gets done

Data collection for this study encompassed attending a full day in-house training session for JSA employment consultants on using the Employment Services System (ESS), with emphasis on the Barrier Management Tool (BMT) and reporting Employment Pathway Fund expenditure. The session revealed that the reporting requirements were highly prescriptive, complex and detailed. On referral to the JSA, each jobseeker's barriers to work were coded and entered into ESS from their ESAt report, effectively locking employment consultants into a course of action to address them. This supports other research findings that the employment services IT system was increasingly shaping providers' interactions with jobseekers, as both the government as the purchaser and the provider's head office assumed more control over frontline service approaches (Marston 2006:85; Considine et al. 2011:820-821). While employment consultants could note additional barriers in a client's Employment Pathway Plan, they were unable to amend the client's barriers in ESS. This meant that activity to address barriers other than those on the client's ESS record were not reflected in the provider's performance measurement – a powerful disincentive to delve into issues beyond those identified in the assessment. Other barriers not captured in the performance measure were specified "sensitive" barriers set out in Attachment A of the JSA Barriers Serviced Performance Measure Advice - domestic violence, family law issues pending, grief and loss, legal action pending, relationships/family, torture/trauma, family relationship breakdown and barriers relating to education, environment, health, legal issues, personal circumstance, socio-cultural barriers or vocational not covered by the other fifty-four ESAt barrier categories – many of which affected highly disadvantaged jobseekers.

The ESS codes for each barrier faced by jobseekers flowed down to linked codes in drop-down boxes for reporting activity type, EPF expenditures and other assistance related to addressing the barrier, as illustrated by the examples in Table 8. The reporting did not have scope for courses of action other than those specified. In light of findings of this study on barriers to work for Stream 4 jobseekers covered in Chapter 6, this was a weakness in the reporting system that could impact directly on outcomes. The options available to employment services providers to address barriers to work for ex-offenders, for example, did not included a key issue keeping that group out of the workforce – the increasing number of employers requiring police checks.

Table 8: Sample ESS reporting codes for ESAt barriers

ESAt Barrier	Activity Type	EPF expenditures	Other assistance
Accommodation issues (G01)	Homelessness Intervention (HINV)	Rent and crisis accommodation (RENT) Short-Term accommodation assistance (ACCM)	
Anxiety Disorder (ANX)	Counselling Services (CONC) Interpersonal Skills non-vocational (ISNV) Medical/Health Related Services (MSNV) Mental Health Interventions (MHNV)	Medical, Dental & Optical Costs (MEDI) Medication & therapies (MEDC) Mental Health Counselling and support (MENT)	
Cognitive / neurological impairment (H03)	Career Counselling (CC) Counselling Services (CONC) Disability Intervention non-vocational (DINV) Medical/Health Related Services (MSNV) Mental Health Interventions (MHNV)	Medical, Dental & Optical Costs (MEDI) Medication & therapies (MEDC) Vocational Rehabilitation (VOCR)	
Drug Dependence (DRG)	Addictions Intervention (AINV) Counselling Services (CONC) Drug or alcohol detox/rehabilitation (REHB) Medical/Health Related Services (MSNV) Mental Health Interventions (MHNV)	Drug and alcohol counselling and rehabilitation (DRUG) Medical, Dental & Optical Costs (MEDI) Medication & therapies (MEDC) Mental Health Counselling and support (MENT)	
Ex-offender history (L01)	Counselling Services (CONC) Interpersonal Skills non-vocational (ISNV) Mental Health Interventions (MHNV)	Personal Development (PERS)	
No or limited formal education (E01)	Accredited Education and Training vocational (AETV) Cwth Adult Migrant English Program (AMEP) Cwth Language Literacy and Numeracy Program (LNP) NEIS training (NTRN) Other Literacy and Training Courses (OLIT) Vocational Assistance (ASV)	NEIS training (NTRN) Training Course (TRAC)	
Social isolation (S05)	Counselling Services (CONC) Cultural Services (CSNV) Interpersonal Skills non-vocational (ISNV) Mental Health Interventions (MHNV) Part Time/Casual Paid Employment (PEMP)	Family Mediation (FAMM) Personal Development (PERS) Wage Subsidy (WAGE)	Job Placement Wage Connect

(Department of Employment: Attachment A JSA Barriers Serviced Performance Measure Advice)

The heavy handed contractual and reporting requirements for employment services providers, coupled with the extent to which contracts and supporting guidelines were used to 'micro-manage' providers, were universally criticised by providers involved in this study. Describing the JSA contracting and regulatory arrangements as "stifling", a senior manager in a JSA said "it's like tying a horse up in corral and saying 'run'" (interview #116, state 1 regional city, JSA Manager). In attempting to manage risk, the government has made the system "extraordinarily bureaucratic in a way that it was never envisaged to be" (O'Flynn 2015).

Measuring impact

Despite eligibility for employer incentives, intensive case management and the highest level of placement fees for their employment services providers, the overwhelming majority of the most disadvantaged jobseekers in the employment service system – classified as Stream 4 jobseekers under the 2012-2015 JSA contract - remain on the margins of the labour market.

In 2012 the Gillard Government asserted that "JSA has performed particularly well in assisting those people with multiple barriers to employment" (Department of Education, Employment and Workplace Relations 2012a:8). This appears to be in relative rather than absolute terms. In the three years between 1 July 2009 and 30 June 2012 over one billion dollars was invested in employment services to Stream 4 jobseekers under JSA, including service fees and outcome fees to JSA providers and brokerage funds to purchase goods and services to assist jobseekers overcome barriers to work. As shown in Table 9, total expenditure on Stream 4 jobseekers in Australia increased by over 70 per cent in that period, from $241 million in 2009-2010 to $383 million in 2010-2011 to $432 million in 2011-2012, with a sharp rise in the 2010-11 financial year in spending through the Employment Pathway Fund (from $60 million to $119 million) and outcome fees paid to JSA providers (from $19 million to $84 million).

Table 9: JSA Expenditure on Stream 4 jobseekers from 1 July 2009 to 30 June 2012

Financial Year	Service Fees	Outcome Fees	Employment Pathway Fund	Total	Increase in expenditure from the previous year (%)
2009-10	$161,060,040	$19,357,863	$60,886,742	$241,304,645	-
2010-11	$179,141,737	$84,127,617	$119,745,953	$383,015,307	58.7%
2011-12	$174,801,809	$129,571,457	$127,972,717	$432,345,983	12.9%
Total				$1,056,665,935	

(Australian Government 2012a:1, 2012b:1, 2013a:3)

Over the same period, as shown in Table 10, employment outcomes for Stream 4 jobseekers increased from 21.3 per cent to 29.7 per cent, an increase of 8.4 per cent. Education and training outcomes for the same group over the same period increased from 15.3 per cent to 19.1 per cent, an increase of 3.8 per cent.

Table 10: JSA Stream 4 Labour Market outcomes 2010-2012

JSA Stream 4 Labour Market Outcomes	Employed (%)	Increase from previous year (%)	Education & training (%)	Increase from previous year (%)
September 2010	21.3	-	15.3	-
September 2011	28.5	7.2%	18.1	2.8%
September 2012	29.7	1.2%	19.1	1.0%

(Department of Education, Employment and Workplace Relations 2012d:13, 2011:13, 2010:10)

Even with the substantial increase in expenditure and the more modest improvement in employment and education and training outcomes over this period, in 2012 the employment services system equipped less than one third of Stream 4 jobseekers to fill available jobs. Even fewer moved into sustainable work. Drilling down on the outcomes shown in Table 10, a much lower percentage of the employment outcomes reported were sustainable outcomes. As shown in Table 11, in both 2011 and 2012 only 10.3 per cent of JSA Stream 4 clients found permanent employment, up from 5.7 per cent in 2010 – a significant improvement, but from a very low base. In 2012, 16.8 per cent found casual, temporary or seasonal work, up from 15.3 per cent in 2011 and 13.2 per cent in 2010. A small percentage in all three years became self-employed. The data supplied by the Department of Education, Employment and Workplace Relations (DEEWR) does not specify whether permanent employment is full time or part time. However assuming all clients who moved into permanent employment or self-

employment had no further need of employment services, in 2012 approximately 87 per cent of Stream 4 clients of JSA were ongoing clients.

Table 11: JSA Stream 4 employment outcomes in 2011 and 2012

Stream 4 Employment Outcomes	**Permanent employee (%)**	**Casual, temporary or seasonal employee (%)**	**Self-employed (%)**	**Employed & seeking more work (%)**	**Employed & studying (%)**
2012 % of *all* JSA stream 4 clients	10.3	16.8	2.6	14.1	4.6
2011 % of *all* JSA stream 4 clients	10.3	15.3	2.8	13.5	5.3
2010 % of *all* JSA stream 4 clients	5.7	13.2	2.5	8.4	3.1

(Department of Education, Employment and Workplace Relations 2012d:7,13, 2011:7,13, 2010:5,10)

Outcome statistics are more sobering for the long-term unemployed. As shown in Table 12, only 4.3 per cent of Stream 4 clients unemployed for three years or more moved into full time work in 2012 and data supplied by DEEWR does not specify whether this was permanent, casual or seasonal work. Of particular interest are employment outcomes of any kind for Stream 4 clients described as 'vocational educated'. In 2012, 66.5 per cent of Stream 4 clients with vocational (VET) qualifications were unemployed or not in the labour force and of those employed, more were working part time than full time. Again, the data supplied by DEEWR does not specify whether employment outcomes for this group were permanent, casual or seasonal.

Table 12: Outcomes in 2012 for long-term unemployed JSA Stream 4 clients and JSA Stream 4 clients with VET qualifications

Stream 4 Outcomes, September 2012	Employed full-time (%)	Employed part-time (%)	Unemployed (%)	Not in the labour force (%)	Enrolled in education & training (%)
Unemployed 12 to less than 24 months	11.1	17.6	36.5	34.8	17.9
Unemployed 24 to less than 36 months	10.5	16.5	39.2	33.8	16.4
Unemployed 36 or more months	4.3	13.9	49.8	32.0	15.9
Vocational educated	14.0	19.5	41.2	25.3	17.2

(Department of Education, Employment and Workplace Relations 2012d:13)

The results are no better in relation to Work for the Dole. As shown in Table 13, in 2012 just 9.3 per cent of Stream 4 clients with a VET qualification and 3.8 per cent of Stream 4 clients unemployed for three years or more involved in Work for the Dole programs moved into full time work. Again, the data supplied by DEEWR does not specify whether these employment outcomes were permanent, casual or seasonal.

Table 13: Outcomes in 2012 for JSA Stream 4 Work for the Dole participants

Stream 4 Work for the Dole Outcomes, September 2012	**Employed full-time (%)**	**Employed part-time (%)**	**Unemployed (%)**	**Not in the labour force (%)**	**Enrolled in education & training (%)**
Unemployed 12 to less than 24 months	11.1	11.1	71.5	6.2	19.8
Unemployed 24 to less than 36 months	7.9	15.5	Not published	Not published	12.7
Unemployed 36 or more months	3.8	12.8	73.3	10.1	14.0
Vocational educated	9.3	16.8	67.1	6.9	17.7

(Department of Education, Employment and Workplace Relations 2012d:16)

Despite these results the Australian Government continued to focus on vocational education and training and Work for the Dole as key pathways to work for the long-term unemployed and those at risk of long-term unemployment. That this focus persisted in the face of poor outcomes suggests either that the employment services system was cutting its suit to fit available cloth, or that the efficacy of the approach was measured not in job outcomes but in political advantage. The *Evaluation of Job Services Australia 2009-2012* indicates that in the period 1 July 2009 and 31 December 2011, the highest proportion of Employment Pathway Fund expenditure for Stream 4 jobseekers was in the 'training course' purchase category (Department of Education, Employment and Workplace Relations 2012e:10). However with the change of federal government in 2013 came a shift in emphasis from providing services to jobseekers to jobseekers' 'obligation to taxpayers'. By 2014, the government's attention had moved squarely to Work for the Dole as a core strategy to move the long-term unemployed into work, declaring that "every Australian who is capable of working should be in a job, preferably for a wage but, if not, for the dole" (Liberal National Coalition 2013:2).

2012 Employment Services Issues Paper

The available evidence strongly suggests that further education and training improves employment outcomes. Generally, unemployment levels are lower and participation rates are higher for those with higher educational attainment. It is important that employment services continue to focus on ensuring job seekers are given opportunities to undertake quality training that will allow them to increase their skill levels, if job seekers are going to be able to take advantage of an increasingly skilled labour force.
(Department of Education, Employment and Workplace Relations 2012a:10)

2014 Exposure Draft for Employment Services 2015-2020 Purchasing Arrangements

The Employment Services 2015 model has a focus on moving Job Seekers off Income Support and into work while also ensuring Job Seekers are giving back to the community that is supporting them. The Employment Services 2015 model delivers on both these aims by establishing an Annual Activity Requirement that will see Job Seekers gaining real work skills by placing them in work-like settings…The primary responsibility of all Job Seekers in receipt of income support is to move into work and become self-supporting as quickly as possible.
(Department of Employment 2014a:43)

The lead up to the tender for delivery of employment services for 2015-2020 marked a shift in focus from the needs of jobseekers to the needs of employers. The Abbott Government's Work for the Dole policy was intended to "instil work like behaviours and develop the personal attributes and pre-employment skills that employers are looking for" in jobseekers (Department of Employment 2014a:4). It addressed concerns that money was being spent on training that did not lead to jobs and promised that "employers can expect more Job Seekers to have the skills and attributes they need to be recruited and stay in in a job. Job Seekers will take part in work-like activities like Work for the Dole, and any training they do will be relevant to employers' needs and real job opportunities" (Department of Employment 2014d:38). Yet given the wealth of evidence that participating in Work for the Dole does not enhance employment

outcomes for the long-term unemployed in Australia, the policy's claim that this activity will build skills that employers are looking for is dubious (see, for example, Borland & Tseng 2004). What employers *are* looking for in their workforce is explored in more detail in Chapter 5 of this thesis.

The Department of Employment's *2014 Survey of Employers who have Recently Advertised* shows the availability of skilled workers and the number of applicants per advertised job vacancy is rising and qualitative information from employers suggests they have become more selective in recruiting staff, overlooking job applicants who might have been considered suitable in a tighter job market (Department of Employment 2014e:1). In February 2015, there were 151,600 jobs on offer while 781,600 unemployed people and a further 1,049,900 underemployed workers willing and able to work more hours were seeking work (ABS 2015b:Feb 2015; ABS 2015a:Feb 2015). At the bottom of this pool of available labour, the long-term unemployed are a workforce of last resort for employers in an over-supplied market. Yet the electorate's conviction that they are "getting away with something" is persistent (Krugman 2014).

For the most part, Australia's employment services system is failing to dismantle barriers to work for the long-term unemployed. A wealth of research and data suggests that both the 'work first' model of employment services and the human capital development model struggle to achieve positive outcomes for jobseekers facing multiple and complex barriers to work; nor is the system supplying industry with the workers it wants. What does evidence suggest keeps the long-term unemployed out of the workforce in Australia? And what works, if anything, to move them from welfare to work? Drawing on analysis of secondary data and original interviews with people working directly with the long-term unemployed in employment services and complementary services, this thesis now examines barriers to work faced by Stream 4 JSA clients from the perspectives of employers and service providers, how those barriers are being addressed, challenges in getting services with competing priorities to work together, and tensions between the policy rhetoric of reciprocity, responsibility, civic engagement and mutual obligation and the reality of social exclusion and structural disadvantage.

Chapter 5: Exploring activation and employability

Introduction

In the shift from passive to active welfare in Australia since 1994, social welfare and support systems have become strongly employment focused. Active welfare policies encourage or compel the unemployed to change their circumstances and enhance their 'employability', with support from the state, to improve their prospects of participating fully in society and the economy (Shaver 2001; Evans 2001; Powell 2000). Consequently, links have been forged between social protection policies, labour market participation and labour market programs with a view to making the unemployed engage proactively with the labour market, developing their job-related skills and ultimately enhancing the country's economic efficiency and productivity (OECD 1994; Barbier & Ludwig-Mayerhofer 2004). Yet lack of success in moving disadvantaged jobseekers from welfare to work suggests these efforts are missing the mark.

The Australian Government contracts employment services providers to help people on unemployment benefits prepare for and search for work. These providers enforce activity requirements or mutual obligation requirements for income support set by the government of the day and provide clients with varying levels of employment assistance according to their level of disadvantage and needs. Under the Employment Services Code of Practice, providers commit to working with clients, employees, sub-contractors and other providers to deliver quality employment services; helping each jobseeker find their pathway into employment; and assisting employers meet their skill and labour shortage needs. Providers are contractually obliged to develop an Employment Pathway Plan for every client, to look at the skills and qualifications of those ready to look for work and provide assistance and advice to help them find and keep a job, and to help 'pre job search ready' clients deal with issues that might make it hard for them to look for work by providing counselling or other professional support or referring them to other support services.

Employment services providers routinely refer clients with significant labour market disadvantages to other services to address gaps in skills or non-vocational issues keeping those clients out of the workforce. Along a continuum of capacity to work,

these people move around and between federal, state and territory government-funded service providers - for example in welfare, housing, health, justice, education and employment services - concurrently, sequentially or on an ad hoc basis, sometimes over a long period of time. Policies in all these arenas have been tweaked and re-tweaked to support integrated approaches to promoting social and economic inclusion for welfare recipients at risk of long-term unemployment and there has been investment by all levels of government in programs, services and support designed to improve their prospects of finding work, but few have a lasting or significant impact on outcomes for the long-term unemployed (Department of Education, Employment and Workplace Relations 2012a:7). Despite this, the Australian Government remains committed to a work-focused active welfare state, on the premise that moving welfare recipients into 'work first' promotes economic and social inclusion and has flow-on public benefits (Considine et al. 2015; Evans 2001; Powell 2000, Mead 1997).

Assertions by politicians that 'the best form of welfare is work' are not limited to Australia (Cameron 2015; Morrison 2015b; Harman 1997; Bolger 1997; Clinton 1996). Yet debate continues to swirl around whether activating the long-term unemployed has a positive impact on labour market participation, economic competitiveness and productivity, and whether it discourages welfare dependency (Bode & Sandvin 2012). A key tension lies in the Australian Government's insistence that anyone can find a job by recalibrating their skills, attitude and behaviour, implying that opportunities exist within the labour market for everyone despite overwhelming evidence to the contrary. In practice, encouraging and assisting marginalised people to overcome complex barriers to workforce participation, equipping them with skills needed by industry and helping them find and keep a job is a challenge for Australia's federal and state governments, spanning employment, welfare, education, health, housing, transport and justice portfolios. The central premise of activation is that people, organisations and institutions can be persuaded or coerced or assisted to adapt to changes in the economy. To that end, overcoming long-term unemployment calls for understanding at a policy level of the whole spectrum of people with significant labour market disadvantages, differentiated by a range of lifestyle, social, and economic factors; willingness on the part of institutions to adapt and customise services to suit jobseeker and employer needs; active and direct employer engagement in the employment services system; and frank

assessment of the capacity of the long-term unemployed to compete in the mainstream labour market.

Activation and the concept of employability

The 2012 OECD report *Activating Jobseekers: How Australia Does It* found that Australia's activation strategy for the unemployed, enforcing work availability and mutual obligation requirements, contributed to it having one of the highest employment rates in the OECD (OECD 2012). Despite this, particular groups of jobseekers were persistently excluded from, or avoiding, entering the labour market. An issues paper released by the Australian Government that same year acknowledged that employment outcomes for highly disadvantaged jobseekers could be improved by employment services and other services working together to provide "holistic servicing" to jobseekers (Department of Education, Employment and Workplace Relations 2012a:17).

Complex networks of initiatives, programs and organisations have formed around employment services providers in Australia, working with unemployed people with multiple and significant labour market disadvantages. These networks encompass a broad range of service providers – state and federal government departments, government agencies, firms, health professionals, not-for-profit organisations and incorporated associations. Some services accessed by jobseekers are purchased by employment services providers with brokerage funding while others draw on resources outside the employment services system - contracts to deliver government funded services, non-recurrent grants from federal, state and local government, philanthropic grants, donations, fee for service activity, funding from business and industry and volunteers. These networks of services, with their patchwork funding, help marginalised jobseekers meet activity requirements for income support and overcome barriers to work identified in their Employment Pathway Plan that employment service providers cannot or choose not to address, although not all service providers involved would consider that their primary function.

The *Employment Services – building on success Issues Paper* released by the Gillard Labor Government in 2012 flagged a need to coordinate services to jobseekers to

improve employment outcomes for those facing multiple barriers to work. Buoyed by the success of pilot partnership programs, the paper called for suggestions to improve coordination between employment service case managers and complementary service case managers working with common clients and to "increase awareness of the full range of Commonwealth and State/Territory assistance available to both job seekers and their providers" (Department of Education, Employment and Workplace Relations 2012a:17). The aim was to expose and address gaps and overlap in services accessed by these jobseekers, to reduce duplication of effort and investment, to encourage innovation and holistic servicing and to develop a shared commitment to equipping common clients to move from welfare to work. The issues paper elicited responses from nearly two hundred employment services providers, complementary providers, academics and peak bodies detailing barriers to coordinating services accessed by the long-term unemployed. Challenges flagged in submissions highlighted tensions between the priorities and contractual obligations of different services, the burden of compliance, diverse interpretations of engagement, concerns about the jobseeker assessment process and reservations about the employment services system's singular focus on achieving quick employment outcomes (Davis & Giuliani 2013).

Yet coordinated case management dropped off the radar when the Abbott Coalition Government came to power in 2013. Declaring that "every Australian who is capable of working should be in a job, preferably for a wage but, if not, for the dole" (Liberal National Coalition 2013:2), the government paved the way for a new set of relationships between employment services providers and other services, and between employment services providers and employers. Focused firmly on moving people off welfare as quickly as possible, the Coalition was less concerned with providing services and support to the long-term unemployed than removing disincentives to work. Partnership priorities for employment services shifted away from services helping clients overcome non-vocational barriers to work and toward organisations likely to contribute to faster achievement of measurable outcomes for clients. In particular the government's Work for the Dole policy required employment services providers to work with not-for-profit organisations, local councils, schools, community organisations and state and federal government agencies to source Work for the Dole places and projects for their clients (Department of Employment 2014c:54). The 2015-2020 employment services model focuses explicitly on "satisfying the needs of Employers for work-ready employees.

Employment Providers will focus on achieving job outcomes for Job Seekers and a high level of Employer engagement to ensure Employers can fill vacancies with Job Seekers who meet their needs" (Department of Employment 2014c:20).

While emphasis differs in the approaches of the Labor and Coalition governments, both concentrate on addressing and rectifying deficiencies in individuals to discourage welfare dependency and enhance employability. But as is the case in most welfare to work initiatives focused on improving individual aspects of employability, their weakness lies in overlooking evidence of strong links between demand for labour, systemic barriers to work outside individuals' control and reliance on welfare. In attributing unemployment to individual inadequacies, governments imply that opportunities exist for everyone within the labour market (Peck & Theodore 2000; Serrano Pascual 2001). This raises important questions about what constitutes employability in Australia. Is every Australian who is "capable of working" or "willing to work", by definition, employable?

What do employers want?

Deciding to employ someone often involves value judgments on the part of an employer about a job applicant's capacity to do the job and to fit into the employer's workforce. This is an under-explored and under-addressed barrier to work for people who have been unemployed for some time.

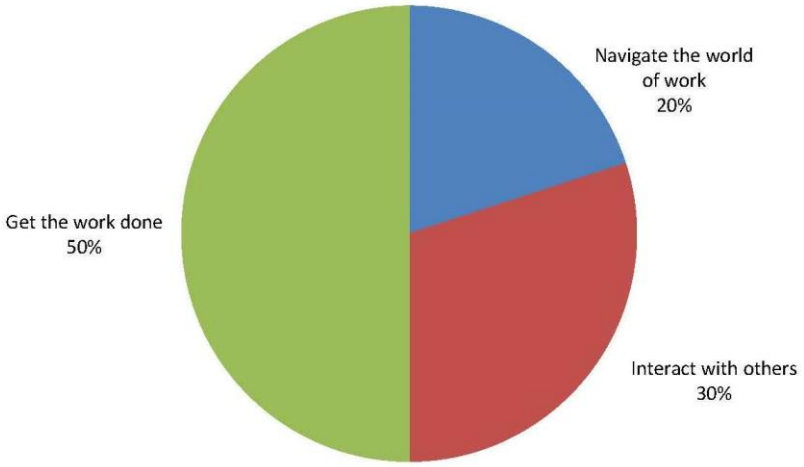
Between 1988 and 1992 the Australian Government conducted a comprehensive review of post compulsory education and training. As part of that process, guided by industry, it identified a set of transferable, non-technical skills necessary to gain employment and participate effectively in the workplace as well as personal and community activities throughout an individual's life (Finn 1991, Mayer 1992). These 'employability skills', as the key competencies from the Mayer Report came to be known, were embedded into all units of competency in vocational Training Package qualifications. Ten years later the Commonwealth Department of Education, Science and Training, the Australian National Training Authority (ANTA), the Business Council of Australia and the Australian Chamber of Commerce and Industry initiated a joint project to provide clear definitions of what Australian industry perceived as essential employability skills and to

analyse and report on any changes to industry demand for generic skills since the development of the Mayer key competencies. The project's final report, *Employability skills for the future*, identified a contemporary suite of eight skills desired by industry in employees *in addition to* job-specific and/or technical skills - communication, teamwork, problem solving, initiative and enterprise, planning and organising, self-management, learning and technology – encompassing a broad range of personal attributes (Department of Education, Science and Training et al. 2002). These desired skills and attributes were revisited in 2013 in consultation with industry and emerged as the *Core Skills for Work Framework* (CSfW), which grouped ten generic skills deemed essential for work under three general skill clusters (Australian Government 2013b:1-3). The framework was designed as a tool to assist in the design, targeting and delivery of education and training and to assist people working with jobseekers to prepare those jobseekers for entering the workforce. Acknowledging that an individual may be operating at different levels in different skills, the framework provides scope to measure an individual's progress along a continuum of increasing expertise, from novice to expert, in each skill area.

Throughout the development of CSfW employers stressed that the employability skills and attributes they sought in employees had not substantially changed since the Employability Skills Framework or even the Mayer Key Competencies were developed, and they expressed concern that many jobseekers referred to them were still inadequately prepared for work. The challenge for policy-makers lay in the notion that the skills and attributes sought by employers could be 'taught'. The knowledge and skills people need to participate in the labour market include codified knowledge - represented in standards, education & training curriculum and written procedures and texts - and tacit knowledge - gained through experience, through working with others and through the application of codified knowledge (Australian Industry Group 2007:4). The CSfW builds on the Employability Skills Framework by providing an operational definition of the skills employers want that can be demonstrated, taught, learned, observed and measured, while acknowledging that personal attributes highly sought-after by employers, like loyalty, commitment, integrity and work/life balance, are shaped by external, cultural or value-based factors.

The employability skills clusters in the CSfW, set out in Figure 5 and Table 14, are 'navigate the world of work', 'interact with others' and 'get the work done'. For an employer weighing up the merits of potential employees, these could be crystallised as three key criteria of varied weight - can this person do the job, will the person do the job, and will they fit in:

Figure 5: Core Skills for Work



(Australian Government 2013b:3)

Table 14: Employability skills (CSfW framework)

Navigate the world of work	Interact with others	Get the work done
Manage career and work life Manage decisions throughout life about how, when and where to work.	**Communicate for work** Use communication skills to achieve work outcomes.	**Plan and organise** Identify and complete the steps needed to undertake tasks and manage workloads.
Work with roles, rights and protocols Understand work roles and workplace rights and expectations.	**Connect and work with others** Build the work-related relationships needed to achieve an outcome within a workgroup, or achieve goals through team based collaborations.	**Make decisions** Make a choice from a range of possibilities.
	Recognise and utilise diverse perspectives Recognise and respond to differing values, beliefs and behaviours, to draw on diverse perspectives for work purposes and to manage conflict when it arises.	**Identify and solve problems** Identify and address routine and non-routine problems in order to achieve work objectives.
		Create and innovate Create, apply and recognise the value of new ideas to solve problems, improve or develop new processes, products or strategies, or deliver new benefits.
		Work in a digital world Connect to other people, information and context for work-related purposes using digital systems and technology.

These skills and attributes are deemed by industry as **essential** for work **in addition to** job-specific and/or technical skills. They surface as a matter of course in position descriptions, vocational education and training programs, career counselling, pre-employment testing, work preparation programs, key selection criteria, human resource development and employment services case management. Yet how individual employers and practitioners working with jobseekers recognise and assess these qualities – through questionnaires, interviews, competency based training, reference checking or psychometric testing - is value-laden, inconsistent and open to interpretation. What is clear is that employers want employees who are ready and willing to work, who will get on with colleagues and customers, who can communicate clearly, adapt to change and solve problems. On that basis alone, current approaches to assessing the capacity to work of people struggling with mental health issues or addiction, those lacking oral or written communication skills and those living in chaotic circumstances, and where the government directs resources to move these people into work, must be questioned.

The mismatch between employer needs and jobseeker needs

Throughout changing federal and state governments, changing economic conditions and changing policies related to welfare, post-compulsory education and employment, welfare-to-work programs in Australia have been failing to move the long-term unemployed into work for over two decades. The proportion of men aged between 25 and 54 who were not in the workforce remained around 10 per cent from 2000 to 2015, a situation consistently attributed to "lack of skills in an increasingly skilled labour market" (McDonald 2015). Yet attempts to skill up the long-term unemployed through targeted training, work experience programs and intermediate labour market programs have not had any significant or lasting impact on their employment prospects.

The process of trying to pin down core employability skills in Australia over more than a quarter of a century suggests that neither a 'work first' nor an 'upskilling' model of employment services has helped employers find the workforce they want; nor has it helped disadvantaged jobseekers find sustainable employment. It highlights the extent to which values-based attributes and externalities factor into a jobseeker finding and

keeping a job and the challenges facing the employment services system in preparing marginalised jobseekers for work and in convincing industry to hire them. A random sample survey of employers conducted by the Australian Government in 2012 found that seventy-one per cent were less willing to hire people who had been unemployed for a long time "because of concerns about attitude, work ethic, reliability, motivation and consistency" (Department of Education, Employment and Workplace Relations 2012a:15). This is consistent with contemporary research in the US which found that employers were less inclined to interview qualified but long-term unemployed job applicants on the assumption that their unemployment was productivity-related (Krueger, Cramer & Cho 2014:230,241; Ghayad & Dickens 2012). The Department of Employment's *2014 Survey of Employers who have Recently Advertised* shows the availability of skilled workers and the number of applicants per advertised job vacancy in rising and qualitative information from employers indicates they have become more selective in recruiting staff, overlooking job applicants who might have been considered suitable in a tighter job market (Department of Employment 2014e:1). This aligns with the findings of this study, which indicate that the long-term unemployed remain persistently at the bottom of the labour market pool despite a range of interventions to improve their prospects of finding a job. Furthermore, the perception of the employment services system as a *labour exchange*, with its finger on the pulse of labour market trends, equipping the unemployed to fill job vacancies and linking employers to a ready pool of labour, is inconsistent with the low levels of employer engagement with the system found in this study (see Chapter 7) and evidence cited elsewhere. In 2012 the Australian Chamber of Commerce and Industry – a body involved in the development of the Employability Skills Framework ten years earlier - alleged that only five per cent of employers lodge vacancies with Job Services Australia (ACCI 2012:9). In the same year, based on a random sample survey, the Australian Government said that "only around two-thirds of employers are aware of Government-funded employment service agencies [and] of these employers, only 7 per cent of them had used JSA", constituting fewer than five per cent of employers overall (Department of Education, Employment and Workplace Relations 2012a:15). Together, this suggests that what is presented in labour market policy as mismatch between marginalised jobseekers' skills and available work is fundamentally more value-laden - a mismatch between the characteristics of those jobseekers and the vision employers have for their workforce.

Defining employability

The emphasis on employability in active labour market policy and its inroads into education policy continues to fuel efforts to define the concept in the literature. Analysis suggests there is broad and long-standing consensus on personal traits and generic skills sought by employers in knowledge based economies – communication skills, analytical skills, computer/digital literacy, adaptability, planning skills, interpersonal skills, cultural competence, problem solving skills, teamwork, honesty, integrity, a strong work ethic, dependability, reliability, loyalty, energy, self-motivation and willingness to learn (Watson 1983; Gardner 1993; Goleman 1995; Payne 2000; Felstead et al. 2006; Sadler-Smith 2010). However degrees of emphasis on the impact of individual characteristics and labour market conditions – that is, the extent to which demand-side and supply-side factors contribute to the unemployed gaining and keeping work – vary among scholars of economics, political science and social work and between discourse and practice (Hillage & Pollard 1998; Peck and Theodore 2000; Gazier 2001; McQuaid & Lindsey 2005; Mitchell & Bill 2005; Wright 2012; Perkins 2008). In their exploration of *The Concept of Employability,* McQuaid and Lindsay (2005) contend that a singular focus on individuals' employability skills and the extent to which those skills match the immediate needs of employers "have come to define many policy-makers' identification of the skills gaps and understanding of the concept of employability" (McQuaid & Lindsay 2005:205). Compounding this, obligations imposed by governments on the unemployed dictate how they act as part of the supply side of the labour market and adapt to what is on offer in the labour market (Bode & Sandvin 2012).

In 1998 the UK Department for Education and Employment commissioned a review of the literature on employability, supplemented by discussions, to formulate a definition and framework for employability to inform future policy. In the course of the review, Hillage and Pollard identified three key elements to employability - the ability to gain initial employment; the ability to maintain employment; and the ability to obtain new employment if required. They stressed that, in addition to relevant knowledge, skills and attitudes, jobseekers needed the capability to exploit and market their assets and this hinged on their personal circumstances and the overall state of the labour market. Interestingly, they noted that government policy at the time appeared to be pitched at the low hanging fruit, aimed more at the development and accreditation of knowledge

and vocational skills than at the 'softer' skills and attitudes; more on the demonstration of assets than their deployment; more at individuals looking to enter the labour market from education or unemployment than those within the labour market; and more on the individual and the supply side, than on employers and the demand side (Hillage and Pollard 1998:1-2).

Scholars and practitioners generally agree that limiting definitions of employability and labour market disadvantage to supply-side or demand-side factors limits capacity to explain and address the complex and intertwined combination of factors that exclude or equip people to enter and remain in the workforce, or to tackle unemployment, social exclusion and economic inequality (Peck & Theodore 200:731; McQuaid & Linsday 2005:215; Lindsay 2010:129-130). As a rule, demand and supply-side policies should work in tandem for unemployment to fall. Discussions between public employment services in the European Union reveal that factors contributing to long-term unemployment there span labour supply and labour demand, and that effective governance of partnerships between public employment services and employers aimed at reintegrating the long-term unemployed into the workforce is a key factor in achieving successful employment outcomes (European Commission 2012). Yet the proposition that the long-term unemployed are deficient in some way and the architects of their exclusion from the labour market underpins much of the literature and policies. This opens dialogue about the extent to which welfare to work policies are shaped by evidence; the extent to which they are driven by the 'new economy' of outsourced service delivery; and whether the focus on supply-side factors of employability can be attributed to the long-term unemployed being marginalised, poor and disenfranchised (Considine & O'Sullivan 2015:4).

Links between social exclusion and economic exclusion

Activation of the unemployed is rooted in both economic and social theory. On one hand it responds to the evolving labour market and on the other, it balances the rights and responsibilities of citizens in welfare states who are affected by shifts in that market. OECD economies like Australia are increasingly based on the production, distribution and use of knowledge and information. The knowledge-intensive and high-technology parts of these economies tend to be the most dynamic in terms of output and

employment growth and consequently, demand for educated and highly skilled workers is growing while employment opportunities for unskilled workers are falling. Those unable or unwilling to adapt to these changes are relegated to the fringes of mainstream social, political and economic activity, trapped in long-term unemployment or precarious low paid work.

Australian governments acknowledge that this social and economic divide translates into direct and indirect costs to the community, through lower productivity, forgone taxes, health costs, welfare costs, crime and disenfranchised communities (Department of Planning and Community Development 2008, 2010; Australian Government 2010). Yet their record of commitment to inclusion in policy design and delivery, to address the causes and consequences of poverty and disadvantage and to increase social and economic participation, is inconsistent. The complexity of factors contributing to economic and social exclusion in Australia, especially among the long-term unemployed, is arguably compounded by a highly fragmented institutional landscape involving federal and state government departments, government agencies and contracted service providers all charged with changing their circumstances. Between intermittent periods in the federal government spotlight, the concept of social exclusion, its measures and its relationship to the labour market most commonly surfaces in place-based initiatives under state government jurisdictions. The 'work first' narrative – that employment is the best way to overcome exclusion - remains dominant, despite evidence that groups of people with common entry barriers remain on the margins of the labour market in the face of punitive measures to push them into work (Cameron 2014; Lines 2014). Discourse on these individuals has moved away from a 'social justice' perspective, where disadvantage and exclusion are considered to be structural problems, to a focus on redressing individual inadequacies (Martin 2004; Silver 2007; Mayer 2009; Saunders 2004). Any distinction between being 'capable of working' and being 'employable' is ignored.

While the aim of activation is labour market integration *and* social integration, a key tension in the relationship between proponents of social inclusion and 'work first' is that activities that are traditionally the realm of the social work profession and charities are being absorbed into a market-driven system that appears to promote employment under any conditions over social empowerment. Yet Australia's outsourced employment

services system was built around traditional notions of social work case management – collaboration with clients in service planning and implementation, helping the client identify and prioritise attainable, measurable goals and steps needed to achieve those goals, developing an agreed plan individualised to clients' needs and strengths, and fostering self-sufficiency (National Association of Social Workers 2013:34-35; Giuliani 2015). Critics of the 'work first' approach stress the importance of building economic, social and cultural capital and measuring incremental change to overcome entrenched labour market disadvantage, citing the success of programs tailored to assist jobseekers with particular characteristics into work that "open new doors and possibilities for participants, encourage the growth of participants' support systems, and respectfully teach participants ways to find and keep employment" (Woodward 2014:402). However it could equally be argued that the central premise of a labourist model of activation is that paid work is the first and most crucial step toward empowerment.

Both the literature and this study suggest that activation of the unemployed, with its emphasis on 'work first', challenges the 'life first' philosophy of social work and is blurring the lines between social work and 'activation work' (Perkins 2008; Bode & Sandvin 2012; Hoerning 2014). Some argue further that the social work profession has been stigmatised as out of step with the neoliberal welfare state (Hall et al. 2003:14-16). An example surfaced in this study with an employment services provider choosing to employ psychologists, social case workers and exercise physiologists to provide health and counselling services to Stream 3 and 4 clients in-house rather than refer clients to external services because advice from external counsellors was "often not as employment focused as we want the interventions to be" (interview #219, state 2 metropolitan, JSA site manager). Further findings of this study suggest that tensions arise between employment services providers and providers of services focused on individual welfare when the latter perceive that employment services providers are 'parking' problematic clients or pushing vulnerable people into low paid, insecure work without regard for their long term wellbeing to generate revenue (interview #213, state 2 coastal, manager indigenous service; interview #210, state 2 regional city, community services worker).

Job placement fees are paid on outcomes with short time frames – under JSA, from thirteen weeks to twenty-six weeks in a job and under jobactive, from four weeks – so

there is no clear contractual incentive for providers to place people into stable jobs. The rate of movement between work and income support is under-researched but evidence in the literature suggests that the scheme encourages labour market churning (Davidson & Whiteford 2012; Underhill 2006:297-299). However this study found that while the long-term unemployed were encouraged to apply for jobs unlikely to be sustainable - such as trolley collector, petrol station attendant, kitchen hand and working in takeaway food shops - it was because these were local jobs less likely to attract competition from other jobseekers (interview #201, state 2 regional city, JSA site manager; interview #111, state 1 coastal, JSA employment consultant). This study found no evidence of employment services providers churning jobseekers through short-term jobs for financial gain. Yet an employment broker interviewed in this study maintained that there were clear multi-layered disincentives for jobseekers to stay in a low skilled job beyond thirteen or twenty-six weeks - for the employment services provider in terms of revenue, for the employer in terms of subsidies and for the employee in terms of motivation – and described local employers' efforts to fill low skilled jobs as "competing with Centrelink" (interview #107, state 1 coastal, FP employment broker).

Inconsistent funding models also played a part in tensions between objectives of different services, with services funded on the basis of transactions with clients or participation in their service, rather than predetermined goals, having more scope to aim for and measure incremental change in their clients:

> *We may not actually see the young person complete the qualification at the end of the time period, but if we've helped them to build their resilience, their reading and their writing, their social skills, their anger management skills, their ability to say no to their friends when they're offering them cones when they're supposed to be at TAFE, that sort of stuff, then that's what our job is. (interview #123, state 1 rural town, youth service manager)*

There are persuasive arguments for and against a 'work first' approach to activation. The right to work is enshrined in Article 23 of the Universal Declaration of Human Rights and there is ample evidence that persistent unemployment isolates individuals and communities economically and socially. Australia's efforts to build employability skills into its vocational education and training system and employment services system

suggest that some knowledge, skills and attributes required to participate in the workforce are 'caught not taught' and that employers favour recruiting people with demonstrated attachment to the labour market. The longer a person remains on welfare the more likely it is that their skills, mental health, physical health, work habits, commitment to searching for work and attractiveness to employers will deteriorate (Layard et al. 1991; Butterworth, Crosier, Rodgers 2004; Kroft et al. 2014). Finally, keeping pressure on the unemployed to look for work is an irritant to discourage complacency on welfare.

However employment does not guarantee social and economic inclusion. Low paid, precarious work can accentuate marginalisation and have a negative impact on the physical and mental health of jobseekers grappling with complex personal issues or structural barriers to employment (Cook et al. 2001; Richardson 2003). It can also have an immediate negative impact on jobseekers' income as they lose assistance for health, housing, transport, utilities and support services tied to unemployment benefits and incur costs associated with working (Edin & Lein 1996; Considine et al. 2015:15). Evidence also suggests that a substantial proportion of these workers will be caught in a lifelong cycle of low paid work and periods of unemployment which can lead to increased levels of poverty (Bradley, Crouchley Oskrochi 2003; Mitchell & Welters 2008; Bode & Sandvin 2012). In a location with limited affordable housing, one employment consultant talked about her clients' fear that they would be worse off working.

> *So that's another thing I think that comes through the back of their heads too when it comes to working is that they feel that, you know, especially if they've got children and those sorts of things, they feel that perhaps if they start working they've got more income, they may lose their commission home and then all of a sudden there's a whole heap of stress that they probably don't really want. So that's where it gets tricky. (interview #208, state 2 regional city, JSAEC)*

For those pushed out of the welfare system for non-compliance, there is increased risk that they will turn to crime or the black economy, experience homelessness, depression, drug and alcohol problems, family conflict or relationship breakdown. And for jobseekers remaining in the system on a treadmill of meeting activity requirements with

limited prospects for employment, and for those charged with guiding and monitoring their activity while "not equipped to deal with their issues", activation becomes a routine obligation that offers diminishing value over time (interview #201, state 2 regional city, JSA site manager). A number of JSA client-facing workers expressed both frustration and resignation about continuing to work with clients who were unlikely to find paid employment:

> *Now, you might have job capacity assessments or ESAts, as they call them now, that are over two years old, yet the barriers that we have to address are those barriers...It drives me insane. It really does, because these are some things that we never actually are going to be able to achieve… and you know what, it builds bad relationships, very bad relationships… people come in quite angry, and I can understand why because that's the only income that they actually have and they need that income to survive, yet here we are reporting them for not doing - but under the guidelines, that's what you're contracted to do... For me, there are some Stream 4 clients that you are never going to be able to get employment for…It's a small minority of people [but I'm] working with someone who is - and for the past 25 years - is a heroin addict, and he will tell you there and then, he likes what he does and he is not going to stop for anyone. (interview #216, state 2 rural, JSA site manager)*

The Australian Government promotes labour market participation as the ultimate solution to social and economic exclusion. Consequently it must find a way to adapt and customise employment assistance and employment opportunities to better meet the needs of jobseekers and employers and to promote active business and industry engagement in the employment services system. This will entail acknowledging and addressing the complex and intertwined barriers to work faced by the long-term unemployed, including employer bias against them, and carefully considering where effort and investment is directed in both federal and state government jurisdictions to improve the prospects of marginalised jobseekers finding and keeping a job as well as the flow-on costs of their persistent unemployment.

Chapter 6: Barriers to work for the long-term unemployed

Introduction

The Australian Government contracts private employment services providers to shepherd the long-term unemployed from welfare to work. These providers enforce activity requirements for income support and routinely refer long-term unemployed clients to other services to address gaps in skills or non-vocational issues keeping those clients out of the workforce. Despite this, the majority of people who have been unemployed for more than a year remain on the margins of the labour market. This is variously attributed to a 'disconnect' between employment services and complementary services or lack of incentive for jobseekers and employment services to achieve employment outcomes. What does evidence suggest? What are the barriers to work for the long-term unemployed in Australia? How is Australia addressing those barriers? What works, if anything, to overcome those barriers and to move the long-term unemployed from welfare to work? Is current effort misdirected?

This thesis draws on original interview data collected in 2013, during the 2012-2015 Job Services Australia (JSA) contract. Interviews were conducted in nine regional sites and one metropolitan site across two Australian states with people working in organisations providing employment services and complementary services to help the long-term unemployed and people most at risk of long-term unemployment – classified under JSA at the time as Stream 4 - overcome barriers to work. The interviews investigated:

- barriers to work for Stream 4 JSA clients identified by service providers
- services offered to and accessed by Stream 4 JSA clients to address those barriers
- *client focused links* between employment services and complementary services (referrals) and *organisation focused links* (strategic collaboration and partnerships)

Interview participants included JSA employment consultants; JSA business development consultants (reverse marketers); JSA line managers and executives;

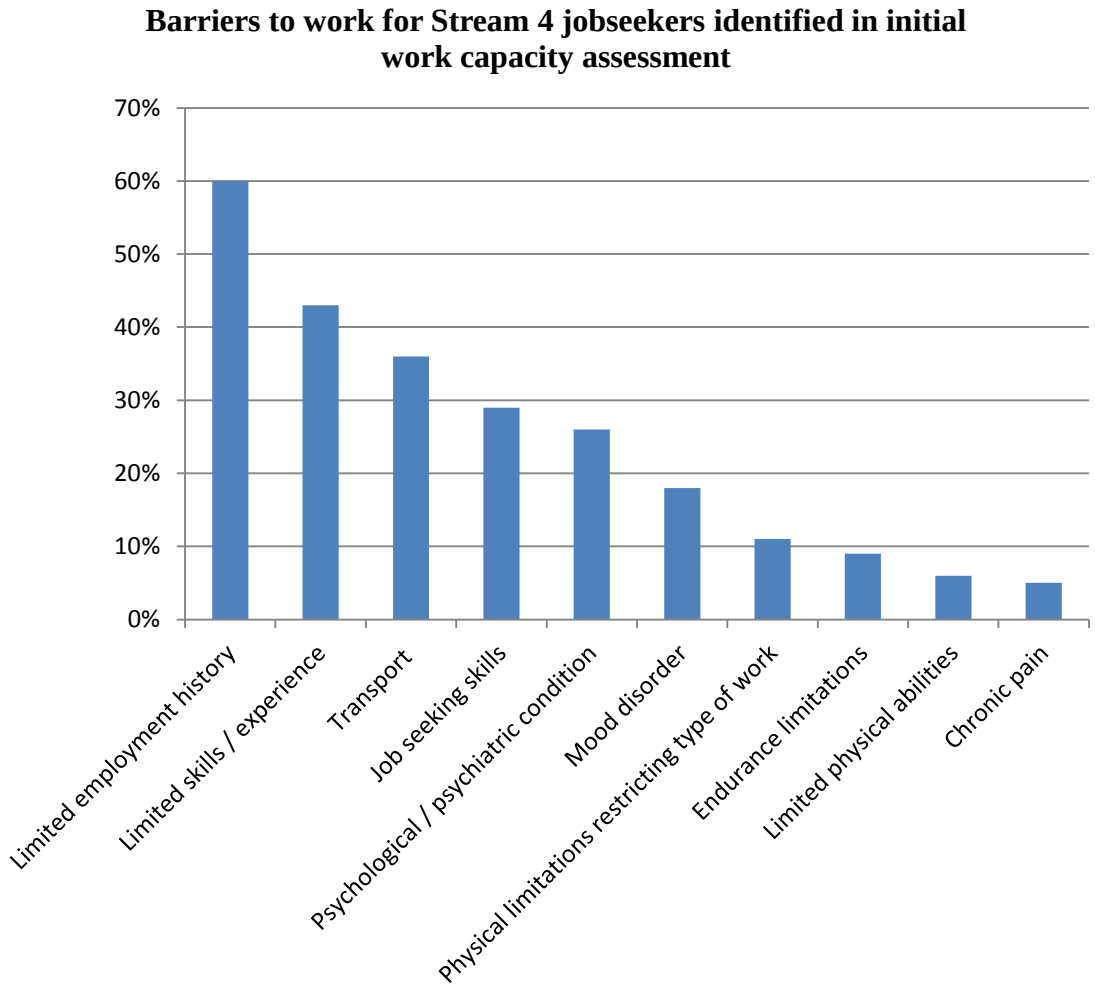
workers in youth services, health services, mental health services, welfare organisations, an aboriginal co-operative; state government bureaucrats; employment brokers; training providers; and an employer. The thesis also draws on observation of the location of services working with Stream 4 JSA clients, the layout of offices, people movement in offices and interaction between clients and services, and review of relevant documents. The complex area-based networks servicing Stream 4 JSA clients examined in this thesis revolve around employment services, training, housing, material aid, transport, health and wellbeing, work experience opportunities and local labour market demand; draw their funding from a range of sources; and involve federal government, state government, local government, the not-for-profit sector, for-profit service providers and local employers.

This chapter outlines key findings of interviews conducted with JSA client-facing staff – employment consultants, business development consultants, post placement support workers and site managers – helping Stream 4 JSA clients overcome barriers to work.

Barriers to work for Stream 4 JSA clients

In 2012, approximately 16 per cent of JSA clients were categorised as Stream 4. Of those, 76 per cent - 86,419 people - had more than five barriers to work identified in Employment Services Assessment or Job Capacity Assessment (ESAt/JCA) reports (Australian Government 2013c). As shown in Figure 6, the primary barrier, identified through those assessments in 60 per cent of commenced Stream 4 cases, was limited employment history. The next four barriers, identified in fewer than half of Stream 4 clients, were limited skills or experience, transport, job seeking skills and a psychological or psychiatric condition (Australian Government 2013c).

Figure 6: Barriers to work for Stream 4 JSA clients in ESAt/JCA reports

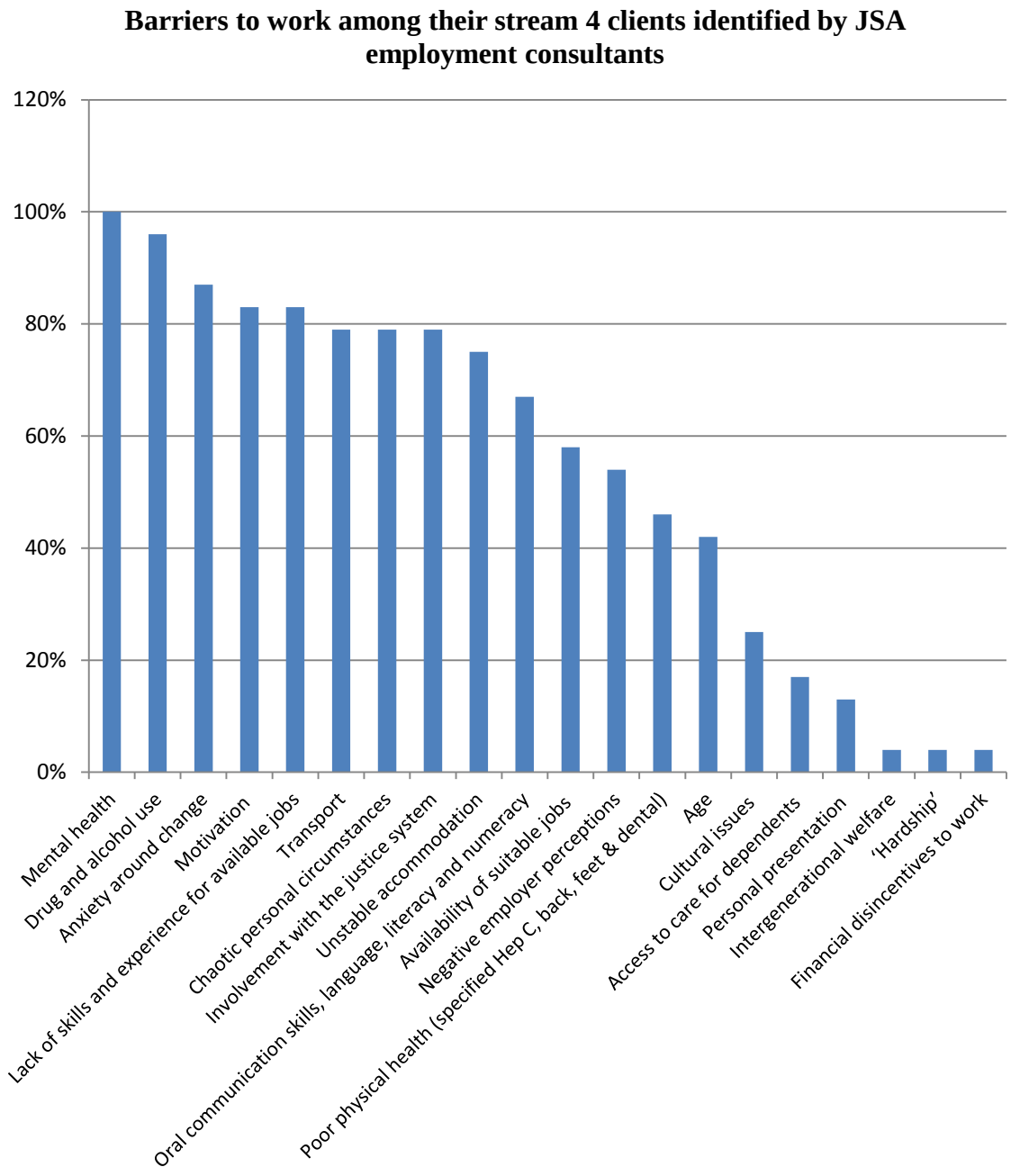


(Australian Government 2013c)

As explained in Chapter 4, the Employment Services Assessment (ESAt) sets the parameters within which employment assistance and income support are provided to Stream 4 jobseekers. To compare barriers to work identified in the initial assessment of jobseekers (ESAt/JCA) with their barriers to work identified by employment services providers working with them, I asked JSA employment consultants to describe the issues they had to work through to improve the prospects of their Stream 4 clients finding work and how frequently they encountered those issues among those clients. As shown in Figure 7, not only did barriers to work identified by JSA consultants among their Stream 4 clients differ from those identified among Stream 4 clients through the ESAt/JCA, but they were much more prevalent. All Stream 4 clients were struggling with multiple barriers to work. All of the consultants interviewed said they encountered mental health issues 'all the time' or 'often' in their Stream 4 clients, followed closely

by drug and alcohol abuse. Other prevalent barriers to work identified by providers were lack of skills, transport, criminal history, unstable housing, availability of jobs and negative employer perceptions.

Figure 7: Barriers to work for Stream 4 JSA clients identified by JSA employment consultants



The data in Figure 7 and the side by side comparative data in Table 15 below suggests, unsurprisingly, that regular face-to-face contact with JSA employment consultants provides a more nuanced view of the barriers Stream 4 jobseekers face in the job market than initial assessments, and draws out information on more sensitive issues like mental health, drug and alcohol use, criminal history, unstable accommodation, behaviour or personal presentation. The barriers to work identified by JSA providers among their Stream 4 clients encompass issues linked to development of human capital (lacking skills, education and work experience valued in the economy); structural and demographic issues (transport, care for dependents, housing, availability of work) and personal issues (mental health, drug and alcohol use). Ensuing discussions with providers about helping Stream 4 clients overcome multiple barriers to work revealed that barriers intertwine across these domains, with links commonly identified between mental health issues, drug and alcohol issues, early school leaving, chaotic personal circumstances, housing, transport and involvement with the justice system. These barriers align with barriers identified in participants of the defunct Personal Support Programme (PSP) for very highly disadvantaged jobseekers which was absorbed into JSA in 2009 (Perkins 2007), suggesting that the influx of PSP participants into JSA Stream 4 has impacted on the characteristics and the level of disadvantage of Stream 4 JSA clients. People facing multiple barriers to work are the least likely to move from welfare to work (Nam 2005) and the most at risk of being pushed out of the welfare system for non-compliance (Taylor & Barusch 2004).

Table 15: Barriers to work for JSA Stream 4 clients

	Barriers to work for Stream 4 JSA clients identified by ESAt/JCA	**Percentage of Stream 4 JSA clients with barrier**	**Barriers to work among their Stream 4 clients identified by JSA employment consultants**	**Barrier encountered 'all the time' or 'often' among Stream 4 clients**
1	Limited employment history	60%	Mental health	100%
2	Limited skills / experience	43%	Drug and alcohol use	96%
3	Transport	36%	Anxiety around change	87%
4	Job seeking skills	29%	Motivation	83%
5	Psychological / psychiatric condition	26%	Lack of relevant education, skills and training for jobs available	83%
6	Mood disorder	18%	Transport	79%
7	Physical limitations restricting type of work	11%	Chaotic personal circumstances	79%
8	Endurance limitations	9%	Involvement with the justice system	79%
9	Limited physical abilities	6%	Unstable accommodation	75%
10	Chronic pain	5%	Oral communication skills, language, literacy and numeracy	67%
11			Availability of suitable jobs	58%
12			Negative employer perceptions	54%
13			Poor physical health (specified Hep C, back, feet & dental)	46%
14			Age	42%
15			Cultural issues	25%
16			Access to care for dependents	17%
17			Personal presentation	13%
18			Intergenerational welfare	4%
19			'Hardship'	4%
20			Financial disincentives to work	4%

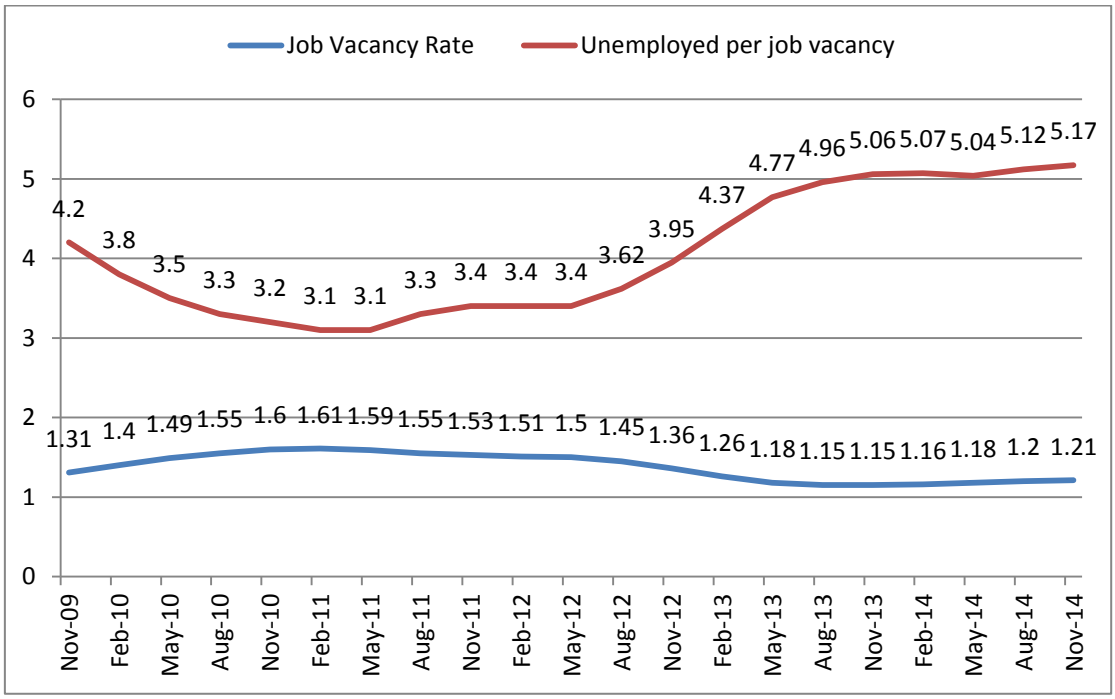
Overall the data from this study reveals that:

- the **two most prevalent barriers to work** for Stream 4 jobseekers identified by employment consultants in the sites I visited – mental health and drug and alcohol issues – cannot be addressed by the employment services system without the intervention of health services;
- the **ten most prevalent barriers to work** identified intersect with five services in state government jurisdictions - health, housing, education, justice and transport – each with their own priorities, eligibility criteria, funding and regulatory frameworks; and
- the **twenty most prevalent barriers to work** identified correlate with domains used to measure relative poverty and disadvantage in Australia – socio-economic, education, connectedness, housing and health – suggesting that long-term unemployment is a systemic problem unlikely to be solved by addressing barriers at an individual level alone.

Availability of work for Stream 4 JSA clients

A recurrent theme in the study in all locations was conflict between the Australian Government's insistence that anyone can find a job by recalibrating their skills, attitude and behaviour and evidence that the number of unemployed people substantially outweighs the number of job vacancies. As shown in Figure 8, ABS data in November 2014 revealed that there were 5.17 unemployed people for every job available, the highest rate in five years, with a pool of 777,700 people actively competing for 149,900 job vacancies:

Figure 8: Unemployed people per job vacancy Australia November 2014



(ABS 2015a; ABS 2015b)

While JSA providers involved in this study acknowledged that their Stream 4 clients faced multiple and complex barriers to work *including* competition for job vacancies from people likely to be more attractive to employers, they maintained that they could find a job for anyone 'willing to work'. In practice that meant encouraging Stream 4 clients to apply for jobs less likely to attract competition from other jobseekers or jobs contingent on their wage subsidy. Examples commonly cited were trolley collector, petrol station attendant, kitchen hand, abattoir and working in takeaway food shops. Whether the client could sustain the job if they got it was less certain (interview #201, state 2 regional city, JSA site manager; interview #111, state 1 coastal, JSA employment consultant).

People outside JSA working with common clients were sceptical of the claim that willingness to work was the key to finding a job. While most said their clients wanted to work they said those clients needed intensive support to compete in the mainstream labour market. Instead they were pushed into competing for peripheral and precarious jobs with limited success, which sapped their self-esteem and motivation to work. Jobs suggested to their clients by JSA were usually casual or part-time with irregular hours,

short term, low paid and offering few prospects for career advancement, giving rise to anxiety about trading the surety of welfare and contingent access to other services and support for insecure employment. Workers in community services, youth services, mental health services and indigenous services described a culture of hopelessness and helplessness among their clients and a culture of discrimination and exploitation among employers that the employment services system was failing to address (interview #210, state 2 regional city, community service manager; interview #213, state 2 coastal, manager indigenous service; interview #220, state 2 metropolitan, ESL service provider; interview #212, state 2 coastal, manager youth services/mental health service).

These divergent views exposed fundamental differences in the way employment services and other services viewed activation of Stream 4 JSA clients in this study. Firstly, JSA providers emphasised attachment to the labour market in any form as the first step toward sustainable employment. This was driven by their contract and incentives linked to employment outcomes, underpinned by the premise that any job of any duration would reduce the scarring effect of long-term unemployment both on the jobseeker's attractiveness to future employers and on the jobseeker's motivation to work. Other services claimed that JSA's 'work first' approach failed to provide Stream 4 JSA clients with the support they needed to find sustainable high quality jobs, relegating them to the margins of the mainstream labour market and a revolving door of insecure low skilled work and unemployment. This view is supported by research suggesting that work-first approaches pushing people into low-paid casualised work have the potential to accentuate rather than mitigate economic and social exclusion (Cook et al.. 2001; Peck & Theodore 2000; Bradley, Crouchley Oskrochi 2003; Perkins & Scutella 2008; Stewart 2007). Arguably, however, the view of these services is as influenced by incentives as the JSA providers' view. Access to many of these services was contingent on participants being unemployed. In this situation, significant differences in priorities, caseloads and resources in services working with common clients fuelled perceptions of lack of servicing on one side and over-servicing on the other. Secondly, the perception among other services of JSA as a *labour exchange* – with its finger on the pulse of labour market trends, linking the unemployed to job vacancies and employers to a ready pool of labour - was inconsistent with low levels of employer engagement with JSA found in this study. There was little evidence that JSA providers had information about job vacancies suitable for Stream 4 jobseekers that

were not widely advertised and in all sites, jobseekers were searching for or being referred by consultants to job vacancies posted online or sourced by third party brokers rather than jobs directly sourced by employment services providers. Two interviewees from the same geographic area described local employers being "inundated" with calls from JSAs, recruitment agencies and employment brokers when they advertised job vacancies (interview #106, state 1 coastal, JSA PPS; interview #107, state 1 coastal, FP employment broker). Thirdly, despite JSA presenting as a service to help people prepare for and find work, it was evident that the primary driver of activity between JSA and Stream 4 jobseekers unable to secure a job was contractual obligation for the jobseeker to meet activity requirements for income support and for JSA to monitor that activity – a relationship focused on process rather than outcome.

The tension between supply-side and demand-side factors affecting individual employment outcomes, and the extent to which changing the skills, attitude and behaviour of the long-term unemployed improves their prospects of finding and keeping a job, is explored in more detail in Chapter 5 of this thesis.

Geographic variations in barriers

The barriers to work faced by the long-term unemployed identified by JSA employment consultants and the frequency with which they surfaced were remarkably consistent across all sites involved in this study. There were, however, nuances within barriers in different locations. With regard to transport, not being able to drive obviously had a greater impact on a jobseeker's prospects of working in areas with limited public transport than in areas well serviced by public transport. For jobseekers with disqualified licences, the transport barrier extended beyond difficulty getting to and from work, commonly compounded by a requirement to drive as a condition of employment, drug and alcohol issues, involvement with the justice system and the availability of affordable housing close to work. A rural JSA provider described transport as "a thorn in my side. It really is. To actually have a job seeker who has lost their licence due to drink driving and then to put one of their barriers is transport… that is an impossible barrier, for us as a JSA, to be able to address" (interview #216, JSA site manager, state 2 rural). As shown in Table 16, descriptions of transport as a barrier to work ranged from loss of licence; availability of public transport; timetabling of public

transport in relation to shift work or seasonal work; the proximity of public transport to work and home; the cost of public transport; anxiety about personal safety using public transport; the cost of owning and maintaining a car; the cost of petrol; and a driver's licence as a precondition of employment. Options open to employment services consultants to address these barriers fall under the ESS category 'geographic isolation', which provides scope for EPF expenditure to cover car registration and repairs, driving lessons, relocation assistance, remote services, transport purchases and work related licensing – all of limited use to a shift worker who has lost his licence for driving under the influence of alcohol. Only one JSA provider mentioned encouraging jobseekers to consider alternative modes of transport to get to work, specifically, bicycles (interview #121, state 1 rural, JSA employment consultant).

Table 16: Transport barriers to employment for JSA Stream 4 clients by location

Location	**Public transport**	**Private transport**
State 1 regional city	Timetabling for shift workers	Loss of driver's licence
State 1 coastal	Limited availability	Loss of driver's licence; cost
State 1 rural	Limited availability	Loss of driver's licence; cost; some jobseekers receive financial assistance to purchase bicycles
State 2 regional city	Timetabling for shift workers; anxiety about personal safety	Loss of driver's licence; cost
State 2 coastal	Limited availability	Loss of driver's licence; cost
State 2 rural	Limited availability (especially for farm work)	Loss of driver's licence; cost
State 2 metropolitan	Cost; timetabling for shift workers; proximity of transport to work and home; anxiety about personal safety	Loss of driver's licence

Interviews also revealed nuances in employer perceptions of JSA clients and the availability of work to suit the needs and circumstances of Stream 4 JSA clients in different locations. Regional locations presented fewer sustainable work opportunities for Stream 4 jobseekers, with most major local employers requiring employees to provide a police check, hold a driver's licence and submit to regular drug and alcohol testing – the latter related to occupational health and safety and the safe handling of equipment (interview #216, state 2 rural, JSA site manager; interview #209, state 2 regional city, JSA employment consultant; interview #108, state 1 coastal, JSA site manager). However this was offset by less local competition for casual work,

availability of part time work and small businesses hungry for wage subsidies. In some places jobseekers' notoriety, fuelled by the local press and social media, ruled them out of contention for a job. "[E]verything is in the paper and even with the kids under 18, you know children at school, they don't name them, but people can still work out who they are so once you're tarnished in a small community, it's very difficult" lamented the manager of a youth mental health service working with early school leavers in a region with very high rates of youth unemployment (interview #212, state 2 coastal, manager youth services/mental health service). "Saturday morning, front cover of the newspaper, I read about one of our clients, being arrested and all of that… they're known, which then makes it very difficult for you to try to place that person" (interview #216, state 2 rural, JSA site manager). These challenges extended to organising work experience placements for the same clients, with voluntary organisations working with vulnerable people also requesting police checks. Despite ad hoc success in particular communities explored in Chapter 7, on balance a 'small pond' was a hidden barrier to work for the long-term unemployed.

Referral of Stream 4 JSA clients to other services

To investigate the extent to which the ICT system, called the Employment Services System (ESS), dictates where JSA clients are referred to address barriers to work beyond the scope of the JSA employment consultant, I asked JSA employment consultants how they determine which activities they recommend to their Stream 4 clients and the order in which they recommend them. In most cases they combined tools to make a decision, as outlined in Table 17. The surprise, given the prescriptive nature of the reporting system, was that 'their own judgment' outweighed the use of standardised tools. However a follow up question to establish patterns of referral suggests they exercise this judgment within the confines of the reporting system:

Table 17: Factors determining referral activities for JSA Stream 4 clients

	1 all the time	**2 often**	**3 sometimes**	**4 rarely**	**5 never**
Assessment using a standardised set of assessment tools	50%	9%	4%	4%	32%
Your own judgment	75%	10%	15%		
Client's preference for activities	41%	23%	18%	18%	
Labour market demand	22%	22%	26%	26%	4%
Labour market program vacancies	10%	4%	15%	38%	33%
Access to funding for special activities (mainly government funded training)	4%	27%	33%	10%	25%
Ease of reporting	11%	6%	22%	10%	50%
Need to get an outcome quickly	35%	4%	9%	13%	39%

I then asked consultants how they selected specific services to address their clients' identified barriers. Given the policy rhetoric I expected to map structured approaches, relationships with specific service providers or individuals and formal local supply chains but I found that, for the most part, consultants located external services for clients drawing on Google searches; directories of local services produced by health or welfare organisations or local government, or by their own organisation in partnership with other organisations; drawing on their own knowledge and networks; or asking other consultants or line managers in their office for advice. The contrast between rhetoric and reality at the point of service delivery was sharply evident. Notable exceptions were relationships with particular training providers, mental health services and counselling services in individual sites explored in Chapter 7.

Once the *type* of service needed was established through the process outlined in Table 17, the most important factor for JSA employment consultants in the referral process was *whether the service was available to speak to the consultant while the client was in the office.* Few of the consultants I interviewed had time allocated to follow up on individual client issues outside appointment times and while this was a factor in wanting to speak to services while they were with the client, the primary reason was that referrals were more likely to be acted upon if the client witnessed and was involved in the referral process. The second most important factor was *availability and timeliness of*

access to the service. The order in which the client's barriers to work were addressed was sometimes driven by the availability of services. Some services, particularly in regional areas, had long waiting lists. Waiting times impacted on the achievement of measurable outcomes for the JSA provider.

Next, I looked at patterns of referrals of Stream 4 clients to services *other than employment services*, or what could be deemed 'complementary services', to address barriers to employment outside the scope or capacity of the JSA employment consultant to overcome. In some cases these services were provided in-house and in others, jobseekers were referred to external providers. As shown in Table 18, the most common referral for Stream 4 jobseekers was to a doctor (a general practitioner or GP), psychologist or counsellor, suggesting a tendency to 'medicalise' those jobseekers' inability to find work. All referrals aligned with codes in the ESS Barrier Management Tool and many tapped into funding outside the Employment Pathway Fund. The referral patterns indicate that much of the effort put into preparing Stream 4 jobseekers for work happens outside the employment services system and to a significant extent, in services administered by state government. In addition, the referral patterns indicate that while the *profits* of placing Stream 4 jobseekers into work are privatised, the *costs* of those jobseekers remaining unemployed and fulfilling their obligations for income support are spread across government and the community sector and largely borne by the taxpayer.

Table 18: Referral practices for JSA Stream 4 clients in research sites

Barriers to work for Stream 4 clients identified by JSA employment consultants	**Referral**	**Funding accessed**
mental health	GPs, psychologists, counsellors, mental health organisations	EPF, Medicare, varied federal and state government funding sources, charities
drug and alcohol use	GPs, drug and alcohol services and support	EPF, Medicare, varied federal and state government funding sources, charities
lack of confidence or anxiety	Psychologists, counsellors	EPF
lack of interest or motivation	Psychologists, counsellors	EPF
lack of relevant education, skills and training for jobs available	Education and training providers (public, private and online) and work experience	EPF, skills funding at state/territory level
chaotic personal circumstances	GPs, psychologists, counsellors, mental health organisations, domestic violence support, housing support, gambling support, grief counselling	EPF, varied federal and state government funding sources, charities
involvement with the justice system	Post release support services, psychologists, counsellors, mental health organisations	varied federal and state government funding sources, charities
unstable accommodation	Housing support	EPF, varied federal and state government funding sources, charities
oral communication skills, language, literacy and numeracy	Education and training	EPF, skills funding at state/territory level
poor physical health	GPs, allied health services, physiotherapy, dental services	EPF, Medicare
access to care for dependents	Child care, aged care	varied federal and state government funding sources
anger management	GPs, psychologists, external counsellors, mental health organisations	EPF, Medicare

The study revealed inconsistencies in the use of the Employment Pathway Fund related to JSA clients' eligibility to access services funded from other sources. For example in state 1, the JSA drew on the EPF to pay for training for Stream 4 jobseekers while in state 2, JSA Stream 4 clients eligible for state government funded training were encouraged to access it. Several JSA employment consultants noted that eligibility for

local health and community services, emergency accommodation and training had tightened around factors like number of funded places, age, gender, educational attainment, disability, criminal history, place of birth, place of residence, period of unemployment or capacity for the participant (or another service on their behalf) to pay. "Support services have narrowed and narrowed and narrowed their criteria which they've had to do because I understand they're under funding cuts. That means fewer and fewer of our people are suitable or eligible." (interview #121, state 1 rural, JSA employment consultant).

What was interesting about the number of referrals of jobseekers to counselling services – especially as this study found it was common practice across multiple government funded services (interview #206, state 2 regional city, program manager state government; interview #211, state 2 coastal, program manager state government; interview #212, state 2 coastal, manager youth services/mental health) – was that there was no clear measure of success or accountability for outcomes attached to that activity. Seeing a counsellor fulfils activity requirements for income support for a Stream 4 jobseeker, but it can be difficult to measure its impact on that jobseeker's employability. I asked JSA employment consultants how they know if a referral helps their client overcome barriers to work. While some contacted the provider of the other service to check on their client's progress, that contact hinged on the client's consent. The majority simply asked their clients at their regular appointments whether they felt they were making progress, as shown in Table 19:

Table 19: How JSA employment consultants gauge the impact of external services on Stream 4 clients

Measurement	**Percentage of consultants**
Contacting the referral service	25%
Asking the jobseeker	50%
Observing change in the jobseeker	5%
Tangible outcome (qualification, accommodation, dental work)	5%
Hard to know (commonly GPs, psychologists, counselling; also privacy issues)	10%
Not answered	5%

Finally, exploring the hybrid nature of service delivery to Stream 4 jobseekers, I asked JSA employment consultants if they felt working with other services improved employment outcomes for their Stream 4 clients and whether they found it easy to coordinate services within and outside their own organisation to help their Stream 4 clients overcome barriers to work. There was consensus that Stream 4 clients were a long way from being 'work ready' and recognition that a range of interventions, services and support was required to help them overcome their barriers to work. There was also unanimous but qualified agreement that working with other services to move Stream 4 clients into work is difficult. The issues flagged fell into four broad categories explored in more detail in Chapter 7 – lack of clarity of roles and responsibilities across different services; incompatible rules and processes; resourcing (reflected in the timeliness and availability of services); and the JSA consultant's understanding of the service environment.

Reflecting their Stream 4 clients' distance from the labour market, few of the JSA employment consultants involved in this study had direct links to local employers or industry. Guided by the consultant, Stream 4 jobseekers were encouraged to search for and apply for job vacancies online or build 'wish lists' of potential employers to cold call for work. Predictably this was rarely successful. Stream 4 jobseekers were more likely to move into work where JSA employment consultants and JSA business development consultants worked closely to match individual jobseekers with jobs or employers they believed would be a 'good fit' on both sides. JSA providers in two sites were also working successfully with third party 'bridging' organisations – brokers - with strong links to local employers facilitating job placements (state 1 coastal, state 2 regional city). Trust between all parties involved was paramount in achieving these outcomes, with particular emphasis on trust between the employer and the person placing the jobseeker, and between the person placing the jobseeker and the jobseeker. The importance of trust, reciprocity and legitimacy in achieving employment outcomes for the long-term unemployed is explored in detail in Chapter 7.

Challenges in delivering employment services to Stream 4 JSA clients

The complex characteristics of Stream 4 jobseekers placed equally complex demands on JSA providers working with them. Challenges that surfaced in this study, in interviews

and observation, fell into four broad categories set out in Table 20, with some overlap - security, managing information, managing jobseeker noncompliance and managing with limited resources.

Table 20: Challenges in delivering employment services to JSA Stream 4 clients

Challenge	**Issues raised /observed**	**Steps to address the challenge**
Security	• Challenging and/or threatening behaviour directed at staff • Challenging behaviour on site	• Staff trained to anticipate, recognise and manage mental health issues ranging from aggression to depression • Access control systems in offices (card swipe or keypad access to staff areas) • Office design (glass, open areas, alarms) • Office location (proximity to other services) • Keeping clients occupied while on site
Managing information	• Clients and JSA staff receive inconsistent information from a range of sources	• In-house knowledge management systems and processes • Reinforcing obligations for income support at regular meetings with clients • Networking with external services working with clients • Frontline staff sharing local knowledge
Noncompliance	• Long term clients accumulate and share knowledge to 'play the system' • Difficulty sanctioning or reassessing clients	• Reinforcing obligations for income support at regular meetings with clients • Networking with external services working with clients • Frontline staff sharing local knowledge • In-house knowledge management systems and processes
Resources	• Lack of time to provide intensive support to 'hard to place' clients • Issues around availability and/or affordability of external services to address barriers to work	• Grouping clients for some activities • Frontline staff sharing local knowledge

Security

In interviews conducted for this study, unprompted, many JSA client-facing staff and site managers talked about dealing with challenging or threatening behaviour from their Stream 4 clients. This behaviour, ranging from loitering in reception or attention seeking behaviour to aggression towards staff or other clients, was always attributed to mental health issues and/or drugs and alcohol. Most JSA offices visited in this study had reception areas and client meeting rooms separated from staff areas by access control systems juxtaposed with self-described 'client-centred' approaches to delivering employment services. However keeping staff and clients safe was clearly, and legitimately, an organisational priority. Managers talked about the risk with resigned concern while consultants were more philosophical.

In a rural site, an employment consultant described her ongoing interaction with a Stream 4 client who had made several threats over the phone to kill her:

> *We had one jobseeker that was telling me he was going to kill me and bury me and all sorts of things cause he wouldn't attend his appointments and when he finally come in I booked him into [name of local drug and alcohol service] cause he had a drinking problem, and then he missed the pre admission phone call and then he missed the second one, so then I spoke to him again and he was drunk again and he was like I'm going to kill you again, and then I got him when he was sober and he was like, oh sorry miss, he said, I'll come in and we'll have to book all that. You know, you don't get paid extra for dealing with that (laughs) someone telling you they're going to kill you.*
>
> ***So what sort of help do you get in that situation? Do you feel safe in the office when you're dealing with someone like that?***
>
> *Most of the time it's okay, it's just alcohol talking or whatever, you sort of get a bit nervous when you meet them for the first time but most of them are just (pause) you know*
>
> ***Do you feel like you've got enough support and people around you here, you don't feel vulnerable or unsafe?***
>
> *Not at all. Yes these are just things that you have to deal with, and this is like where I'm saying he is a Stream 4 and there's no point in telling him to get out the front door and go a find a job cause it's just not going to happen, so this is why I've been*

trying to book him into like [name of local drug and alcohol service] program and I can't take the interview for them, and we can't make them do those interviews either, so he's missed all that and we've got to start all over again, back to the beginning. So this is the sort of thing we're dealing with. (interview #122, state 1 rural, JSA EC)

In a regional city site, when asked about procedures for referring Stream 4 clients to other services, a manager who had worked in employment services for twelve years said:

There's issues there that - in fact I don't think a JSA should be dealing with a lot of the issues, to be honest. We're not professionals, we're not mental health professionals and some of the issues, that's where we have to look to the professionals for that help because we certainly aren't equipped to deal with a lot of the issues that these clients do have. Yes, when they rolled over the PSP clients into - look, I can understand why they do it, but they need to not have an employment outcome focus on those clients and also, again, our staff just aren't qualified a lot of the time and it can be quite dangerous. Some people are really quite volatile.

How do you manage that risk for your consultants? What do you do if you've got a client in who becomes aggressive or upset?

There are duress alarms in all the offices should there be an issue. There's also, reception have a door bell which rings out the back which will alarm us if there was an issue out the front, so I mean we do have - I have been at this office for five years and possibly once or twice there's been an issue, but it's very rare…we had an OH&S new person join the company and come and she was a little horrified. I said, "What do you want us to do?" The sort of service that we're providing - yes, so what do you want to do, put up a bank telescreen and - yes, because that's the alternative, but as I said, again, the risk is definitely there and we do take that risk, but the staff are all put through conflict resolution training. Mind you, some of the issues that they are dealing with - I don't know if that's really going to help them - they also do mental health training, mental health first aid.

And does [your organisation] cover the cost of that?

Yes, we do. So we try to equip our staff with as many tools, I suppose, as possible and they're also told - I mean, we try to hand pick our staff and we're certainly not looking for people that are going to antagonise people in the slightest way because sometimes it's easy to push buttons. I don't know if anyone has mentioned the incident

that was here in the centre the other week, and I'm sure someone will, but there was a domestic out the back and around the office…it was very confronting for a lot of the staff here and it was quite disturbing for them just to witness it. (interview #201, state 2 regional city, JSA site manager)

In a metropolitan site, ten people were using computers in an open plan foyer as they waited for appointments with employment consultants. When I asked about the set-up of the waiting area the site manager said:

That's right. When they have to wait, because we do get quite busy and as you know, clients have an appointment time and then turn up 20 minutes later and it pushes their appointments back, so what we do is we get them to do what we call reverse marketing wish lists for us while they're waiting, so we give them phone books, we give them a wish list and whilst they're waiting they go through and they write down companies they'd like to work for and then during their appointment we market them to those companies. So, just trying to keep them occupied without getting - you know, because they can get quite frustrated at wait times. I don't blame them, a lot of the time, but given the fact we have mental illness and drug and alcohol issues is that sometimes those wait times can be very, very frustrating for people and they don't deal with their frustrations very well, so we try and keep them occupied in also a way that's going to benefit us and them in their marketing, so that's one little strategy. (interview #219, state 2 metropolitan, JSA site manager)

Overall, JSA providers involved in this study incurred significant expense in risk management around Stream 4 clients, through security measures, staff training and office setup, while the clients driving those measures were the least likely to generate income for the provider. The impact of security measures on trust between jobseekers and employment services providers is explored in more detail in Chapter 7.

Managing information

JSA providers involved in this study said that keeping abreast of policy changes affecting their Stream 4 clients was challenging, with most client-facing staff saying they did not have time or resources to invest in understanding the environment beyond employment services. Many complained that their clients regularly received information

about the employment services system from Centrelink, from other services or from other clients that conflicted with their advice, or that led clients to exploit loopholes in the system, which increased their workload (interview #111, state 1 coastal, JSA EC; interview #106, state 1 coastal, JSA PPS; interview #120, state 1 rural, JSA team leader; interview #216, state 2 rural, JSA site manager). Approaches to address this issue in all sites included area manager meetings, staff meetings, knowledge management systems and processes (staff intranet, manuals), enforcing obligations for income support at regular meetings with clients, networking with local services and frontline staff sharing local knowledge. Employment consultants who had worked in related services – government (interview #114 state 1 coastal, JSA EC; interview #201, state 2 regional city, JSA site manager; interview #203, state 2 regional city, JSA EC), welfare services (interview #121, state 1 rural, JSA EC), indigenous services (interview #111, state 1 coastal, JSA EC), disability services (interview ##112, state 1 coastal, JSA EC), mental health (interview ##114, state 1 coastal, JSA EC) or training (interview #222, state 2 metropolitan, JSA PPS) - or who had been a client of JSA themselves (interview #122, state 1 rural, JSA EC; interview #222, state 2 metropolitan, JSA PPS), drew on individual knowledge and connections to find and manage information. From time to time external services were invited to talk about their work at JSA staff meetings, emails and brochures from other services were circulated to client-facing staff, and managers attended local meetings with other services on an ad hoc basis and "bring back and filter down to the staff as to what's available" (interview #201, state 2 regional city, JSA site manager). It was evident in this study that client-facing workers in employment services providers used or discarded information about other services on the basis of timeliness and immediate relevance.

Managing noncompliance

Flowing from the challenge of managing information, some JSA providers said they suspected their long term clients accumulate and share knowledge about the system that encourages others to exploit loopholes in it. They cited examples of what they described as Stream 4 clients sabotaging job interviews - "he arrived with a half neck brace on" (interview #126, state 1 rural, JSA BDC); regularly using the same excuses for missing appointments, such as unreliable transport, illness, sick child/partner or a clashing appointment with another service (interview #216, state 2 rural, JSA site manager); and

enrolling in training to "avoid having to look for work" but not completing the training (interview #106, state 1 coastal, JSA PPS; interview #120, state 2 rural, JSA team leader). Some providers complained that when they reported jobseekers' failure to meet activity requirements to Centrelink their reports were dismissed perfunctorily, while other providers said their Participation Reports were upheld in the main (state 1 coastal; state 2 metropolitan). It was unclear whether this could be directly attributed to the relationship between providers and their local Centrelink office, although one JSA site whose reports were "mostly" supported worked closely with local Centrelink staff (interview #219, state 2 metropolitan, JSA site manager; interview #223, state 2 metropolitan, JSA EC) while another who had complained to the Centrelink office about clients' assessments and whose reports on jobseekers "consistently not meeting their obligations for the same reason…keep getting overturned" said "look, the thing is too, it depends on your Centrelink office…Centrelink don't like to be seen as being criticised" (interview #216, state 2 rural, JSA site manager).

All JSA providers involved in this study maintained that they could find a job for anyone *willing to work*. One senior manager who said anyone can get a job with the right skills followed up with "of course some people are unemployable", clarifying the apparent inconsistency by saying jobseekers had to be interested, motivated and engaged to find work and willing to address the reasons for their unemployment (interview #116, state 2 regional city, JSA manager). Stream 4 clients deemed ready to work were encouraged to apply for jobs less likely to attract competition from other jobseekers or jobs contingent on their wage subsidy, but most were meeting activity requirements through engagement with other services or by enrolling in training. Once referred to external services, their activity was tracked by their employment consultant either by checking with the client or with the external service provider. Capturing this information was particularly challenging for providers in situations where jobseekers were grappling with "sensitive" barriers specified in Attachment A of the JSA Barriers Serviced Performance Measure Advice, such as domestic violence, child protection issues, grief, pending legal action, relationship breakdown or cultural issues. In some locations a coordinated service approach enabled JSA providers to check clients' excuses for missing appointments and address scheduling conflicts with housing services or Youth Justice workers, for example, ensuring that clients could attend appointments when necessary (state 2 regional city; state 2 coastal). However most

employment consultants gave their Stream 4 clients grappling with personal issues the benefit of the doubt in these situations and exercised discretion in monitoring compliance. It was evident that keeping pace with what was happening is some client's lives stretched services to the limit:

> *A child protection client, a young girl, had a couple of kids, had her children removed. She was on a parenting payment, but because her children were removed had to go back to Youth Allowance, so she was then engaged with her JSA through an order, had participation requirements with them and then about six weeks later was reinstated with the care of her kids, ended up swapping back to the parenting payment and no longer had that requirement. Meanwhile, with child protection and taking care of her kids she was having issues with housing, and getting enough money, and the right payment through Centrelink to actually get the support she needed to move into accommodation. And through all of that, with all of those barriers that were going on, she was not exempt from the system (interview #211, state 2 coastal, program manager state government).*

Resource limitations

All JSA providers involved in this study were grouping Stream 4 clients together for assistance under pressure to reduce costs and manage higher caseloads. This is a departure from the traditional 'case management' approach that underpinned Australia's outsourced employment services system in the beginning, which aimed to engage the long-term unemployed individually in an ongoing information-gathering and decision-making process to help them identify their goals, strengths, and challenges (Barker 2003; National Association of Social Workers 2013:30). Examples of group work included scheduled 'drop in' group sessions where clients would search for jobs and write applications supervised by consultants (state 2 metropolitan) and workshops about job search techniques, resume writing or interviewing (state 1 coastal, state 1 regional city, state 2 regional city). However providers routinely drove individual jobseekers to interviews, a use of time that presumably produced a greater return on investment than appointments to monitor progress through the Employment Pathway Plan (interview #219, state 2 metropolitan, JSA site manager; interview #126, state 1 rural, JSA BDC).

Both grouping jobseekers together for assistance and the open plan layout of some JSA offices afforded jobseekers limited privacy. It was apparent in all JSA sites that Stream 4 clients revealed highly sensitive information in workshops and to consultants during appointments. That information was noted only in relation to the client's Employment Pathway Plan as frontline staff were not equipped or supported to deal with many of the issues raised. In one JSA office, waiting to interview an employment consultant, I was able to clearly hear a conversation between another consultant and a jobseeker about the jobseeker's drug use and child protection issues. The employment consultant noted a pending court date for the jobseeker and his partner to regain custody of their baby and told him they would meet to update his CV and apply for jobs after that date (state 1 rural). I observed similar interactions in other offices revolving around drug and alcohol use, child protection, involvement with the justice system and domestic violence. It would be interesting to explore whether employment consultants' unruffled acceptance of Stream 4 JSA clients' circumstances normalises and reinforces patterns of behaviour in that group. As described earlier in this chapter, options for referral and use of the Employment Pathway Fund to purchase services for clients were strictly prescribed.

Key findings on barriers to work for Stream 4 JSA clients

This chapter compared data collected from JSA employment consultants on barriers to work faced by their Stream 4 clients with barriers identified through assessment tools (ESAt/JCA) when Stream 4 jobseekers are initially streamed for employment services and found a marked difference in the barriers to work and their prevalence. The nature of barriers to work for Stream 4 jobseekers identified by JSA employment consultants suggests that face-to-face contact between jobseekers and their JSA employment consultants draws out information on more sensitive issues than the initial assessment. The barriers to work identified by JSA providers encompass barriers linked to development of human capital (skills, education and work experience); structural and demographic barriers (care for dependents, transport and availability of work); and personal barriers. Ensuing discussions about helping Stream 4 clients overcome multiple barriers to work suggest that barriers intertwine across these domains, with links between mental health issues, drug and alcohol issues, early school leaving, chaotic personal circumstances, housing, transport and involvement with the justice system commonly identified. Comorbidity of mental health disorders, substance use

disorders and long-term unemployment is common yet services to address each problem are separated administratively and philosophically. The prevalence of multiple barriers to work among Stream 4 clients and poor employment outcomes for that group cited in Chapter 4 support existing research findings that people facing multiple barriers to work are the least likely to move from welfare to work (Nam 2005), while the prevalence of mental health issues supports further findings that among the long-term unemployed, mental health issues become a growing barrier to work over time, compounded by social and economic exclusion (Butterworth, Crosier, Rodgers 2004; Jayakody & Stauffer 2000). Finally the chapter examined challenges in working with clients with complex characteristics and the process of referral of those clients to other services to overcome barriers to employment - who is involved in that process, what happens, why and when – and found that patterns of referral reflected the priorities of the employment services contract within the limitations of resources available.

The referral process is significant because JSA providers rely on external services to meet their key performance indicators. They are contractually obliged to help Stream 4 jobseekers deal with issues that might make it hard for them to look for work. Yet approaches to addressing the primary barriers to work identified for Stream 4 jobseekers – mental health issues and drug and alcohol issues – as well as other significant barriers like housing, access to transport or employers requiring police checks or drug testing to meet occupational health and safety requirements or industry standards - lie outside their scope and influence. The complexity of the policy environment in which employment services are delivered and the significance of how policy is translated into action in employment services and complementary services were sharply evident in discussions with people working at the point of service delivery involved in this study. The challenges they articulated reflect challenges inherent in working within and managing hybrid institutions.

Chapter 7: Interaction between services accessed by the long-term unemployed

Introduction

Employment services providers in Australia are contractually obliged to help the long-term unemployed overcome issues keeping them out of work. These providers enforce activity requirements for income support, provide job search assistance and regularly refer 'hard to place' jobseekers to other services to address non-vocational issues or gaps in skills keeping them out of the workforce. Evidence suggests this approach is ineffective, both in terms of moving the long-term unemployed into work and discouraging reliance on welfare. This study set out to see if there was a structural weakness in relationships between employment services and other services that is failing to move people with multiple and significant labour market disadvantages into work.

This chapter examines interaction and collaboration between services offered to and accessed by the long-term unemployed in nine regional locations and one metropolitan location across two Australian states under the 2012-2015 Job Services Australia (JSA) contract. It draws on interviews with people working in organisations providing employment services and complementary services to help the long-term unemployed and people most at risk of long-term unemployment – classified under JSA at the time as Stream 4 - overcome barriers to work. The people interviewed worked in employment services, youth services, health services, mental health services, community services, an aboriginal co-operative, state government offices and training organisations, employment brokers and in industry. This chapter also draws on observation of services accessed by Stream 4 JSA clients, the location and layout of their offices, people movement in offices and interaction between clients and services and review of relevant documents. The area-based networks servicing Stream 4 JSA clients examined in this chapter revolved around employment services, training, housing, material aid, transport, health and wellbeing, work experience opportunities and local labour market demand; drew their funding from a range of sources; and involved federal government, state government, local government, the not-for-profit sector, for-profit service providers and local employers.

As shown in Table 18 in Chapter 6, this study found that JSA providers routinely referred their long-term unemployed clients to other services, delivered within and outside their own organisation, to address gaps in skills or non-vocational issues keeping those clients out of the workforce. These referrals flowed from their service guarantee to help 'pre job search ready' jobseekers overcome barriers to work by providing counselling or other professional support or referring them to other support services (Job Services Australia 2009). Under the direction of JSA employment consultants, Stream 4 JSA clients were accessing a range of services funded, managed or administered by different actors to meet activity requirements for income support and achieve milestones in their Employment Pathway Plan. Apart from job search assistance, these included but were not limited to health services, allied health services, education and training programs, housing services, work experience programs and community services. The most common referrals from JSA were to GPs, counsellors or psychologists, drug and alcohol treatment programs and training providers. JSA providers were rewarded when Stream 4 clients accessed these services, as activity in any of these domains could constitute a social outcome (which affected the JSA's star rating), an educational outcome (which generated a pathway payment to the JSA provider) or an employment outcome (which generated the highest level of payment to the JSA provider). Some of these activities were funded independently of the employment services system and some were fee-for-service and fully or partially funded through the Employment Pathway Fund. The referral patterns indicated that while the profits of placing Stream 4 jobseekers into work were privatised, the costs of those jobseekers remaining unemployed and fulfilling their obligations for income support were largely spread across government and the community sector.

Connections to other services radiating from JSA providers involved in this study ranged from *client focused* links – referrals – to *organisation focused* links - strategic collaboration. The study found that JSA employment consultants struggled to coordinate services accessed by their Stream 4 clients for reasons falling into four broad categories - lack of clarity of roles and responsibilities; incompatible rules and processes; resourcing (reflected in the timeliness and availability of services); and the JSA employment consultant's understanding of the service environment. Many of those services struggled to work with JSA for similar reasons. The significance of that

struggle lay in JSA providers' reliance on external services to achieve key performance indicators.

Challenges in working across boundaries in services accessed by the long-term unemployed

The impact of boundary-spanning activities, brokerage, trust and network ties in hybrid multi-actor networks on the legitimacy and performance of those networks is well covered in the literature (Sullivan & Skelcher 2002; Considine & Lewis 2003; Klijn, Steijn & Edelenbos 2010; Sørensen & Torfing 2009; van Meerkerk 2014; Head 2014). This study found that all these factors impact on success in moving the long-term unemployed from welfare to work.

The consistently stated aim of organisations working with unemployed people with multiple labour market disadvantages is to break the cycle of entrenched disadvantage holding those people back from meaningful participation in society and the economy. Yet in practice, as in the literature, their contribution to that end is shaped and driven by their governance structure, their sources of legitimacy, the terms of their funding, the regulatory environment in which they operate and their relationships with other organisations (Sullivan & Skelcher 2002; Dickinson 2008; Atkinson, Jones & Lamont 2007; Torfing et al. 2012:122-130; Rhodes 1997). Some of these relationships are opportunistic, some are built on social connections, some are sparked by common objectives and values and others are driven by government asking funded agencies to work together. In sites examined in this study, efforts by all levels of government to bring stakeholders working with the long-term unemployed together on committees, in formal networks and in working groups struggled to gain traction. Interviews with members suggest these efforts have three key weaknesses.

First, the struggle to keep stakeholders engaged was attributed both to the plethora of groups convened by federal, state and local governments and lack of value in attending meetings. While some organisations had key performance indicators linked to networked activity, for others the return on investment of diverting staff from their regular duties to gather or share information was too low – it did not enhance their measurable outcomes or generate bottom line savings. Under pressure to deliver more

with less or approaching a contract milestone, organisations tended to look inward rather than outward, focusing on core business and meeting their own key performance indicators rather than system-wide strategic planning. When I asked a JSA site manager involved in a network convened by a federal government department whether he felt comfortable talking about opportunities and challenges for his organisation at meetings with his competitors in the room he said "They're never there, so we don't have to worry…they're too short staffed, and that's directly from them. There'll be apologies, and the DHS meeting will say 'oh they can't be here'" (interview #124, state 1 rural, JSA site manager). Attending meetings did not appear to give providers a commercial advantage over those who stayed away. In another site, describing a state government's efforts to coordinate services for a particular client group in one location, the program manager acknowledged that pressure on individual agencies to hit targets for their own funding source left no time to build relationships and explore how to work in concert, confessing "we've had examples of care team meetings when no services have come" (interview #206, state 2 regional city, program manager state government). As players gradually dropped away, the legitimacy of each group was undermined.

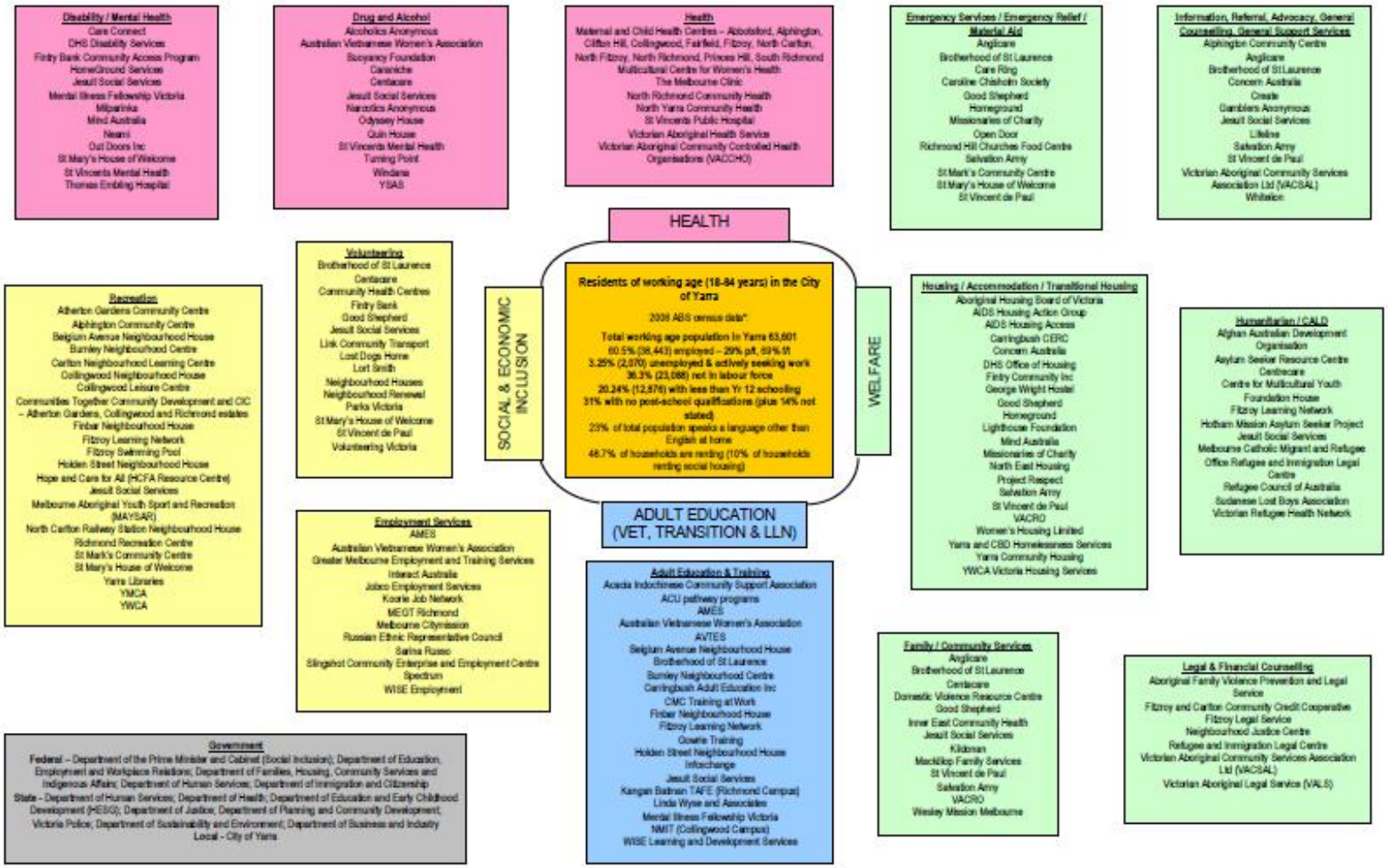
Secondly, bringing different organisations together to coordinate their services without acknowledging that they might hold contrasting views about their role and their clients was problematic. Scope for shared planning and developing common conceptions of problems and solutions was constrained by contract parameters, regulatory environments, tied resources and the overarching priorities of individual stakeholders. This study found significant differences in priorities, timelines for results, caseloads, resources and eligibility criteria between services working with common clients, with perceptions of lack of servicing on one side and over-servicing on the other. There were also differences in approaches to services working together on the basis of their funding model - services funded to work with clients on the basis of predetermined measurable outcomes, services funded on the basis of transactions with clients and services funded on participation in their service.

Thirdly, the aims and accountability of member organisations and the networks themselves were buffeted by changes of government, policy shifts and machinery of government changes at federal and state levels. One JSA provider monthly team meeting I attended was dedicated to briefing staff on changes to internal procedures and

processes, which the manager in his opening remarks attributed to "the government shifting goalposts as they so often do" (interview #101, state 1 coastal, JSA site manager). This is compounded by a highly fragmented institutional landscape involving federal and state government departments, government agencies and contracted service providers working with common clients. Any shift in the way government services are regulated or delivered can have flow-on effects on allied services but in sites involved in this study, changes to services accessed by the long-term unemployed in particular appeared to affect multiple programs, transcend service boundaries and simultaneously open and close opportunities, creating a continuous state of uncertainty. How JSA providers work with their Stream 4 clients can be directly affected by changes in priorities, policies, regulations and procurement processes at federal and state government level related to income support, housing, justice, education and training, mental health, drugs, child and family services, employment, immigration, transport, community services and disability services. Conversely, shifts in employment services priorities and rules around the use of funding impact on initiatives, programs and networks of organisations working with disadvantaged jobseekers that operate around employment services providers. Both sides described struggling to keep pace with policies and procedures outside their own organisations and said they were overwhelmed and overloaded with information, consultation and communication which took time and energy away from core tasks.

The proliferation of service providers, the potential scale of networks and the challenges inherent in coordinating "the full range of Commonwealth and State/Territory assistance available to both job seekers and their providers" as proposed in the *Employment Services – building on success Issues Paper* (Department of Education, Employment and Workplace Relations 2012a:17) can be seen in Figure 9, a map of services available to unemployed people in a single local government area – the City of Yarra in Victoria - in 2011. There are numerous ties, connections, communication channels and relationships between individuals and organisations in this network alone. The challenge of coordinating services in this landscape on a national scale, across five hundred and sixty-four local government areas, is daunting.

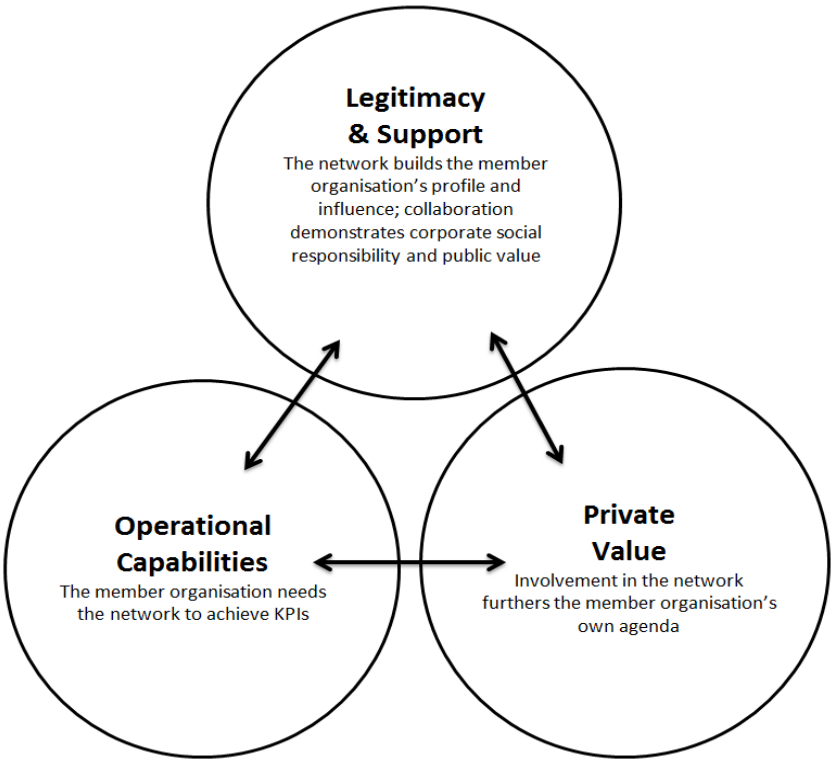
Figure 9: Services available to the unemployed in a single local government area



*City of Yarra http://profile.id.com.au/yarra/home

As shown in Figure 10 below, the process by which contracted government service providers involved in this study decided how, when and with whom to interact in the course of their work in the complex service landscape was similar to the process by which public sector managers seek balance between value, legitimacy and organisational capability before committing their organisation to a particular course of action (Moore 1995). Essentially, all stakeholders involved in networks were looking for the most efficient way to meet their contractual obligations, to extend their influence and to further their own organisation's agenda.

Figure 10: Contracted government service provider strategy for collaboration



Organisations receiving government funding involved in this study were obligated to produce public policy outcomes tightly bound to the key performance indicators of their funding source, within diverse regulatory and funding frameworks and timeframes. The committees, formal networks and working groups formed by government examined in this study tended to invite member organisations to participate as single-purpose entities, failing to acknowledge that many delivered a range of services on behalf of different arms of government in multiple locations. In some cases the representatives of

organisations in these groups were technical experts in their particular field but had limited understanding of the workings of other facets of their organisation. Some service providers were expected to work closely with their direct competitors in a small pool, especially in rural areas. Variations in contracts held by organisations in different places also limited opportunities for member organisations to leverage on relationships forged in place-based networks. For example, one of the JSA providers involved in this study held multiple contracts with federal and state governments to deliver a range of services related to the activation of welfare recipients including employment services, disability services, housing services, indigenous services and training. The mix of contracts it held varied in each region in which it operated and furthermore, contract timelines and regions covered by federal and state government contracts did not align. On a practical level this meant that services available to jobseekers and employers through that organisation varied in different locations at different times, affecting how it worked with other service providers in each of its sites and its capacity to achieve economies of scale, both within the organisation and in its partnerships (state 1 regional city, state 1 rural, state 1 coastal). The capacity of representatives of member organisations involved to commit to action or to pool resources on behalf of their organisation also affected networks' longevity and outcomes (interview #207, state 2 regional city, NFP work and learning broker; interview #206, state 2 regional city, program manager state government).

Overall, challenges for JSA providers in working across boundaries revealed in this study fell into four broad themes - lack of clarity of roles and responsibilities across different services; incompatible rules and processes; resourcing (reflected in the timeliness and availability of services); and the JSA consultant's understanding of the service environment.

Lack of clarity or overlap in roles and responsibilities

This study found overlapping roles and responsibilities not just *between* organisations working with Stream 4 JSA clients but also *within* them. Overlap existed in programs within single Commonwealth government departments, between different Commonwealth government departments, between Commonwealth and state government departments, within single state government departments, between different

state government departments, between state and local governments and between government and the community sector.

One example within a single Commonwealth government department was an overlap of responsibility in two positions funded by the Department of Education, Employment and Workplace Relations in one location involved in this study (state 2 coastal). Under the Job Services Australia 2012-2015 contract, funded and managed by the Department of Education, Employment and Workplace Relations, JSA providers were required to work with employers to identify job and industry specific training needs and to refer appropriately qualified and experienced jobseekers to employers to meet those needs. The JSA provider involved in this study in this location employed a business development consultant to liaise with industry and gather local intelligence on labour market trends and workforce development needs to inform how they prepared jobseekers for work. This position was replicated in all JSA providers contracted by the Department of Education, Employment and Workplace Relations to deliver employment services in the same region. Concurrently, the department employed a Regional Education Skills and Jobs Coordinator to liaise with local employers to identify labour market trends, job and industry specific training needs. Beyond that, funded by other arms of government in the same location, other positions to liaise with local industry existed in TAFE, Registered Training Organisations, the Indigenous Employment Program (IEP), Disability Employment Services (DES), housing, schools, Local Learning and Employment Networks and local government. Interviews in this study suggest that these overlapping positions muddied the water in claiming kudos or attributing blame for policy outcomes, contributed to fragmentation of resources, overwhelmed local employers with information and cast doubt among employers about the legitimacy of each agency involved.

This study also found significant overlap in data collection, assessment of service users, development of case management plans and referral to other services occurring across federal and state government funded services. This study revealed it was possible for Stream 4 JSA clients to have an employment pathway plan, a mental health treatment plan, a leaving care plan, a training plan, a housing plan, a child and family services plan, a youth justice or parole or community corrections plan and a disability plan. Each of these plans captures issues leading to the service user accessing that particular service

and how those issues can be addressed to help the service user transition out of that service or reduce reliance on it, entails regular meetings with case managers in each service and has scope for referral to external service providers. Predictably, issues like mental health, drug and alcohol use, unstable housing, low levels of education and unemployment were common across plans, with multiple services using brokerage funds to purchase similar goods and services such as counselling for clients (interview #206, state 2 regional city, program manager state government; interview #211, state 2 coastal, program manager state government; interview #212, state 2 coastal, manager youth services/mental health). Evidence suggested that mental disorders, substance use disorders and long-term unemployment were commonly comorbid yet services to address each problem were separated administratively and philosophically, with each service maintaining its agenda was distinct and having "different ideas about solutions" to the problems identified (interview #109, state 1 coastal, JSA EC). Efforts by all levels of government to coordinate service delivery at a local level was consistently undermined by vested interests, entrenched patterns of behaviour, lack of capacity to shift resources and lack of will in individual organisations to drive and support change.

Inconsistent regulations, rules and processes

A clear example of incompatible regulations, rules and processes uncovered in this study was the relationship between employment services and the vocational education and training system. Approaches to funding and regulation of vocational education and training vary in each state and territory in Australia and the way training providers work with employment services providers in each jurisdiction varies accordingly. All JSA providers involved in this study were also Registered Training Organisations, although the extent to which they delivered training to their JSA clients varied.

OECD countries agree it is vital to target low educational attainment for social cohesion and economic growth, to reduce unemployment and for personal and social development (OECD 2003a:3). Given the "general tendency for those who have left school early or who have limited skills acquired in the workplace to be at greater risk of marginal attachment to the labour market" Australia's National Reform Agenda gives high priority to lifting the qualification levels of lower-skilled workers and people on the margins of or outside the labour market to help them move into work (Skills

Australia 2010:3; Council of Australian Governments 2015). In line with this, the *Evaluation of Job Services Australia 2009-2012* shows that in the period 1 July 2009 and 31 December 2011, the highest proportion of Employment Pathway Fund expenditure for Stream 4 jobseekers was in the 'training course' purchase category (Department of Education, Employment and Workplace Relations 2012e:10).

However as discussed in Chapter 4, much of the training undertaken by Stream 4 JSA clients does not lead to sustainable employment (interview #116, state 2 regional city, JSA manager). The push for the unemployed to undertake training as an activity requirement for income support has corresponded with a rise in allegations of opportunism and rorting in the training sector and "training for training's sake" which governments are scrambling to address (Australian Government 2015a; Victorian Government 2015; Abbott, Abetz & Hartsuyker 2015). Overall, education and employment outcomes for disadvantaged adult learners are poor and concentrated in low level qualifications that should provide pathways to work and further study but do neither effectively (Wheelahan & Moodie 2011; Office of Training and Tertiary Education Victoria 2006). There are high rates of churn in the training system as these learners bounce between courses at the same level without progressing to higher level studies or work, something the Victorian Government attempted to address with its 2008 reform of vocational education and training funding. Broader concerns are surfacing around the introduction of deferred student loans for vocational education and training, with potential for people with multiple and significant labour market disadvantages to accumulate debt for courses that do not lead to work. Recurrent criticism of vocational education and training in Australia revolves around the limitations of competency based training – the gap between training and real skills required in the workplace - and weak links between qualifications and jobs. A vocational qualification has limited value outside the job for which it was tailored, yet those outcomes are not linked. The measure of success for the state government-led training system, as promoted in the 2009 Skills Victoria advertising campaign, is a "piece of paper" (Skills Victoria 2009). The measure of success for the employment services system is placing a welfare recipient into a job – any job – for between four and twenty-six weeks.

Constitutionally, responsibility for delivery of vocational education in Australia sits with state and territory governments. The federal government works collaboratively with states and territories, industry and the community to ensure consistency, coherence, quality and effectiveness of vocational education and training across Australia. However, reflecting the federal/state tensions outlined in Chapter 2, this relationship has been fraught at times. Historically the federal government focused on the development of national and international priorities, policies and strategies for education, while the states and territories were responsible for regulation and delivery within their borders. However the *National Vocational Education and Training Regulator Act 2011*, driven by the Council of Australian Governments, referred powers of regulation of vocational education and training sector from the Australian Capital Territory, the Northern Territory, New South Wales, Tasmania, South Australia and Queensland to the Commonwealth. Somewhat controversially, Victoria and Western Australia refused to relinquish their regulatory powers. The legal and practical effect of this is that registered training organisations operating in Victoria and/or Western Australia may be subject to regulation by either their state regulator, the national regulator or both their state and the national regulator.

In NSW, tensions between regulations, rules and processes surfaced in the 2014 federal budget's 'earn or learn' policy for the young unemployed. To qualify for a fee concession in NSW TAFE, applicants must prove they are a welfare recipient but to qualify for welfare, they must prove they are enrolled to study. In Victoria, the Victorian Training Guarantee provides government subsidised training to people 'upskilling' – that is, undertaking vocational education and training at a higher Certificate level than their existing highest qualification. This affects unemployed people who have completed a qualification in the past that is not helping them find work, people returning to work with qualifications unrelated to work they wish to do (for example parents returning to work), or young people who completed certificate level vocational qualifications at school as part of their Year 12 qualification. Any training to improve these people's prospects of finding a job at their existing qualification level is 'fee for service' with the cost covered either by student loans or brokerage funding from other services.

This study found that in state 1, JSA providers drew on the Employment Pathway Fund to pay for training for Stream 4 clients while in state 2, clients eligible for state government funded training were encouraged to access it. This study also revealed extensive referral of Stream 4 JSA clients to online vocational education and training courses in all sites, not just in places where local training facilities were scarce. The rationale was easy access, flexibility, rolling enrolment, value for money, capacity to monitor participation through reports showing when clients were logged into the training course and in one case, "because providers won't take them" (interview #123, state 1 rural, youth services worker). Some JSA providers involved in this study expressed concern that online learning was not helping their clients develop social and workplace behavioural skills but ultimately, the push for clients to fulfil activity requirements for income support at a reasonable cost won out.

All JSA providers involved in this study were Registered Training Organisations but all elected to work with external training providers to offer clients a broader range of training options. There was no evident benefit to Stream 4 clients to undertake training offered by their JSA provider, nor did it reduce red tape for the provider. In one case where training and employment services were offered by the same organisation in the same location to the same clients, the interviewee told me the services "have to run as two separate businesses" because of their distinct compliance and reporting requirements (interview #116, state 1 regional city, JSA manager).

Timeliness and availability of services

The order in which Stream 4 JSA clients' barriers to work were addressed by JSA providers involved in this study tended to be dictated by the availability of services. External services to address issues like housing, mental health or training had long waiting lists, fixed timelines for intake or were not available at all in regional areas. Examples commonly cited in regional areas were lack of emergency accommodation for homeless clients, lack of affordable housing, long delays to access health services, mental health services and drug and alcohol services, over-stretched youth services and limited training options. Waiting times were commonly filled by referrals to GPs and counsellors or online training. JSA employment consultants expressed frustration at having to rely on external services to address their clients' barriers to work, saying that

loss of momentum was an issue in keeping their clients focused on moving towards work, but they appeared resigned to the limitations of the service environment. There was consensus that services needed by Stream 4 clients were underfunded and stretched and increasingly limited to people with specified characteristics in relation to age, gender, level of education, place of residence or cultural background. "Support services have narrowed and narrowed and narrowed their criteria which they've had to do because I understand they're under funding cuts. That means fewer and fewer of our people are suitable or eligible." (interview #121, state 1 rural, JSA employment consultant).

Research by Considine, Lewis, O'Sullivan and Sols suggests that the scarcity of support services make networking with organisations working with common clients and "obtaining 'know how' and cooperation from peers in other agencies able to supply services" a vital component of the job of frontline employment services workers. (Considine et al. 2015:25). This study found that while some support services were scarce the number of barriers to work faced by Stream 4 clients gave employment consultants a range of options to pursue and they often chose the line of least resistance for an expedient outcome. However as budgets and eligibility criteria were tightening in support services, those services were increasingly courting JSA providers as 'fee for service' clients or to partially fund services they were providing to common clients through the Employment Pathway Fund (interview #107, state 1 coastal, FP employment broker; interview #123, state 1 rural, youth services manager). Typically this was done by demonstrating how they could directly contribute to JSA outcomes (interview #219, state 2 metropolitan, JSA site manager; interview #107, state 1 coastal, FP employment broker; interview #207, state 2 regional city, NFP work and learning broker). In this scenario "complementary role positions" in a range of services working with common clients were negotiating a balance between their organisation's needs, their clients' needs and available resources (Lipsky 2010:45).

Understanding the environment

Most client-facing staff in JSA providers involved in this study said they lacked the time and resources to invest in understanding the environment beyond employment services. At an organisational level, engagement with external services tended to be

manager to manager and focused on building strategic alliances and commercial advantage (interview #219, state 2 metropolitan, JSA site manager; interview #222, state 2 metropolitan, JSA PPS; interview #124, state 1 rural, JSA site manager). Closer to the front line, these relationships were more pragmatic and services were sought out and employed 'just in time' to suit individual clients' needs and circumstances.

Employment consultants who had worked in related services before JSA – government (interview #114 state 1 coastal, JSA EC; interview #201, state 2 regional city, JSA site manager; interview #203, state 2 regional city, JSA EC), welfare services (interview #121, state 1 rural, JSA EC), indigenous services (interview #111, state 1 coastal, JSA EC), disability services (interview ##112, state 1 coastal, JSA EC), mental health (interview #114, state 1 coastal, JSA EC) or training (interview #222, state 2 metropolitan JSA PPS) - or who had been a client of JSA themselves (interview #122, state 1 rural, JSA EC; interview #222, state 2 metropolitan, JSA PPS), drew on individual knowledge and connections to navigate services outside the system:

> *I've also got the added advantage of starting my career with Centrelink in the mid-90s, I actually understood Centrelink, so I knew that part of it well and I knew how to talk to them, but in terms of the rest of it, it was like walking into a forest without a map and not knowing and you sort of just bumped into things, and every time you bumped into something you worked your way round it (interview #114, state 1 coastal, JSA EC)*

The approach described of working around problems *as they surfaced* rather than adopting a 'one size fits all' strategy was consistent among client-facing workers interviewed for this study. Both within and outside JSA, the extent to which individual workers in organisations engaged with other services was **primarily** driven by their key performance indicators but **enhanced** by individual or organisational knowledge and connections. This was significant given JSA providers' reliance on external services to move Stream 4 clients through their Employment Pathway Plan. This study found that where Stream 4 jobseekers could be referred to other services quickly and efficiently, through existing individual or organisational connections, those jobseekers were less likely to be 'parked'. Similarly, where external services demonstrated they understood the requirements of the JSA contract – for example they were willing and able to

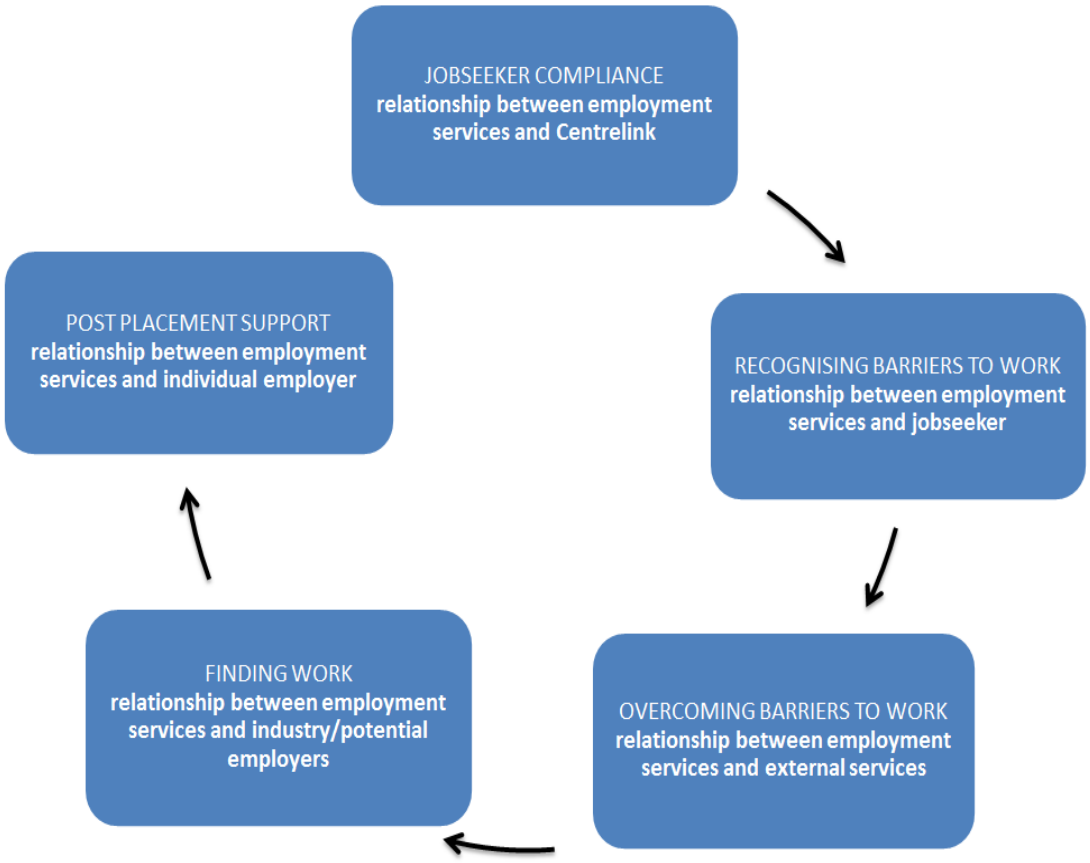
provide prompt evidence of client activity to JSA providers – the JSA provider was more likely to work with them. However devoting time and resources to seeking out and building connections with other services came at a cost the market was reluctant to bear for this client group, as it did not produce an immediate return on investment.

The importance of trust, reciprocity and legitimacy

This study confirmed findings in the literature that trust, reciprocity and legitimacy impact on the performance of multi-actor networks (Suchman, 1995:574; Sullivan & Skelcher 2002; Considine & Lewis 2003; Klijn, Steijn & Edelenbos 2010; Sørensen & Torfing 2009; van Meerkerk 2014; Head 2014). It was evident in all aspects of the employment services system in the sites involved in the study, in referral relationships and in strategic relationships. It was also manifest in successful approaches to moving Stream 4 JSA clients into work. Interviews suggested that activity between individuals and/or organisations that *subjectively* felt they had common or complementary values or characteristics was more productive than activity between individuals and/or organisations with only a common or complementary mandate, both in terms of jobseeker compliance with activity requirements and success in moving Stream 4 jobseekers into work.

The word ‘trust’ surfaced in most interviews conducted for this study in describing relationships between JSA providers and the government, JSA providers and their clients, JSA providers and other services helping Stream 4 JSA clients overcome barriers to work and JSA providers and employers. It was cited as the key to successful working relationships at all levels. However it was evident that different relationships came to the fore at different times in the process of moving the long-term unemployed from welfare to work. Relationships between different actors in and around the employment services system had measurable impact on JSA performance at distinct key milestones, as shown in Figure 11:

Figure 11: Significant relationships at key welfare-to-work milestones



Jobseeker compliance: JSA providers and Centrelink

Interviews in this study suggest there is a lack of trust and reciprocity between some JSA providers and Centrelink that inhibits collaboration. All JSA providers involved in the study mentioned varying degrees of tension in intersecting processes and procedures, such as the jobseeker assessment and streaming process, reporting a client's change of circumstances, reporting employment outcomes or reporting failure to meet activity requirements (interview #216, state 2 rural, JSA site manager; interview #111, state 1 coastal, JSA EC; interview #106, state 1 coastal, JSA PPS; interview #222, state 2 metropolitan, JSA PPS). This was often attributed to Centrelink, as an arm of government, "not being accountable" to work efficiently (interview #111, state 1 coastal, JSA EC).

A more complex dilemma was raised in a rural community offering seasonal harvest work. The town experiences regular influxes of people in receipt of benefits to work on farms. Harvesting is contingent on the weather and in cases where rain interrupts the work or cuts it short, itinerant workers remain in town in temporary accommodation - "put tents up in the park" – putting local housing and welfare services under pressure. To maintain their income support the temporary residents report to Centrelink, provide a local address such as a camping ground or an orchard and are referred to a local employment services provider who is contractually obliged to provide them with employment assistance. JSA providers in coastal communities reported similar seasonal issues as unemployed people chased the sun and shifting casual work.

> *So we sign them up to service them and we see them once. They only come in because they need their payments reinstated, and we get it done and they're gone…That's at a cost not only financially but to our performance. Every time we engage someone and they go on our denominator and we can't do anything with them, they're in and they're out... They get up here and they sit here, how long are you intending to be in [name of town]? Only until the fruits finished, only until this happens (interview #124, state 1 rural, JSA site manager).*

Despite their sometimes combative working relationship, all JSA providers involved in this study maintained regular if impersonal contact with local Centrelink staff, exchanging information, attending meetings with clients around compliance in Centrelink offices on an ad hoc basis and attending some but not all local provider meetings convened by Centrelink. The relationship was mired in rules and processes and firmly focused on monitoring jobseeker compliance with activity requirements for income support.

Recognising barriers to work: JSA providers and Stream 4 clients

As most interviews conducted for this study were with client-facing workers in JSA, it is unsurprising that the relationship between JSA providers and jobseekers emerged as the relationship that consumed the most time and effort. What is interesting is that this weighting was evident in all interviews, not just those with client-facing workers, and in

observing JSA offices. The bulk of activity in JSA providers revolved around persuading, coercing or assisting jobseekers to prepare for and search for work.

Trust between employment services providers and jobseekers was flagged in numerous interviews in this study and in submissions in response to the 2012 *Employment Services – building on success Issues Paper* as vital in identifying and overcoming issues keeping jobseekers out of work (Davis & Giuliani 2013:3; Department of Education, Employment and Workplace Relations 2012a). Findings presented in Chapter 6 suggest that regular face-to-face contact with JSA employment consultants draws out more sensitive information from jobseekers about their *personal* barriers to work, such as mental health, drug and alcohol use or legal issues, something JSA providers attributed to trust built over time. While some JSA staff involved in this study expressed frustration at not being equipped to deal with the complex non-vocational barriers to work revealed by their Stream 4 clients many spoke movingly about watching particular clients overcome adversity, which suggests that personal satisfaction and reciprocity were equally important factors in sustaining these relationships:

> *It was really hard to sort of get him to open up and trust me and sort of just let me in and understand what he was going through. I found it very difficult at the first few appointments. He really wouldn't say much, he would just sit there and just closed book. Basically when I would just ask him questions, just sort of tell him all I wanted to do was refer him to get some help. We initially got through, he started disclosing that he'd been turning to alcohol and drugs and then I made a few referrals and we got him in to do some counselling, we got him attending his GP regularly and I think I had to work with him for probably 12 months before he was really on track. It took a long time. (interview #209, state 2 regional city, JSA EC)*

> *People are defensive - not defensive, they're scared of people they don't know. You've got to develop a trust before they'll give you the information (interview #126, state 1 rural, JSA BDC)*

> *What I'll be trying to do is build their confidence in me so that they trust my decision when I say to them I really think you would benefit from going to see this person, or*

going to your GP and telling them what you're telling me. It comes down to them building their trust in me first. (interview #121, state 1 rural, JSA EC)

Yet interviewees outside JSA said that the employment services system, with its singular focus on employment outcomes and caseloads ranging from one hundred to one hundred and eighty jobseekers per consultant, did not have the capacity to develop close relationships with clients or to assess their needs. The discrepancy in caseloads of services working with common clients was startling in some cases:

As a mental health worker my maximum case load at any one time was six, so I had a significant amount of time to spend with each one of my clients and learn their life back to front and know, this is realistic, this isn't, and support them to develop for themselves realistic goals, whereas the employment consultant might see this person for 15 minutes, half an hour maximum…When you're working with those challenging guys, ninety per cent of what you do isn't technical stuff, it's building trust and rapport (interview #128, state 2 coastal, case manager community housing)

So when you do the intake, the work and learning advisors actually get to know those clients in intimate detail. They form a relationship, and they will tell [worker's name] and other people things they wouldn't dare say to a JSA and anyone at Centrelink…it's a trust that you earn (interview #207, state 2 regional city, NFP work and learning broker)

Yes, they have between - depending on the worker, they have say between eight and 12 clients…we're talking about clients that need intensive, intensive support, which is really interesting when it gets to employment services (interview #206, state 2 regional city, program manager state government)

What our staff are saying is that JSA services potentially aren't meeting the needs of our clients because they can't provide the level of intensive support that they need. So those appointments times, like, you know, whether it's once a month, or however regularly it is, generally is not for a long enough time to actually get into the issues, like the time, and actually work out a plan that's going to be appropriate and legitimate for what they need… I think that the JSA model, as it stands, is so heavily focused towards that employment outcome that it doesn't allow for the support that's

needed at that Stream 4 and stream 3 level (interview #211, state 2 coastal, program manager state government)

Well, what can they really do? Not being rude, but if you've got a kid who - you know, really low educational standards, might have some behavioural issues, might smoke weed, what is he going to do? Who is going to take that kid on?...And until that kid is ready to make some changes in his life and change it - you can't make them change. We try, but until the light dawns, who is going to employ them?..Sometimes you've got to wait. Developmentally, they're not right, not ready. (interview #212, state 2 coastal, manager youth services/mental health)

Furthermore, interviewees from a range of services described themselves as having a central role in their clients' interaction with other services, with evident overlap:

The idea is around having one key worker and one plan, and basically that key worker is the coordinator of all of the services. Kind of like - they've described it like when you go to the GP, you'll have your local GP that will know everything about you but where you require specialist support you'll be referred out. You'll get the referral but then your GP will keep all that information about you and will maintain the whole picture of what's going on for you. (interview #206, state 2 regional city, program manager state government)

If a young person comes through to us and they're an early school leaver, we'll work with them on the barriers that are preventing them from getting where they need to get to, so if there's any homelessness, legal issues, drug and alcohol type stuff, mental health, we'll work on all of that (interview #123, state 1 rural, youth services manager)

We got a couple of guys apprenticeships and they both didn't last because they just weren't ready. One became homeless, couldn't get there, had a bit of drug habit. The other guy had a serious drug habit, young bloke…neither of them could hold it because they weren't ready. I sat in a room once with one of them and there were eight people in the room trying to get this going and the job bloke goes, "Look, there's nine people here, and we still can't-----" so it was interesting. I think often it's around that practical support, get someone to work, make sure they've got their lunch, make

sure they've got somewhere to sleep because without those things - especially for the younger ones…there's lots of distractions. (interview #212, state 2 coastal, manager youth services/mental health)

It was evident in this study that Stream 4 JSA clients disclosed more information about issues keeping them out of the workforce to their employment consultant than in their initial job capacity assessment and were referred to appropriate services to address those issues. Yet there was significant overlap in this activity between employment services and other services working with the same clients. Even in the event of employment services providers linking their clients to services and support that those clients may not have found or accessed by other means – generating both a public benefit and benefit to individual welfare recipients - the return on investment in this relationship was only measured in terms of employment outcomes. Sustainable employment outcomes were achieved for Stream 4 clients in some cases where JSA providers identified individual jobseekers' strengths, prepared and motivated them to work and carefully matched them to local job opportunities or particular employers, but those outcomes were rare, resource-intensive and difficult to replicate or scale up (interview #126, state 1 rural, JSA BDC; interview #207, state 2 regional city, NFP work and learning broker; interview #219, state 2 metropolitan, JSA site manager). Predictably, given the employment services outcomes-based funding model, this study found that once a jobseeker's barriers to work had been revealed, if that person remained unemployed after a range of interventions to address those barriers, the jobseeker's capacity to benefit from employment services decreased. The relationship between the JSA employment consultant and that jobseeker drifted toward compliance monitoring as the jobseeker continued to move between and around other services. This happened more quickly in areas where there were limited jobs. The relationship became a contractual obligation for the jobseeker to meet activity requirements for income support and for the JSA provider to facilitate and monitor that activity.

The consistent message in interviews was that efforts to move Stream 4 JSA clients from welfare to work through *behavioural* change were more likely to succeed when the client was a willing participant in the process. This aligns with the Transtheoretical Model of behaviour change developed by Prochaska and DiClemente - "Stages of Change" - widely used to determine patient readiness for change in a range of health

settings (Prochaska, DiClemente & Norcross 1992; Royal Australian College of General Practitioners 2015; Department of Health 2004). JSA providers involved in this study acknowledged that their Stream 4 clients faced multiple and complex barriers to work but maintained they could find a job for anyone 'willing to work'. The tension between theories of behavioural change, the time and effort needed to overcome Stream 4 JSA clients' multiple and complex personal barriers to work, competition for jobs, punitive welfare sanctions and the employment services 'work first' funding model was clear.

More broadly, as explained in Chapter 6, JSA offices visited in the course of this research had security measures in place to manage risk posed by clients with unstable mental health or under the influence of drugs or alcohol. It was unclear if JSA clients were aware of the extent of security measures surrounding them. It would be interesting to explore in more detail whether the presumption of threat has an adverse effect on the relationship between JSA providers and jobseekers with a flow-on effect on outcomes, as this issue could exacerbate under the 2015-2020 jobactive contract. Under the JSA contract, providers reported jobseekers' failure to meet activity requirements to Centrelink for further action but under jobactive, providers have direct capacity to suspend jobseekers' income support payments for non-compliance (Department of Employment 2015g:6). This is unlikely to promote trust between JSA employment consultants and their clients and could escalate risk for frontline staff interacting with clients with mental health or substance use issues.

In this study, service providers within and outside the employment service system agreed that building trusting relationships with the long-term unemployed was resource-intensive and time-consuming – usually measured in years - and while it shed light on individual's barriers to work it did not always improve the prospects of those people finding a job. JSA providers were able to help their Stream 4 clients address those barriers and move a small proportion of them from welfare to work. While it could be argued that this generates both a public benefit and benefit to individual welfare recipients, the return on investment in this relationship was only measured in terms of employment outcomes. If the interventions did not lead to a job, the provider did not get paid. Over time, this fundamentally influenced how JSA providers involved in this study worked with persistently 'hard to place' jobseekers.

Overcoming barriers to work: JSA providers and external services

This study found that connections between JSA providers and external local services were generally pragmatic and bound by time and financial constraints. JSA employment consultants said that they referred clients to other services during monthly or fortnightly appointments ranging from fifteen to forty-five minutes duration, in a process that could best be described as triage – listen, suggest and refer on the spot. Referrals were commonly made on the basis of making expedient progress toward outcomes rather than relationships with particular organisations or individuals within those organisations, although there were exceptions in individual sites with organisational links to particular training providers or employment brokers. Some JSA providers had a Memorandum of Understanding or a verbal agreement with other organisations to coordinate services, refer clients between them and cooperate on funding applications at a local level (interview #201, state 2 regional city, JSA site manager; interview #207, state 2 regional city, NFP work and learning broker; interview #206, state 2 regional city, program manager state government), although these arrangements could be both complex and fluid when organisations were competitors in spheres like training or in different geographic locations (interview #117, state 1 regional city, JSA Deputy CEO). Some services said that partnerships formed 'in principle' for tender submissions collapsed once the money came through because it was too difficult to work together (interview #210, state 2 regional city, community services worker). Generally JSA site managers or program managers would attend local forums and meetings and "bring back and filter down to the staff as to what's available" (interview #201, state 2 regional city, JSA site manager). The extent to which these connections filtered down to frontline workers, or whether they reached them and were or were not useful, varied.

Interviews with people in organisations outside JSA working with Stream 4 JSA clients revealed that their links to JSA providers were much more person-focused than the reverse relationship. All referred to local JSA line managers, business development consultants or employment consultants by name. Those working in youth services and mental health services in particular had strong opinions about different JSA providers based on feedback from their clients on their experience of job services, and all talked about how their clients felt and were treated by various JSA providers in reception, in interviews, in the course of searching for work and post placement. "Yeah, our workers

are scarred by the JSA system… generally use expletives, and they suggest that they've tried to engage clients in the JSA system and they're almost scared to go back and do it because they may, well, it's not likely to lead to a good outcome for their client" (interview #211, state 2 coastal, program manager state government). A common criticism of JSA from external services was that it was inflexible and rule-bound in its dealings with clients and other services and unable or unwilling to adapt. Some said their clients felt powerless in the employment services system, telling their story many times, receiving inconsistent information about services and support, not knowing what help they needed or what was available and finding it hard to navigate the system in times of crisis (interview #213, state 2 coastal, manager indigenous service; interview #210, state 2 regional city, community services worker; interview #212, state 2 coastal, manager youth services/mental health). Interestingly, no service providers who expressed this view had suggested to clients in this situation to exercise their right in a competitive market to transfer to another JSA provider – it was seen as characteristic of the employment services system as a whole. Some services actively engaged with JSA providers because they relied on funding flowing from the Employment Pathway Fund to their organisation, or in the hope of tapping into it (interview #123, state 1 rural, youth services worker; interview #207, state 2 regional city, NFP work and learning broker; interview #210, state 2 regional city, community services worker). Finally, in some instances external services complained that while it was their organisation's effort and connections that produced employment outcomes for clients, JSA providers were entitled to and pocketed the outcome fees (interview #212, state 2 coastal, manager youth services/mental health; interview #207, state 2 regional city, NFP work and learning broker).

It was evident that organisations with *subjectively* complementary values and goals preferred to work together, and worked effectively together. When I interviewed managers in JSA offices for this study, I asked how their organisations decided which services to provide to clients in-house and which to outsource. The site manager of a for-profit JSA provider in a metropolitan area explained that the overarching strategy was set by her head office, with scope to adapt to local conditions. Her clearly stated preference for working with private training organisations and health services providers that were "employment focused" in their dealings with clients determined how services were structured in her office (interview #219, state 2 metropolitan, JSA site manager).

Clarifying her approach, she said working with "community providers" distracted her organisation from its primary purpose of getting clients into work "because they do take that focus away from employment". Past attempts in that site to work with public training providers had also been unsatisfactory, with the JSA provider having difficulty tracking clients' progress through training and getting timely evidence of training outcomes. It now had "a lot" of clients doing online study under close supervision and an arrangement with a private Registered Training Organisation (RTO) to deliver training in rooms on site "so we can keep an eye on how people are going" (interview #222, state 2 metropolitan, JSA PPS; interview #219, state 2 metropolitan, JSA site manager). The manager also flagged a development in the training sector since it had opened to the market that she felt public providers were yet to match. Private RTOs were approaching her organisation offering a full package of services tailored to JSA objectives and outcomes – a course, plus opportunities for students to meet employers, plus reverse marketing of students to employers on completion of the course – and marketing their training in terms of the specific JSA outcomes it generated. The mutual benefit of this arrangement was that the RTO gained enrolments for courses, with students eligible either for government subsidised training or deferring fees through government loans, while the JSA provider received outcome payments for little effort. Both parties were clearly focused on the JSA's measurable outcomes:

> *the training providers are really doing a great job in learning what our objectives and outcomes are and molding their services around that…They even come in and say, well, look, you'll get this outcome and that outcome and your twenty-six week outcome and they know our jargon and our lingo (interview #219, state 2 metropolitan, JSA site manager)*

With regard to health services, this JSA provider chose to provide counselling and social work services in-house rather than refer clients to external services. Drawing on the Employment Pathway Fund it employed an onsite psychologist and onsite exercise physiologist to work with its Disability Employment Service (DES) and Stream 3 and 4 JSA clients and to refer them to other services like housing support when necessary. Describing this service as "competitively priced and convenient", the manager said the greatest benefit was that:

they know what our objectives are when working with the client as well, whereas if we refer to external counselling, external health services, they're not aware of our company industry objectives when speaking to that client and often it's not employment focused as we want the interventions to be (interview #219, state 2 metropolitan, JSA site manager)

The provider also collaborated with a local private recruitment company to move disadvantaged jobseekers into work. The recruitment company regularly placed Stream 3 and 4 JSA clients referred by the provider - bolstered by training, health services and post placement support - into administrative, customer service or call centre jobs in government offices. Retention rates were high, generating full outcome payments for the JSA (interview #219, state 2 metropolitan, JSA site manager).

These arrangements were clearly aligned to the JSA provider's measurable outcomes. For this provider, working with organisations with mutually reinforcing objectives and similar values produced successful outcomes for its Stream 4 clients. However there was a self-identified downside to this organisation's focus on its own agenda. The manager was having trouble tapping into business networks through the local council, which she attributed to a perception that she would mine the network without offering something in return. "I'm getting a value but unable to provide enough value to them to keep the relationship working effectively" (interview #219, state 2 metropolitan, JSA site manager). This goes beyond the contention that opportunistic behavior between actors can foster defensive and non-cooperative strategies (Torfing et al. 2012:126-127), suggesting that *suspicion* of future opportunistic behavior is enough to hamper collaboration.

From an opposite perspective, a not-for-profit employment broker expressed a clear preference for working with a particular not-for-profit JSA provider, saying:

[Its] whole culture is different from any job service agency I've ever known… throughout their organisation, whatever their business is, a client-centred approach, a lot of respect and dignity for the clients, they're used to working with clients, families. So it really is about the culture of an organisation. Now, all JSAs do not work like [name of JSA] and even when you have that culture, it is about the

knowledge and the training of the leader in that position and where they come from as well. Because let me tell you, some of them are hard to work with, and others are much easier…they spent a lot of time and energy and investment in skilling people up to make them knowledgeable. I don't know that every JSA does that. (interview #207, NFP work and learning broker)

That culture shone through in interviews with client-facing staff in that particular JSA provider. Not only was its workforce stable, with long term employees working at the front line, but employees in different sites described what appealed to them about working for the organisation in similar terms revolving around its not-for-profit status, its mission and its reputation for doing 'good work' for highly disadvantaged people (interview #202, state 2 regional city, JSA EC; interview #209, state 2 regional city, JSA EC; interview #217, state 2 rural, JSA EC):

I worked for a different company and you'd always hear about [name of JSA] and they do so much good work in the community and I just thought, "You know what? If I do change companies, I want it to be someone that I believe in and I think they're a worthy company," so I chose [name of JSA] and I chose to come here…Basically their attitude is "Help the client. We want to help them. We want to help them improve themselves," so our main priority here is just to get them the help they need, get them to where they need to be and eventually we can help them get a job (interview #209, state 2 regional city, JSA EC)

A lot of our clients, they're so disadvantaged that, yes, you can go on and push them into some job here, there and get your 13 week outcome and if you're lucky, you might just get your 26 weeks, but at the end of that 26 weeks, they're gone, they're back in here, so my theory and philosophy is I'm looking for long term employment outcomes for these people…I did work for other providers before coming to [name of JSA] and that was the difference, that the clients are treated like people, not as stats and stars and contracts (interview #201, state 2 regional city, JSA site manager)

This relationship appeared to be more clearly aligned to the JSA provider's own agenda than its contractual obligations, yet it produced measurable outcomes. Both parties involved used their not-for-profit status as a badge of lack of self-interest and evidence

of connection to the local community to attract support from different arms of government and local industry to move highly disadvantaged jobseekers into jobs.

What was clear in this study was that JSA providers were reliant on external services to meet their key performance indicators. They were contractually obliged to help Stream 4 jobseekers deal with issues that might make it hard for them to look for work, yet many of those issues could only be addressed by other services. The choices JSA providers made at an organisational level, at a site level and at the point of service delivery about how to work with other services - *who* was involved, *what* happens, *when*, *how* and *why* they worked the way they did – reflected the priorities of their governance structure, the culture of their organisation and pragmatism when choice was limited. What emerged from this study was that collaboration between like-minded organisations and individuals in preparing Stream 4 JSA clients for work was more likely to have a positive impact as messages surrounding the jobseeker were more likely to be consistent and reinforced by all parties involved. However the next step - moving those clients into work - hinged on drawing employers into the mix.

Finding work and post placement support: JSA providers and employers

Trust and reciprocity were key factors in persuading businesses not just to employ Stream 4 JSA clients, but to use JSA at all to recruit staff. The perception of the employment services system as a *labour exchange* was inconsistent with the low levels of employer engagement with the system found in this study, perhaps reflecting the Australian Chamber of Commerce and Industry's contention that JSA providers' "incentives are skewed towards the supply of job seekers and provides little to no incentives for the providers to work with employers" (ACCI 2012:9). All JSA providers involved in this study employed business development consultants to develop relationships with local employers and industry, in some cases working with third party brokers. However there was no evidence in this study of a strategic 'supply chain' of workers from JSA providers to local industry into which Stream 4 JSA clients could be inserted; successful placements were achieved on a case by case basis. Most outcomes were driven by a champion or a key individual trusted by employers. This study revealed that the reputation of the JSA provider and its relationships with employers had a significant impact on achieving outcomes for Stream 4 JSA clients, and the smaller

the population in the area in which the JSA provider operated the more crucial trust was to its sustainability and profitability. 'Getting the right fit' in filling job vacancies and reverse marketing jobseekers to employers was an important element of success in communities offering no anonymity.

The most common criticism of JSA providers from employers and employment brokers emerging from this study was that the people they referred to fill advertised job vacancies were unsuitable for the job, either in terms of their skills or their 'fit' with the organisation (interview #107, state 1 coastal, employment broker; interview #224, state 2 coastal, employer; interview #105, state 1 coastal, JSA BDC). Fielding unsolicited approaches for work from numerous organisations and individuals – most throwing mud against the wall until it sticks to fulfil activity requirements - was also a growing and unwelcome burden for employers. In one site careful matching of employers and potential employees by the JSA provider worked well and in others, working with third party brokers led to employment outcomes for highly disadvantaged clients (state 1 rural; state 1 coastal; state 2 regional city). However in filling job vacancies, employers could draw on personal networks, advertising, labour hire and recruitment companies as well as JSA and in terms of attractiveness to potential employers, even Stream 1 clients of JSA were not sought after. In some cases wage subsidies enticed employers to employ Stream 4 JSA clients but the arrangement was not sustained when the wage subsidy ended (interview #111, state 1 coastal, JSA EC). In other cases, the wage subsidy was insufficient incentive for employers to employ JSA clients if they didn't suit the organisation (interview #207, state 2 regional city, employment broker). One employer was willing to give disadvantaged jobseekers casual work to gain work experience but said wage subsidies failed to cover the productivity impact of employing below par workers over a longer period (interview #224, state 2 coastal, employer).

A business development consultant in a rural JSA provider involved in this study had a successful track record of matching 'hard to place' jobseekers to jobs and employers, establishing rapport with individual jobseekers to motivate them to work, identifying their strengths and then persuading employers to take them on (interview #126, state 1 rural, JSA BDC). The site manager described the consultant's role as "the most important" in the office. "If we don't have employers that trust us and work with us, if we don't have employers who we can go to continuously to listen to our ideas and to

give us an opportunity to place the people with the different stuff, then we're down the gurgler" (interview #124, state 1 rural, JSA site manager). The consultant was active in local business and social networks and familiar with local businesses and employers. He had built a reputation among local employers as a source of reliable workers and his judgment about jobseekers was highly trusted (interview #125, state 1 rural, JSA EC). He asserted that "everyone is employable if you job match it and do it the right way" but acknowledged that the effort employment consultants put into preparing jobseekers for work was vital. "And, see, I don't deal with that, I have the end product that two years ago was an absolute mess that was not workable, to when I get them they come to me ready, and that is all EC" (interview #126, state 1 rural, JSA BDC). The benefit to the JSA provider of an employee like this was obvious but it also presented substantial risk to the organisation. The site manager conceded that it would be a huge blow to the organisation to lose the consultant, especially to another provider. However with strong local ties himself, and having worked closely with the business development consultant for several years observing how he worked with clients and employers, he was confident that trust in his organisation among local employers would endure.

In two sites examined in this study, JSA business development consultants worked closely with employment brokers to develop pathways to work for their clients. Both brokers drew on multiple sources to fund their activity, including the JSA Employment Pathway Fund and government grants. Both emphasised the importance of shared perspective in building relationships with employers, saying this was missing in JSA. Interestingly, this suggested that opening employment services to the market had not changed industry's perception of the employment services system as separate from the 'real world' of work, despite many JSA providers being for-profit businesses and major local employers in some of the locations visited in this study.

One broker was a fledgling private organisation bridging the gap between the JSA provider and local employers in a coastal town. Describing itself as a coaching organisation matching jobseekers to jobs, it grew out of a local business owner's frustration with "competing with Centrelink" to fill low skilled jobs. His experience of recruiting people who would disappear after a few weeks – he identified four to five weeks as a crucial drop off point – led him to develop a 'half day trial' for job applicants. The trial grew into a business staffed by people with solid credentials as

former business owners and employers. The organisation's focus on meeting employer needs and the alignment of values and characteristics of people working in the organisation with local employers gave the business legitimacy from the outset. The centrepiece of the business was a half day program conducted entirely in a workplace, facilitated by the broker, paid for by JSA providers for individual jobseekers through the Employment Pathway Fund. The program encompasses an opening session on what the employer is looking for, then some tasks on the workplace and finally a debrief and feedback from the employer. After the program, the broker writes up individual feedback for participants and the employer, ranks participants and asks the employer if they want to employ anyone in the group. Post placement, the broker provides mentoring if required and the JSA provides post placement support. The employment broker stressed that the program benefits employers, being tailored to their needs; jobseekers, who have an opportunity to test the workplace and participate in a group interview where they can feel less anxious and self-conscious; and the JSA, leading directly to job outcomes in some cases (interview #107, state 1 coastal, employment broker).

A different employment brokerage model in another location reinforced the importance of shared perspective and legitimacy in building relationships with employers. The organisation was a legacy of a cross-departmental state government program focused on overcoming entrenched disadvantaged in a particular postcode area. It had a successful track record of working with employers, a sound evidence base for its practice, longstanding relationships with key local stakeholders including state government, local government employers and service providers and a clearly articulated strategic plan to create jobs for local people. The organisation's steering committee was formed by invitation only, based on what each member could directly contribute to the strategic plan. "We knew we needed people that were heads of organisations that could make a decision on the spot, not go back to a long drawn out decision making process to get something to happen." The organisation recognised that industry partners were crucial to build employment pathways:

> *And so strategically we targeted employers, but we actually had to develop other stuff to skill up those employers… we did business breakfasts where we'd invite our businesses to a free breakfast and have a guest speaker to talk about the hidden rules,*

in terms of poverty and wealth, and when people started to get that stuff, they just want it more, more, more.. It really is about building that relationship and that trust…you have to set aside that time and do that work. That's work.
(interview #207, state 2 regional city, NFP work and learning broker)

The organisation's relationship with employers was ongoing and it was successfully moving small groups of highly disadvantaged jobseekers, with appropriate training and support, into work. Its approach was less about pushing Stream 4 JSA clients to compete in the mainstream labour market and more about encouraging employers to employ them for the common good. Significantly, the organisation regularly celebrated employers' contributions to putting local people into jobs at special events, fostering a sense of community, local corporate social responsibility and long term commitment to a shared agenda.

Yet even these strong relationships could be undermined in a contestable market environment. Once an approach was seen to be successful other players began to circle, competing to place their own clients - with different degrees of disadvantage and different resources attached – with employers who had demonstrated willingness to take them on (interview #207, state 2 regional city, NFP work and learning broker). In a tight economic climate shared values were not enough to persuade employers not to seize every opportunity to improve their bottom line. In those circumstances, demonstrated capacity to supply employers with workers that positively impacted on their business and a strong record of post placement support were vital. The most common post placement interventions identified by JSA providers in this study related to mental health issues and unreliability, suggesting that 'work first' was not always the best approach for Stream 4 JSA clients or employers (interview #106, state 1 coastal, JSA PPS).

As stated earlier in this chapter, the bulk of activity in JSA providers observed in this study revolved around persuading, coercing or assisting jobseekers to prepare for and search for work. While this activity was important to ensure that Stream 4 clients were prepared to compete for jobs in the mainstream labour market when they arose, the findings of this study around relationships between JSA providers and employers suggest that persuading or assisting employers to employ Stream 4 clients *in preference*

to other jobseekers and *despite their shortcomings* has a greater impact on outcomes for that group. Yet there are clearly limits to that in relation to the willingness and capacity of employers to absorb the impact on their productivity and profitability.

In putting employment services out to the market, the Australian Government unleashed numerous providers chasing employment outcomes on the local labour market and fragmented the pool of labour available to employers between providers competing for business. The findings of this study suggest that employers' response was to pull away, arguably because the perceived quality of labour on offer did not justify putting effort into navigating the system. However it is that very connection that those relying on the employment services system need.

Good luck or good management?

The key question in all of this is whether coordinated effort and investment in helping Stream 4 JSA clients overcome barriers to work improves their prospects of moving from welfare to work. This study found that changing individual behaviour, skills and attitudes, making targeted institutional adjustments and building shared commitment among employers, service providers and the jobseekers to an employment outcome was successful in some cases. But the study also found that sometimes serendipity and willingness to accept any job was enough:

> *I had a really interesting conversation with one of our service networkers the other day, and what she said is that she's got a client who is mildly disabled, intellectually disabled, and was engaged with the JSA, and he just could not get her a job. One of her friends in the public housing area, she said, "Just go down to [name of company], the meatworks, stand out the front and ask for a job." And she went and did it, and she got a job, just like that.*
> *(interview #211, state 2 coastal, program manager state government)*

> *One day something will fit or someone will give them that opportunity*
> *(interview #216, state 2 rural, JSA site manager)*

I had a girl that I sent for a motel job, bit of gardening, bit of cleaning, bit of office stuff. She's a mum and I've organised five hours a day for three days a week and I've made it flexible so that if the kids are crook one of the days that they've got them two days to make it up, so everything works out perfect. She came back and I said, "How did the interview go," and she said, "Yes, it went well." She said, "I'm not going to take it though." She said, "I don't know about this ironing." And I said, "You don't like ironing?"... So anyway, I rang the employer, copped the smack on the face, whatever, blah, blah, blah. I was walking past and [the employment consultant] said, "I want you to meet Mary." Anyway I shook Mary's hand and said, "What's your story, Mary," and she said, "I'm a single mum." She said, "I'm looking for some casual work before I go out of my head," and I said, "Are you reliable?" And she looked me straight in the eye and she said, "I will not not turn up for work." And you can tell, you know, and I said, "What are you doing for the next 10 minutes," and she said, "Nothing." I rang the employer and I said, "I'm sending Mary Smith up for an interview and she can start after the school holidays."
(interview #126, state 1 rural, JSA BDC)

The data collected in this study reveals that with time and concerted effort, some Stream 4 JSA clients overcame their barriers to work and found a job. Others found work by being in the right place at the right time. The rest were fighting long term battles with issues that precluded or restricted employment. However all were scarred by years of social and economic exclusion with limited capacity to compete in the mainstream labour market.

Key findings on relationships

The process by which contracted government service providers involved in this study decided how, when and with whom to interact was similar to the process by which public sector managers seek balance between value, legitimacy and organisational capability before committing their organisation to a particular course of action. Essentially, all providers were looking for the most efficient way to meet their contractual obligations, to extend their influence and to further their own organisation's agenda. Client-facing workers in JSA providers tended to work pragmatically to overcome obstacles in addressing Stream 4 JSA client's barriers to work. Both within and outside JSA, the extent to which individual workers in organisations engaged with

other actors was **primarily** driven by their key performance indicators but **enhanced** by individual or organisational knowledge and connections. This study found that where Stream 4 jobseekers could be referred by their employment consultant quickly and efficiently to another service *that reinforced the priorities of the JSA provider*, those jobseekers were less likely to be 'parked'.

This study confirmed findings in the literature that trust, reciprocity and legitimacy impact on the performance of multi-actor networks. Relationships between different actors in and around the employment services system impacted on JSA performance at distinct milestones in the process of activating the long-term unemployed and moving them from welfare to work. The bulk of activity in JSA providers observed in this study revolved around persuading, coercing or assisting jobseekers to prepare for and search for work, with the assistance of other agencies. While this was important to ensure that Stream 4 clients were equipped to compete for jobs when they arose, the findings of this study suggest that persuading or assisting employers to employ Stream 4 clients *in preference to other jobseekers* and *despite their shortcomings* has a greater impact on measurable outcomes for JSA providers. However for the most part, employers were reluctant to recruit staff through the employment services system. By any means, sustainable employment outcomes for Stream 4 JSA clients were rare.

It was clear that Stream 4 JSA clients disclosed more information about issues keeping them out of the workforce to their employment consultant than in their initial job capacity assessment and were referred to appropriate services to address those issues. The extent to which this improved their prospects of finding and keeping a job was less clear. There was also significant overlap in this activity between employment services and other services working with the same clients. Even in the event of employment services providers linking their clients to services and support that those clients may not have found or accessed by other means – generating both a public benefit and benefit to individual welfare recipients - the return on investment in this relationship was only measured in terms of employment outcomes. This study found that once a jobseeker's barriers to work had been revealed, if that person remained unemployed following a range of interventions to address those barriers, their capacity to benefit from employment services decreased. The relationship became a contractual obligation for the jobseeker to meet activity requirements for income support by moving between and

around government-funded services and programs and for the JSA provider to facilitate and monitor that activity, with diminishing return on investment over time. This was particularly evident with Stream 4 JSA clients struggling with mental health or drug and alcohol issues.

The data collected in this study reveals that coordinated interaction between services helped some Stream 4 JSA clients overcome their barriers to work. Others found work by being in the right place at the right time. The rest were fighting long term battles with issues that precluded or restricted employment. However all were scarred by years of social and economic exclusion with limited capacity to compete in the mainstream labour market. In most cases, activation of welfare recipients facing non-vocational barriers to work observed in this study mirrored management of a chronic illness, involving ongoing assessment, support and therapeutic education, ad hoc intervention of specialist service providers and periods of work when circumstances permitted.

This study set out to test whether coordinating employment services and other services working with common clients improves employment outcomes for marginalised jobseekers, and whether siloed purchasing and reporting arrangements inhibit coordination of employment services and other services working with the long-term unemployed. On the evidence collected, the answer to both questions is 'yes but not consistently'. This is consistent with other research into delivering public services with external service providers (Alford & O'Flynn 2012).

This study found significant overlap in data collection, assessment of service users, development of case management plans and referral to other services occurring across federal and state government funded services working with Stream 4 JSA clients, and a lack of coherence in what drives delivery of each service. Mental health issues, substance use issues and long-term unemployment were commonly comorbid, yet services to address each of these problems were separated administratively and philosophically. Efforts by all levels of government to coordinate service delivery for common service users at a local level was undermined by vested interests, entrenched patterns of behaviour, restrictive funding and contractual obligations and the absence of agreed goals and metrics applied across the services involved. These challenges were compounded by the multiple and complex needs of service users and inconsistent

eligibility for services. Overall, the data suggests that effort and investment put into helping the long-term unemployed overcome barriers to work through individual case management in the employment services system is too little, too late.

Part 3 – Rethinking Australia's approach to tackling long-term unemployment

Chapter 8: Governance challenges and levers for success

Introduction

This chapter explores the gap between the rhetoric and the reality of addressing complex and significant labour market disadvantage in Australia. It examines governance dilemmas in helping highly disadvantaged jobseekers overcoming multiple and intertwined barriers to employment in a highly fragmented institutional landscape involving federal and state government departments, government agencies and contracted service providers. It argues that there is a structural weakness in the way the employment services system in Australia interacts with other actors, stemming from New Public Management, which exacerbates those jobseekers' labour market disadvantages. It then considers the desired outcomes of activating the long-term unemployed and outlines key levers for success that entail rethinking assessment of 'capacity to work', different interventions to enhance employability, different funding and metrics across the policy field, and different ways of working across federal, state and territory portfolio and jurisdictional boundaries with common service users.

Under Employment Services contracts with the Commonwealth of Australia, including the jobactive Deed 2015-2020, employment services providers in Australia are obliged to help the long-term unemployed "overcome any Vocational Barriers and Non-Vocational Barriers" that make it hard for them to look for work, "having regard to the particular Employment Provider Services the Stream Participant is receiving" (Australian Government 2015b:86). The majority of people who have been unemployed for more than a year struggle to compete in the labour market for multiple and complex reasons, including under-developed human capital - lacking skills, education and experience valued in the economy; structural and demographic barriers such as access to transport, care for dependents, housing, availability of work and conditions of employment; and personal barriers like mental health issues and drug and alcohol use. Many of these factors lie outside the capacity or direct control of the employment services system to change and consequently, employment services providers rely on

external actors to help them meet their key performance indicators. Yet the employment services system's 'work first' mandate and funding model does not sit comfortably with approaches to overcoming the most prevalent barriers to work faced by the long-term unemployed identified in this research – mental health, drug and alcohol use, unstable housing, lack of transport, connection to the justice system, lack of employability skills and discrimination. This steers employment services providers, consciously or unconsciously, toward more expedient ways to achieve measurable outcomes and to generate income from less demanding client groups.

This study showed that in some cases, concerted effort by JSA providers and other services could move highly disadvantaged jobseekers from welfare to work. Yet in most cases, activation of the long-term unemployed mirrors management of a chronic illness, involving ongoing assessment, support, therapeutic education, ad hoc intervention of specialist service providers and periods of work when circumstances permit. While this may generate a public benefit and a benefit to individual welfare recipients, employment services providers are contracted and paid to put people into jobs and held to account for that through explicit measures of performance. The obligation of employment services providers to achieve employment outcomes as a condition of funding influences their case management of 'hard to place' jobseekers. The long-term unemployed are a workforce of last resort in an environment of fierce competition for sustainable work and their labour market disadvantages are compounded by issues surrounding assessment of their capacity to work.

The findings of this study, in relation to the process and employment outcomes of activation, indicate that the long-term unemployed, and people facing complex non-work related barriers to work, have limited capacity to benefit from ongoing interaction with employment services providers. Persistent unemployment has social determinants and causal factors that cannot be overcome by case management of individuals in the employment services system. This chapter explores challenges and opportunities for government around systemic change to reduce the social and economic costs of long-term unemployment and to promote social and economic inclusion for those excluded from the labour market.

Governance challenges in overcoming complex labour market disadvantage

In theory, demand-side and supply-side factors push and pull to achieve balance between available human capital and the labour and skills needed by the economy. However this equation does not capture the nuanced range and combination of factors that makes someone 'employable' (McQuaid, Green & Danson 2006). Australia's employment rate remains well above the OECD average, although its advantage is slipping (OECD 2015b:1). Yet there are particular groups of people who stay persistently on the margins of the labour market despite public policy interventions to improve their prospects of finding a job.

Activation of the unemployed has reshaped the delivery of employment services in Australia, structurally and ideologically (O'Sullivan, Considine & Lewis 2009). As long as politicians and the media can identify business owners who cannot fill job vacancies, the proposition that the long-term unemployed can and should fill those jobs is accepted as a social imperative. The failure of welfare recipients to move from welfare to work is laid at the feet of the individuals and services that cushion those individuals from the consequences of detaching from the labour market. With minimal political risk, the Australian Government has adopted "a science of governance, in which those delivering programs and those receiving them each had to be carefully activated through a new regime of exhortations and incentives, honed to achieve an explicit and exemplary change in behaviour" (Considine & O'Sullivan 2015:4). Changes in the behaviour of the unemployed have been driven by a regime of mutual obligation. Changes in the behaviour of employment services providers have been driven by competition, contractual obligations and financial incentives linked explicitly to moving people from welfare to work. But this study revealed that much of the *process* of activation of the long-term unemployed occurs outside the employment services system. Incentives for those delivering services in that space to change their behaviour are less clear.

Despite Australian governments' stated commitment to client-centric service delivery, multi-stakeholder engagement, co-design and coordination of policy and co-production of outcomes in tackling wicked issues liked long-term unemployment, different approaches to framing problems, funding and delivering services, setting eligibility criteria and measuring the impact of interventions continue to frustrate efforts to work

across policy, portfolio and jurisdictional boundaries. The consistently stated aim of those working with the long-term unemployed involved in this study was to break the cycle of disadvantage holding those people back from meaningful participation in society and the economy. Yet they were not partners in pursuit of a common goal (Rhodes 1997:147). In practice, their framing of the problem and contribution to its solution was shaped and driven by their contractual obligations and timelines, their own governance structure, their sources of legitimacy, their sources of revenue, the regulatory environment in which they operated and their relationships with their clients and other organisations – "time, trust and turf" (Himmelman 1996). In the case of those working in employment services, defining the client at the centre of their activity is challenging. They are expected to meet the needs of government in policing mutual obligation, the needs of the unemployed in preparing for and finding work and the needs of employers in providing 'work ready' labour when required. The effectiveness of their work is measured only in employment outcomes, not 'distance travelled' toward employability or impact in other policy arenas.

The findings of this study suggest that the pursuit of value within narrow parameters and short timeframes by each service involved the welfare-to-work market is a barrier to both defining the problem of labour market exclusion and finding the solution. Collaborative effort in this space appears to be focused on being seen to uphold normative values and principles rather than demonstrating practical efficacy (Head 2014). The barriers to work faced by Stream 4 JSA clients identified by employment consultants involved in this study called for intervention by a range of services and spanned federal and state government jurisdictions. They placed considerable pressure on the health system and on services in state government jurisdictions yet they were assessed and addressed with a singular focus on 'capacity to work' rather than harm minimisation, underpinned by the Australian Government's insistence that opportunities exist within the labour market for everyone despite overwhelming evidence to the contrary. Whether and how jobseekers' barriers to work were addressed was influenced by the availability of services, the timeliness of services, the cost of services and the odds that intervention by the service would produce a measurable outcome for the employment services provider – either a payment or a contribution to its Star Rating, the employment services provider ranking system described in Chapter 4. The crucial element for success was a job, yet most employers avoided the employment services

system and had entrenched negative perceptions of the quality of labour the system had to offer. The complexity of the policy environment in which employment services are delivered and the significance of how policy is translated into action in employment services and 'complementary' services were sharply evident in discussions with people working at the point of service delivery involved in this study. Clearly, tackling long-term unemployment calls for more nuanced responses than either markets or the bureaucracy in isolation can offer (Dickinson, O'Flynn & O'Sullivan 2014).

Levers for success in moving the long-term unemployed from welfare to work

Employment services providers work in a competitive and highly regulated environment. Their income is derived from outcomes that are ultimately produced by jobseekers and employers. To remain in the market they must guard their data and commercially advantageous relationships; they rely on external service providers to meet their contractual obligations to prepare jobseekers with multiple and significant labour market disadvantages for work; and they battle cynicism in their surrounding environment as successive changes of government, policy shifts and machinery of government changes at federal and state government levels fail to effect real change. Finding the sweet spot between encouraging collaboration to address complex policy problems and managing the risk by regulating the individual actors involved presents a challenge to governments when they outsource complex human services (Sullivan 2015b). Despite years of stated commitment to working across policy boundaries to address wicked issues there are few examples of governments coordinating planning, expenditure, activity and rules affecting common service users across jurisdictions and tiers of government in an effective, sustainable and durable way. Strategic commissioning offers one way forward, with the Australian Government, New South Wales Government, Queensland Government and Victorian Government committed to developing expertise in that area (Dickinson 2015). Yet similar initiatives have launched with grand visions of holistic planning, procurement and monitoring of services and sunk without trace. Governments and their agents struggle to work in this way and when they do, wicked issues persist - and indeed continue to grow - in the face of it.

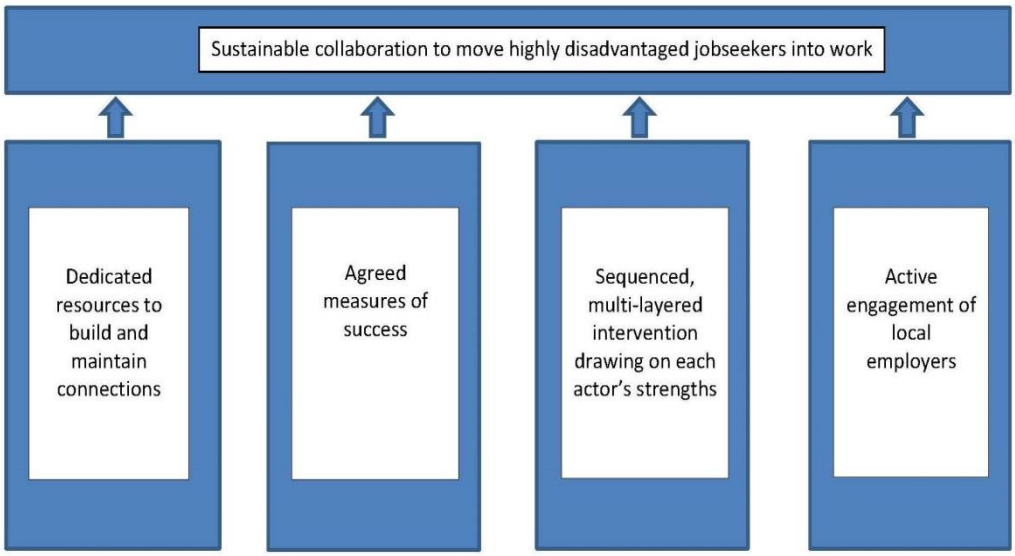
This study found isolated examples of coordination of services producing measurable improvement in employment outcomes for highly disadvantaged jobseekers. However enduring examples are rare. They are difficult to sustain without dedicated effort and resources, given the complex needs of the target group, inconsistent timelines between services, inconsistent metrics and siloed federal and state government policy and procurement arrangements. Even Victoria's *Neighbourhood Renewal* program - a whole-of-government place-based strategy to tackle disadvantage which achieved success by holding multiple departments to key performance measures that cascaded from Secretaries to street level bureaucrats - lost momentum as projects were "mainstreamed" and dedicated funding was removed (Department of Human Services Victoria 2005, 2008:6-7). Reflecting the blurred boundaries of responsibility observed in this study, the 2008 evaluation of *Neighbourhood Renewal* noted that "whilst there have been significant improvements in the provision of targeted employment support initiatives driven by renewal projects, these successful approaches have not been mainstreamed into the federal employment service system which continues to have limited impact on chronically workless communities" (Department of Human Services Victoria 2008:6).

Employment outcomes for highly disadvantaged jobseekers can also be achieved without government intervention, if those outcomes are valued by the business owners involved. One example is the *African Australian Inclusion Program* (AAIP). Lack of experience in the Australian workforce had been identified by Melbourne's African-Australian community as the single largest barrier for qualified African-Australians to get jobs. The AAIP program, supported by key champions within the National Australia Bank (NAB), Jesuit Social Services and the community, offers skilled African-Australians six months of paid workplace experience at the bank. One hundred and sixty people have participated in the program since 2009 and 87 per cent found professional work at the end of their six month placement. The social value created by participating in the program was measured through an impact study using the social return on investment (SROI) methodology, which quantified a fourfold return in social value for every dollar invested in the program. The analysis identified changes experienced by key stakeholders (program participants, their families, NAB teams involved) based on their involvement in the program. The longer term impact of African-Australians working in professional roles becoming mentors and role models

for younger African-Australians is potentially even more significant. In addition the program has been recognised with numerous awards, producing additional value for NAB shareholders (National Australia Bank 2016; Jesuit Social Services 2016). Another example is the private foundation *Youthinc*, established by a South Australian supermarket owner in 2006 (Youthinc 2015). *Youthinc* places long term unemployed and other disengaged young people into work and supports them with a range of personal development and life skills programs, including twelve months mentoring, to keep them in employment. The program has been upheld as an exemplar of philanthropic organisations playing a crucial role in helping long-term unemployed youth change their life trajectory "in the absence of government being able to do the work that's required" (Womersley 2016). The key to success in both programs appears to be employers' willingness to prioritise the employment of marginalised jobseekers without incentives to 'cherry pick'. Interestingly, this mirrors one of the findings on successful outcomes for Stream 4 JSA clients described in Chapter 7 – that an employment services providers persuading or assisting employers to employ Stream 4 clients *despite their shortcomings* had a significant impact on outcomes for that group. The numbers involved in these philanthropic programs are small but both models have potential to scale up and be replicated in other industries.

In sites examined in the course of this study, examples of coordinated effort that successfully moved Stream 4 JSA clients from welfare to work were underpinned, to varying degrees, by four pillars shown in Figure 12 – investment in building and maintaining connections between the actors involved; agreed measures of success; local employers willing to work with the employment services system; and sequenced, multi-layered intervention to overcome jobseekers' barrier to work with each service playing to its strengths. There was potential for these pillars to be strengthened in all sites visited.

Figure 12: Pillars for sustainable collaboration to move the long-term unemployed from welfare to work



Investment in building strong connections between the actors involved

> *A key insight from systems theory is that different individuals and organizations within a problem domain will have significantly different perspectives, based on different histories, cultures and goals. These different perspectives have to be integrated and accommodated if effective action is to be taken by all the relevant agents. (Chapman 2004:12)*

Effective service coordination, and effective measurement of the cumulative impact of services, calls for people with clear responsibility for building and maintaining connections between services working with the long-term unemployed and identifying opportunities for strategic collaboration, taking into account resources, local area strengths and challenges, relationships, geography and infrastructure. It entails committing time and money to building strategic relationships across tiers of government, across government departments, across sectors and between actors and to transparent evaluation. Contracts for delivering government services generally make reference to providers working with complementary services, and demonstrating effective relationships with other organisations servicing with common client groups is built into selection criteria for most public tenders involving human services. This study found top-down 'service coordination' a fragmented and crowded area of government

activity in all sites visited, in which three tiers of government overlapped and numerous agencies jostled for the lead.

The findings of this study suggest that connections must have meaningful value for everyone involved to be sustainable and effective, taking into account that different connections will be useful at different times. They should extend beyond individual workers to structured protocols that promote collaboration both at the source of funding for services and at the point of service delivery. They can range from sharing information, communication, cooperation and coordination, collaboration, consolidation through to seamless integration with shared performance indicators and portable resources (Konrad 1996). Seamless integration of services is difficult to achieve under competitive, outcomes-based funding models - successful collaborations tend to identify opportunities for mutual benefit and strategic integration and develop systems for client referrals and sharing information. Connections between services work best with engagement on five fronts – between individual workers at the frontline, through hierarchies and business units in individual organisations, organisation to organisation, service to service and across systems. The examples observed in this study tended to be very localised, opportunistic rather than strategic, and designed to work within the limits of service providers' systems, processes and contractual obligations rather than the best interests of the service users. Consequently, they would be difficult to replicate or scale up.

Agreed measures of success

The "messy reality" of working with the long-term unemployed struggling with complex and intertwined barriers to work does not match the vision policy makers and purchasers of services have of leading those jobseekers along a pathway from welfare to work (Ditch & Roberts 2002:28). The best results are achieved when organisations providing services to the long-term unemployed set common or complementary short-term and long-term targets in contracts, memoranda of understanding, strategic plans and individual performance plans. However this can be difficult to implement without aligned timelines, as the players in each sphere may change as their government contracts roll over. Committed funding from industry or philanthropists can offer security through changes of government, shifts in contracts or policy shifts but this

support generally seeks to leverage on government funding or service platforms and comes with its own strings attached. Pooled resources provide an added incentive for collaborative effort to succeed. Ultimately, however, the risk of failing to meet individual contractual obligations is a powerful deterrent to collaboration. When pressure builds and money tightens, organisations and their employees focus on core business and key performance indicators. This study revealed significant differences in priorities, performance indicators, caseloads and resourcing between services working with common clients, giving rise to perceptions of lack of servicing on one side and over-servicing on the other. Bringing different organisations together to coordinate their services without acknowledging that they might hold contrasting views about economic and social conditions, their role and their service users is doomed to failure. Common measures of success facilitate shared planning and shared commitment to a particular goal to inform future practice.

Local employers committed to working with the employment services system

The relationship between employment services providers and employers has a significant impact on moving the long-term unemployed from welfare to work. The perception of the employment services system as a *labour exchange*, with its finger on the pulse of labour market trends, equipping the unemployed to fill job vacancies and linking employers to a ready pool of labour, is inconsistent with the low levels of employer engagement with the system observed in this study. Employers either had entrenched negative perceptions of the quality of labour the system had to offer or were able to fill job vacancies easily without engaging with the system. Conditions of employment that excluded people with particular characteristics, for example police checks, drug testing, a requirement to have a drivers licence or shift work at times when public transport was not available, were an additional hurdle for employment services in finding jobs for marginalised jobseekers and sourcing work for the dole placements. In small towns, Stream 4 JSA clients' brushes with the law, reputations and in some cases their family name were enough to rule them out of contention for a job. While all the employment consultants interviewed for this study said they could find a job for anyone 'willing to work', people outside JSA working with the same clients said those clients faced overwhelming challenges moving into the mainstream local labour market. Finding employers willing to work with their local employment services provider and

willing to employ marginalised jobseekers *in preference to other jobseekers* and *despite their shortcomings* has a greater impact on outcomes for that group than any other strategy. However there are clear limits to that in relation to the willingness and capacity of employers to absorb the impact on their productivity and profitability. The case for pushing the long-term unemployed ahead of others in the queue for jobs has to be carefully constructed around public value and ultimately, the common good. Understanding employers' needs and priorities and 'getting the right fit' in pushing corporate social responsibility, filling job vacancies and reverse marketing jobseekers to employers was an important element of success in sites examined in this study.

Multi-layered intervention to overcome jobseekers' barriers to work

The employment services code of practice under the JSA 2012-2015 contract had three key elements - commitment to working with clients, employees , sub-contractors and other providers to deliver quality employment services, including working in collaborative partnerships with stakeholders and communities to identify needs and how they can be met; commitment to helping each jobseeker find their pathway into employment; and commitment to assisting employers meet their skill and labour shortage needs (Australian Government n.d.). Under that, the Service Guarantee for Stream 4 jobseekers encompassed developing an Employment Pathway Plan for all jobseekers; helping the 'pre job search ready' deal with issues that might make it hard for them to look for work, by providing counselling or other professional support or referring them to other support services; and for those ready to look for work, looking at their skills and education and providing assistance and advice to help them find and keep a job (Job Services Australia 2009). Those responsibilities intersected with the interests and activity of a range of actors at all levels of government, in the community and in industry.

This study revealed that overcoming the barriers to work faced by Stream 4 JSA clients entailed effort across four levels – personal interventions, system interventions, vocational support and brokerage, and strengthening economic conditions. As shown in Table 21, numerous actors were involved at every level from different tiers of government, different government departments, industry and the community sector, giving rise to overlapping and at times competing priorities.

Table 21: Layers of intervention in welfare to work

Intervention category	**JSA barriers (Barrier Management Tool)**	**Role**	**Relevant agencies**
Personal interventions	Health Socio-cultural Personal	Improving safety, health, wellbeing and capabilities for individuals and communities to overcome barriers to social and economic participation	Local, state and federal governments - human services, planning, community development, health, justice, immigration, emergency services - community service organisations, charities, Disability Employment Service, **JSA**
System interventions	Environmental Legal	Helping individuals and communities overcome systemic access issues like transport, housing, care of dependents or discrimination	Local, state and federal governments, community service organisations, charities, advocacy groups, Disability Employment Service, **JSA**
Vocational support and brokerage	Work experience Work skills Workplace communication Looking for work skills Workplace support required Low or limited education Low level literacy and/or numeracy	Connecting people to employment and vocational pathways Helping people develop employability skills Helping people develop knowledge, vocational and professional skills	Schools, Trade Training Centres, vocational education and training providers, Registered Training Organisations, universities, regulatory agencies, recruitment companies, charities, social enterprises, Disability Employment Service, **JSA**
Strengthening economic conditions		Identifying and planning for regional and industry growth Identifying and planning for skill and labour force needs Linking labour supply and demand	Business and Industry Groups and Skills Councils, local, state and federal governments, local employers, regional bodies, chambers of commerce, peak bodies, **JSA**

(developed with Marcus McCormick, Services Connect DHS Victoria, 2013)

As described in Chapter 7, the process by which these actors decided how, when and with whom to interact was similar to the process by which public sector managers seek balance between value, legitimacy and organisational capability before committing their organisation to a particular course of action (Moore 1995). Different relationships between actors came to the fore at different times in the process of activating the long-term unemployed. While employment services providers were involved at every level under the terms of their contract, vocational support and brokerage was the only level that offered them tangible reward for effort. This study found that the number of barriers to work faced by Stream 4 clients gave employment consultants a range of options to pursue in directing and monitoring jobseekers' obligations to prepare for and search for work, and the terms of their contract often led them to choose the line of least resistance for an expedient outcome.

Collaborative action observed in this study that moved marginalised jobseekers into work involved participants at each layer of intervention playing to their strengths; seamless movement between services for jobseekers; services being available when needed to maintain momentum for the jobseeker towards work; and flexible processes in place that recognised that for these jobseekers, progress towards sustainable work was not a linear progression.

Comparing different modes of governance

At its core, governance has four functions – setting collective goals for society and reconciling competing wants and demands between segments of that society; creating capacity for implementation and steering; creating coherence between competing priorities in government; and accountability for policy choices (Peters 2004:26-27). In the wake of New Public Management reforms, agencies must interact to achieve their goals in the fragmented service environment (Considine & Lewis 2003). This is particularly evident in the employment services system. Employment services providers are contractually obliged to help the long-term unemployed overcome issues that make it hard for them to look for work. Yet they are not equipped to address the primary barriers to work identified for Stream 4 JSA clients in this study – mental health issues and drug and alcohol issues – as well as other significant barriers like housing, transport or conditions of employment like police checks or drug testing to meet occupational

health and safety requirements or industry standards. In those circumstances they are entirely reliant on external actors to meet their key performance indicators.

In considering governance challenges in tackling long-term unemployment, and in particular in weighing up the merits of different approaches to moving people with multiple and complex labour market disadvantages from welfare to work, it is important to acknowledge that every approach to date has been developed in response to what has been an intractable problem over decades of reform. It is unlikely that 'one right way' to overcome labour market disadvantage will emerge and in any case, policy decisions surrounding welfare and unemployment draw on an array of evidence and are influenced by an array of factors. Economic theory shows that the natural rate of unemployment controls inflation and keeps interest rates low, yet politically governments need to demonstrate action on unemployment. There is also, importantly, consideration of sunk costs in existing initiatives. When Atos Healthcare opted out of the business of conducting Work Capacity Assessments in the UK in 2015, "desperate to leave a contract it considered both undeliverable and a public relations disaster", the £100 million a year contract was picked up by another for-profit provider, MAXIMUS (Butler 2014; BBC News 2014). At the time the UK Government acknowledged that the new contract would have to set "robust and transparent service standards for the new provider"; that it would have to be "rigorously" monitored; that departmental staff would need "contract management expertise to exercise this role effectively" and "that the re-let contract is likely to cost more". Like other governments in OECD countries they remain committed to the market model despite evidence that it not always effective, deflecting scrutiny of their purchasing decisions to the behaviour of individual providers and service users.

The Australian Government is committed to reducing the size of bureaucracy and spending less on welfare. Both goals are politically popular. However the findings of this study suggest that the current approach in Australia has four clear structural weaknesses that are hampering achievement of those objectives and shifting the bureaucratic burden and costs of persistent unemployment around government. Those weaknesses, shown in Table 22, are the jobseeker assessment and streaming process; the employment services funding model; the capacity of the employment services system to overcome barriers to work faced by the long-term unemployed; and lack of

industry engagement in addressing long-term unemployment. The consistent message in interviews in this study was that efforts to move Stream 4 JSA clients from welfare to work through *behavioural* change were more likely to succeed when the actors involved were willing participants in the process. Yet evidence suggests that "the vision for a diverse, innovative, responsive market for employment services has been suffocated by over-zealous risk management, narrow measures of success and highly prescriptive rules and regulations" (Considine, O'Sullivan & Olney 2013). In this study, the tension between theories of behavioural change, the time and effort needed to overcome Stream 4 JSA clients' multiple and complex personal barriers to work, competition for jobs, punitive welfare sanctions and the employment services 'work first' funding model was clear (Jones, Pykett & Whitehead 2013:163-164; Thaler & Sunstein 2008; John et al. 2011; Grist 2009; Rowson 2011).

Table 22: Structural weaknesses in Australia's employment services system impacting on jobseekers facing multiple and complex barriers to work

Structural weakness	**Impact**
Lack of rigour in the jobseeker assessment and streaming process	Misdiagnosis of barriers to work has a ripple effect on jobseekers' access to employment assistance and obligations in return for income support
Outcomes-based funding model and metrics	Compels employment services providers to focus their efforts on jobseekers likely to help them meet or surpass their performance targets
Employment services providers not equipped to help jobseekers overcome complex barriers to work	Employment services providers rely on external services, each with their own priorities and agenda, to fulfil their contractual obligations
Lack of industry/employer engagement	Labour market exclusion

Prevention is better than cure

While the mutual obligation rhetoric of welfare reform in Australia suggests otherwise, there is no empirical evidence to suggest that people who have been unemployed for more than twelve months are 'work shy'. Jobseeker compliance data reveals that in the final quarter of 2014, only one hundred and eighty-seven people refused a suitable job offered to them and two hundred and twenty-one people did not commence a suitable job – a work refusal rate of 0.06 per cent (or approximately 1 in every 1600) of the total pool of 678,732 active job seekers engaged with the employment services system in December 2014 (Department of Employment 2014c:2,12). In 2015, launching the final report into a review of Australia's welfare system *A New System for Better Employment and Social Outcomes*, the Australian Government paradoxically asserted that "activation works" while claiming that over the last decade Australia's welfare system had "grown relentlessly and become unsustainable" (Department of Social Services 2015a:62; Department of Social Services 2015b). If activation works but it is not stemming relentless growth of the welfare system, what is its measure of success? What is the aim of activating the long-term unemployed in an environment of fierce competition for available jobs? Is it to develop human capital, to promote civic engagement, to stimulate economic activity, to address skill shortages, to deter people from seeking income support, to strengthen the social fabric or all of these things? At what point can intervention make a difference? These questions are important in clarifying where government investment can have the most impact in reducing the social and economic costs of long-term unemployment.

With the inclusion of people with a disability with partial capacity to work, principal carer parents who are no longer eligible for Parenting Payment and participants of the defunct Personal Support Programme (PSP) for very highly disadvantaged jobseekers, which was absorbed into JSA in 2009, there are now people referred by Centrelink to employment services providers in Australia with little or no capacity to work full time or who are only able to work episodically. Vocational education and training, work for the dole and assistance to look for work are not enough to overcome the barriers these jobseekers face in finding and keeping a job. These activities are evolving from

equipping marginalised jobseekers for work to a burr under the saddle designed to prevent them becoming complacent on welfare. While there are examples of coordination of services producing employment outcomes for these jobseekers, the results are inconsistent and come at a high price. The poor results of increased expenditure on employment services for the long-term unemployed between 2009 and 2012 set out in Chapter 4 make it hard to justify additional investment in that area. Given that many of these jobseekers are not competitive in the mainstream labour market, do they and the funding dedicated to promoting their economic and social inclusion belong in the employment services system at all? The current level of investment could be applied in ways better suited to the needs and circumstances of those with multiple and significant labour market disadvantages and those who might employ them. Even if the social impact of that investment – for example employment created by delivering services to those citizens in thin markets - carried more weight in assessing its public value, the picture would be very different.

The 1994 OECD Jobs Study warned governments that excluding members of society who could not adapt to the requirements of advancing economies from the mainstream "risks creating social tensions that could carry high human and economic costs" (OECD 1994:5). More than twenty years on, evidence suggests those costs are escalating. The gap between the top and bottom of the distribution of wealth in Australia continues to grow, mirroring worldwide trends (Hardoon 2015; Atkinson 2015; DeNavas-Walt & Proctor 2014; Piketty 2013; Stiglitz 2012; Vinson 2007; Vinson & Rawsthorne 2015). Economists like Piketty (2013), Stiglitz (2012) and Atkinson (2015) argue that inequality is fuelled not just by economic forces but by power, networks, place, politics and policy, extending beyond the standard economic 'life-cycle' model. In 2016 the International Labour Organization urged policy-makers to focus on strengthening employment policies and tackling excessive inequalities to reduce the risk of intensified social tensions (International Labour Organization 2016). Clearly, current approaches to tackling labour market exclusion and inequality are not working.

The findings of this study suggest that what is presented in labour market policy as a mismatch between jobseekers' skills and available work is more complex and value-laden. There is disconnection between the type of work accessible to the long-term unemployed and work that suits their individual needs and circumstances; disconnection

between services needed by people with significant labour market disadvantages to support them through education, work, health and life transitions; and disconnection between employers and publicly funded employment services. Overcoming long-term unemployment entails bridging each of these broken connections and it is a challenge that cannot be met by a single policy, a single actor or a single discipline (Bovaird & Loffler 2009:19; Linden 2002:6).

Conclusions around challenges and levers for success

Helping people overcome non-vocational barriers to work calls for new ways of working and judicious use of multi-disciplinary policy levers to meet their complex needs - flexible resources and coordinated procurement, funding and contracting arrangements across federal and state government jurisdictions. It involves acknowledging that the employment services 'work first' mandate and funding model does not incentivise employment services providers to help *all* jobseekers prepare for and search for work. It involves recognising that capacity to work does not equal employability; and that services accessed by people with multiple and complex labour market disadvantages – for example income support, housing, health services, drug and alcohol services and training – are not designed to fit around precarious and intermittent work, which is often the only option available to these jobseekers. It involves acknowledging that while the long-term unemployed share some key characteristics, their motivations and barriers to work are heterogeneous. Finally, it entails recognising that persistent unemployment, like avoidable inequities in health, has social determinants. Interestingly, the phenomenon of medicalising unemployment explored by Holmqvist (2009) offers an opportunity to frame long-term unemployment as both a *social issue* and a *personal problem.* In examining social determinants of chronic unemployment through the lens of social determinants of chronic disease, the merits of applying mutually reinforcing policy instruments and multi-disciplinary management to encourage and facilitate early intervention, structural and behavioural change, harm minimisation and prevention to reduce the social and economic costs of long-term unemployment become clear.

The literature on governance networks suggests that their effectiveness depends on the inclusion of key stakeholders, participants' willingness to pool or shift resources and

participants' capacity to develop common conceptions of problems, to find balance between inconsistent goals and to develop innovative solutions (Torfing et al. 2012:126-127; Koppenjan & Klijn 2004; Marsh & Rhodes 1992; Rhodes 1997; Klijn, Steijn & Edelenbos 2010). This study found that organisations contracted to deliver services accessed by the long-term unemployed had little scope to work that way, being tightly bound by regulations, contractual obligations, performance indicators, eligibility criteria and incentives tied to the key performance indicators of their funding source. 'New approaches' were layered over or shoehorned into existing models. Government tended to define and frame problems through the lens of particular portfolios or departments, nominate services to address them and drive coordination of those services from the top down. Siloed approaches to procurement perpetuated lack of coherence in policy design and implementation. Where particular tiers of government, departments or program areas specified collaboration as a condition of funding, they had limited authority over services answerable to other arms of government. Contracted service providers were generally reluctant to stray beyond the boundaries of their 'measurable activity' in a contestable funding environment. Where service providers found room to move in contracts administered by one arm of government, they could be blocked by regulations administered by another. Efforts to coordinate services at a local level were undermined by vested interests, entrenched patterns of behaviour and the absence of agreed goals and metrics applied across the services involved. Those challenges were compounded by the complex characteristics of the service users.

This thesis demonstrates that while outsourcing employment services in Australia has improved the system's efficiency and effectiveness overall, by reducing the cost of delivering employment services and reducing the time it takes most jobseekers to find a job, the public value of that policy action is open to debate. The findings of this study suggest that improvements in the system have been achieved at the expense of those most in need of assistance to find a job and other services dealing with the fallout of their persistent unemployment.

Chapter 9: Conclusions

Introduction

Australia's employment services system has been a pioneering exemplar of New Public Management since the 1990s and it is often cited as a successful model of outsourced service delivery. However this thesis shows that the model has weaknesses that prompt reconsideration of that approach. Focused on aggregate outcomes and service delivery costs, the measures of success of the system mask the adverse impact of the marketisation of activation and employment services on people facing multiple and complex barriers to work and ignore the flow-on economic and social costs of their persistent unemployment. As shown in Figure 2 in Chapter 1, the prospects of the long-term unemployed moving from welfare to work in Australia have not significantly improved through two decades of radical institutional change underpinned by market-based funding instruments and complex incentives. Efficiency in activation and employment services has been achieved at the expense of nuanced and holistic responses to intertwined labour market and social policy issues, failing 'hard to place' jobseekers and leaving frontline employment services staff and services outside the employment services system to manage the consequences.

The government's aim in yoking income support for the unemployed to obligations to participate in active labour market programs was to exhort and prepare people on welfare to meet existing and future demand for labour. In turning this process over to the market, it sought innovation, responsiveness, flexibility, expertise, understanding of the local environment and cost savings from service providers. Tiered incentives were offered to providers to mitigate the risk of discrimination against 'hard to place' clients. However over time, as the system's vulnerability to gaming emerged, the innovation and flexibility sought from the market was tempered by explicit and complex rules and regulations on the part of government and mimetic isomorphism within the sector. The focus on cost, compliance and outcomes sharpened. This had a disproportionately negative impact on jobseekers requiring time and high levels of effort and investment to compete in the mainstream labour market.

Activation and employment services can increase the *probability* of someone finding work but provide no guarantee. Ultimately, like leading the proverbial horse to water, employment services providers cannot control the outcome of their interaction with jobseekers. Yet achieving outcomes defined in the employment services contract not only generates providers' income but positions them for success in future tenders. That is a powerful incentive for providers to focus their efforts on the jobseekers most likely to help them meet or surpass their performance targets, regardless of the flow-on effects. The findings of this study suggest that the employment services contract does not adequately incentivise providers to help 'hard to place' jobseekers prepare for and search for work; nor does it give providers sufficient scope to diagnose and overcome the issues keeping those jobseekers on the margins of the labour market. Jobseeker assessment and streaming processes fail to capture the complex demand and supply side factors that exclude or equip people to enter and remain in the workforce and the employment services 'work first' mandate and funding model does not support the sustained effort, negotiation and cooperation between multiple actors needed to tackle the most prevalent barriers to work faced by the long-term unemployed revealed in this study. For that group of jobseekers, the adverse impact of the marketisation of activation and employment assistance – particularly the pursuit of value within narrowly defined parameters – is evident from the initial assessment of their capacity to work to the process of addressing their barriers to work to their employment outcomes, and their disadvantage is compounded by the inconsistent priorities of the services to which they are referred to fulfil their obligations for income support.

Reviewing the research findings

The complex barriers to finding and keeping work that are faced by the long-term unemployed should compel employment services providers to join forces with other service providers in areas like health, education, housing and community services to address them. The persistence of long-term unemployment suggests these services do not work together well. However that argument rests on the assumption that the services involved have a common understanding of what is keeping those jobseekers out of work, a common goal to move those jobseekers into work quickly, scope and incentive to coordinate their efforts to that end, and ultimately, capacity to produce the desired

outcome – that is, bringing together a jobseeker willing and able to do a job and an employer with a job available who is willing and able to hire them.

This study set out to test two propositions. The first was that coordination of employment services and other services working with people facing multiple and complex barriers to work can improve employment outcomes for that group of jobseekers. The second was that siloed policies, funding, accountability, purchasing arrangements and timelines can inhibit coordination of employment services and other services working with people facing multiple and complex barriers to work, and have an adverse impact on employment outcomes.

The study drew together multiple sources of evidence including literature, policy documents, quantitative data, observation, structured interviews with client-facing workers in employment services in eleven diverse locations across two Australian states, and semi-structured interviews with other individuals and organisations interacting with the long-term unemployed in the same locations. Its findings revealed a complex picture of governance issues, market forces, policy, processes, relationships and cumulative disadvantage shaping the odds of people on the margins of the labour market finding and keeping a job. Significantly, it highlighted tension between government rhetoric of hybrid governance to address poverty and exclusion and the persistence of siloed governance regimes in services accessed by citizens who are poor and excluded. The red thread through the findings was how the behaviour of every service provider interacting with the long-term unemployed and people at risk of long-term unemployment - both within government and working under contract – was shaped by a process of balancing conditions attached to their funding with the priorities of their own governance and management structure.

Barriers to work faced by the long-term unemployed

Australia's approach to tackling long-term unemployment since 1994 has revolved around moulding jobseekers to fit the needs of employers, underpinned by market-based policy instruments. Yet this has not helped employers fill job vacancies on their terms from the ranks of the long-term unemployed; nor has it helped marginalised jobseekers find sustainable employment. Long-term unemployment has persisted through mutual

obligation, privatisation of the employment services system, global and domestic economic shifts, skill shortages, changes in conditions of employment, changes of government and changes to machinery of government. Attempts to 'treat' long-term unemployment through case management of jobseekers, referral to support services, job search assistance, vocational training, work experience programs, intermediate labour market programs, sanctions, post placement support and wage subsidies have not mitigated the burden it imposes on the economy and society. This suggests that the treatment is either based on misdiagnosis of the issues keeping the long-term unemployed out of work, or it is not sufficiently rigorous. This study found evidence of both.

The study revealed a marked difference between barriers to work and their prevalence identified in initial job capacity assessments of people deemed at risk of long-term unemployment, and barriers to work for this group identified by the employment services providers working with them. In 2012, the primary barrier to work identified in initial job capacity assessments for people furthest from the labour market - classified at the time as Stream 4 under the Job Services Australia (JSA) contract - was limited employment history. That barrier could reasonably be remedied by finding those people a job, or giving them unpaid work experience. However client-facing workers in employment services providers interviewed for this study identified mental health issues and substance use as the most prevalent barriers to work for their Stream 4 clients, factors that could be either a cause or an effect of limited employment history. If they are an effect, 'work first' with appropriate support may be an effective treatment. If they are a cause, a 'work first' approach to activation is unable to improve the prospects of those jobseekers finding sustainable employment.

The initial assessment of jobseekers was seen to hinge on self-disclosure. This study found that, in the interests of efficiency, this assessment was commonly conducted by telephone. The discrepancy between barriers to work identified in the initial assessment and those that emerged in case management in the employment services system could be attributed to two important factors in the initial assessment - lack of disclosure from jobseekers unaware of factors keeping them out of work, being disinclined to assist in the assessment process or being unwilling to disclose sensitive information about themselves over the phone; and no opportunity for the assessor to make a visual

assessment of the jobseeker's employability issues. Jobseekers were streamed and referred to employment services providers on the basis of that over-the-phone assessment. Their stream determined the type of assistance to which they were entitled to overcome barriers to work as well as their obligations in return for income support. There was little scope for providers to vary that assessment, a consequence of risk management measures imposed by government to prevent providers placing clients in streams that offer higher outcome payments and 'Star Ratings'. This casts important doubts on the assessment and streaming process in terms of the capacity of welfare recipients with low levels of education or cognitive impairment to navigate the process; the capacity of employment services providers to address complex barriers to work revealed after the initial assessment; cost shifting; and the government's duty of care to vulnerable citizens.

The study also showed the extent to which values-based attributes and externalities factored into a jobseeker finding and keeping a job. Few employers turned to the employment services system to fill job vacancies and the long-term unemployed were a workforce of last resort despite a range of interventions and incentives designed to push or pull them into the labour market. JSA providers involved in this study encouraged their Stream 4 clients to apply for jobs less likely to attract competition from other jobseekers or jobs contingent on their wage subsidy, which tended to be the jobs that were most precarious and poorly paid. Yet even at that level, employers were reluctant to employ people they believed to be below par. This exposed a clear divide between jobseekers' capacity to work and employers' willingness to employ – a divide that market-based instruments have failed to bridge.

Finally, the study revealed the complex and multi-disciplinary nature of barriers to work faced by the long-term unemployed and the heterogeneity of motivations and barriers to work within that group. Prevalent barriers to work for Stream 4 jobseekers identified by employment services providers in this study were work-related, structural, demographic and personal and intertwined across those domains. Links were flagged consistently between mental health issues, drug and alcohol abuse, early school leaving, chaotic personal circumstances, unstable housing, unreliable transport, involvement with the justice system, social exclusion and limited employability. The two most prevalent barriers to work identified – mental health and drug and alcohol issues – could not be

addressed by employment services providers without drawing on health services. The ten most prevalent barriers to work identified intersected with five services in state government jurisdictions - health, housing, education, justice and transport. The twenty most prevalent barriers to work identified correlated with domains used to measure relative poverty and disadvantage in Australia – socio-economic, education, connectedness, housing and health – suggesting that long-term unemployment is a systemic problem unlikely to be solved by addressing barriers at an individual level alone. Addressing these barriers called for intervention from a range of actors, each with their own priorities, performance indicators, eligibility criteria, funding and regulatory frameworks, with limited capacity to shift or pool resources. All the barriers were exacerbated by competition for jobs on offer.

It was clear in this study that while employment services providers were contractually obliged to help highly disadvantaged jobseekers deal with issues keeping them out of the work, they were unable to address most of those issues without referring the jobseeker to other services. Those services had no incentive to achieve a fast employment outcome for the jobseeker; they were focused on their own priorities. The unlikelihood of those jobseekers moving into work in the short term then became an additional barrier to work, as the focus of their relationship with their employment services provider shifted from actively looking for work to meeting activity requirements for income support. This activity, conducted within strict parameters set by the employment services reporting requirements, was primarily driven by the Star Rating system; most providers said the cost of the process outweighed the potential reward for effort offered through the tiered outcomes payment system. This study revealed that throughout the process the complex characteristics and needs of Stream 4 jobseekers placed equally complex demands on providers, particularly in managing challenging behaviour which providers consistently attributed to mental health and/or drugs and alcohol. Employment services providers involved in this study incurred significant expense in case managing and managing risk associated with their Stream 4 clients, while the clients generating those costs were the least likely to generate income for the provider.

Overall this study found that with time and concerted effort, some Stream 4 JSA clients overcame their barriers to work to compete in the mainstream labour market. Others

found work by careful job-matching, or by being in the right place at the right time. The rest were fighting long-term battles with issues that precluded or restricted employment in the mainstream labour market. However all were scarred by years of social and economic exclusion and required assistance and support from a range of actors to make a sustainable transition from welfare to work, with no guarantee of success. In a system in which key performance indicators and income were tied to employment outcomes, this study found that employment services providers were compelled to play the odds and focus their attention on jobseekers most likely to fill available jobs.

The process of addressing multiple and complex barriers to work

This study found that under the direction of their employment services providers, Stream 4 JSA clients accessed a range of services funded, managed or administered by different actors to meet activity requirements for income support and improve their prospects of finding a job. These included but were not limited to health services, allied health services, education and training programs, housing services, work experience programs and community services. The most common referrals were to GPs, counsellors or psychologists, drug and alcohol treatment programs and training providers. Some of these activities were funded independently of the employment services system and some were fee-for-service and fully or partially funded through the Employment Pathway Fund. The barriers to work faced by the long-term unemployed revealed in this study placed considerable pressure on the health system and on a range of services in state government jurisdictions, yet they were assessed and addressed with a singular focus on individuals' 'capacity to work'.

The relationship between Stream 4 JSA jobseekers and their employment services provider revealed the extent of those jobseekers' labour market disadvantages in relation to issues like mental health, drug and alcohol use, skills, criminal history, personal circumstances, accommodation or transport, and providers referred jobseekers to appropriate services when required to address those issues. This study found significant overlap of that activity - assessment, planning, monitoring and linking clients to other services by a case manager or a key worker – across employment services and other publicly funded services working with the same clients. Yet while the activity was similar, funding models, priorities and measures of success varied across services.

Those variations hampered coordination of service delivery and had a ripple effect on outcomes – and measurement of outcomes - for service users. For example, the Minister and the Department for Employment are each charged with increasing workforce participation and they in turn contract employment services providers to move unemployed people into jobs. If an employment services provider refers a highly disadvantaged jobseeker to specialist services and support that ultimately divert that person from homelessness or a prison sentence, but that person does not find a job, the benefit of that intervention is not captured and the provider is not rewarded. Similarly, if a highly disadvantaged jobseeker – under the direction of an employment services provider - moves between and around publicly funded services to meet activity requirements for income support with no demonstrable improvement in their circumstances or their employability, the cost is not captured. This study found that in situations where blame and kudos for outcomes could not be clearly apportioned, there was no requirement or incentive for service providers to go down that path beyond their measures of success.

The bulk of activity in the employment services system observed in this study revolved around employment consultants persuading, coercing or assisting jobseekers to prepare for and search for work. Findings revealed that it was important for jobseekers furthest from the labour market to recalibrate their individual behaviour, skills and attitudes to *prepare* to enter the workforce. However moving from welfare to work hinged on commitment from employers, a range of service providers and the jobseekers themselves to that goal, achieved through trust built over time, modelling, incentives, reinforcement, repetition and support from different individuals and institutions at critical milestones. Success was rare. Those involved in connecting services, support and employment opportunities for people with multiple labour market disadvantages found it difficult to establish and sustain the necessary links under shifting and siloed federal and state government regulatory, funding, contracting and reporting arrangements, which engendered competing priorities, gaps in service provision and duplication of effort.

Whether and how jobseekers' barriers to work were addressed by their employment services provider was influenced by the availability of services, the timeliness of services, the cost of services and the likelihood that the intervention would produce a

measurable outcome under the employment services contract. The process by which service providers involved in this study decided how, when and with whom to interact was similar to the process by which public sector managers seek balance between value, legitimacy and organisational capability before committing their organisation to a particular course of action. Essentially, all stakeholders involved were looking for the most efficient way to balance conditions attached to their funding with their own organisation's mission. Some were motivated by profit and some were driven by a charitable purpose; some were delivering a range of government funded services and others had a single focus; but all were required to meet specific key performance indicators in delivering employment services.

Importantly, this study found that once a jobseeker's barriers to work had been revealed, if that person remained unemployed after a range of interventions to address those barriers, the jobseeker's capacity to benefit from employment services decreased. The relationship between the JSA employment consultant and that jobseeker drifted toward compliance monitoring as the jobseeker continued to move between and around publicly funded services to meet activity requirements for income support and the JSA provider facilitated and monitored that activity with limited prospects of moving the jobseeker into work. For the long-term unemployed, and for employment services providers, accessing and delivering activation services through the employment services system became an obligation of diminishing value and increasing cost over time.

Structural barriers to service coordination

This study highlighted the challenges of addressing multiple and intertwined barriers to employment in a market-driven, fragmented institutional landscape involving federal and state government departments, government agencies and contracted service providers. A key structural weakness that emerged was the persistence of program siloes and the pursuit of value within narrowly defined parameters in services accessed by citizens who are economically and socially excluded. While the barriers to work faced by the long-term unemployed were complex and intertwined, governments' efforts to address those barriers were not mutually reinforcing. Every service provider interacting with the long-term unemployed and people at risk of long-term unemployment interviewed for this study - both within government and working under

contract – was working towards achieving key performance indicators tightly bound to the critical success factors of its funding sources. This was an enduring legacy of New Public Management reforms.

The consistently stated aim of those working with the long-term unemployed involved in this study was to break the cycle of disadvantage holding those people back from meaningful participation in society and the economy. In practice, their framing of the problem and contribution to its solution was shaped and driven by conditions attached to their funding, their sources of legitimacy, their own governance structure, the regulatory environment in which they operated and their relationships with their clients and other organisations. Yet even in this context, this study found that the employment services contract, rules and regulations were so prescriptive, and the environment in which services were delivered was so risk averse, that it overpowered all other factors in shaping the behaviour of employment services providers. The 'work first', outcomes-based funding model and metrics for employment services performance dictated how providers interacted with jobseekers, employers and with other services, and the process and patterns of referral of 'hard to place' jobseekers to other services to overcome barriers to work reflected those priorities.

JSA providers involved in this study said they struggled to coordinate external services accessed by their Stream 4 clients for a range of reasons, including lack of clarity of roles and responsibilities across different services; incompatible rules and processes; availability of services; and the complexity of the service environment. On the opposite side of that relationship, agencies outside the employment services system said JSA providers were inflexible and rule-bound in their dealings with clients and other services; focused on short-term outcomes; and unable or unwilling to adapt to the broader service environment. How JSA providers worked with their Stream 4 clients was influenced by priorities, policies, regulations and procurement processes at federal and state government levels related to income support, housing, justice, education and training, mental health, drugs, child and family services, employment, immigration, transport, community services and disability services. Similarly, employment services priorities and rules around the use of funding impacted on initiatives, programs and networks of organisations working with disadvantaged jobseekers operating around employment services providers. Both sides described struggling to keep pace with

policies and procedures outside their own organisations and said they were overwhelmed and overloaded with information, consultation and communication which took time and energy away from core tasks against which their performance was measured. These tensions were significant because JSA providers relied on other services to meet their key performance indicators in relation to servicing highly disadvantaged jobseekers. The complexity of the policy environment in which employment services are delivered and the significance of how policy is translated into action in employment services and other services accessed by common clients were sharply evident in discussions with people working at the point of service delivery involved in this study. The challenges they articulated reflect challenges inherent in working within and managing hybrid institutions.

Theoretical implications

For more than two decades, the Australian Government's approach to moving people from welfare to work has been underpinned by neoliberal theory and New Public Management ideology. It continues to reform and adjust the welfare-to-work system through a complex mix of centralised and decentralised processes, markets, quasi-markets, sanctions and incentives designed to change the behaviour of the unemployed and the services they access. Priorities in employment services contracts have shifted in each iteration along a continuum from providing services and support to jobseekers to improve their prospects of finding and keeping a job - building individual knowledge, skills and capacity to work - to enforcing work-like behaviour, building work habits and removing disincentives to work - changing individual attitudes and behaviour in relation to welfare. However the whole continuum rests on the premise that people facing multiple and complex barriers to work can successfully compete in the mainstream labour market by changing their individual skills, behaviour or attitude with the assistance of employment services providers paid to achieve job outcomes.

The abiding foundations of reforms to welfare-to-work programs are mutual obligation, stemming from Mead's influential work on poverty and its causes (Mead 1992; 1997); and marketisation, embracing private sector style approaches to designing and delivering public services to be more responsive, accountable and efficient (Hood 1991; Osborne & Gaebler 1993; Giddens 1994). Successive governments have adhered to

these doctrines in tackling long-term unemployment despite lack of evidence that either has a significant or enduring positive impact on entrenched labour market disadvantage. This raises questions about whether continuing down that path provides public value (Moore 1995).

While contracting-out has improved the efficiency and effectiveness of Australia's employment services system overall, research suggests that those improvements have been achieved at the expense of jobseekers that need complex support to prepare for work (Considine, Lewis & O'Sullivan 2011:828; Finn 2011; Cowling & Mitchell 2003). This thesis contributes to that discourse by differentiating the impact of mutual obligation and marketisation of activation and employment services on 'hard to place' jobseekers from its aggregate impact. The distinction is important as user choice and contestability continue to drive reform in human services accessed by citizens requiring varying levels of support from the state. Drawing on insights from the study of wicked problems, new institutionalism, agency theory, competition theory and agenda setting, this thesis acknowledges the 'messy reality' of tackling long-term unemployment as distinct from general unemployment, and establishes a theoretical framework through which to examine and analyse governance challenges, policy reforms, and how policy is translated into practice around long-term unemployment. Within that framework, it demonstrates that the current welfare-to-work model is failing the people most in need of assistance to move into work and the model's metrics are not capturing the economic and social costs stemming from that failure.

A key weakness in the model appears to be framing long-term unemployment as an individual problem affecting people on the margins of society, and treating its causes and consequences across a fragmented service system. This harks back to the literature on wicked problems, which pinpoints the weakness in efforts to address such problems "at the juncture where goal-formulation, problem-definition and equity issues meet" (Rittel & Webber 1973:156). This in turn suggests that governments have learnt few lessons on how to tackle wicked problems in more than forty years, or over two generations.

This study examines activation and employment services for people with multiple and significant labour market disadvantages on three levels. At the macro level, it examines

the *context* in which those services are delivered. At the meso level, it examines the *process* of policy being translated into action. At the micro level, it examines the *impact* of marketisation of these services on client-facing workers and disadvantaged jobseekers. Findings at all three levels shed light on how markets and networks and bureaucracies interact in the active welfare state. They revealed the multi-disciplinary nature of interventions encompassed in activating these jobseekers and the challenges of coordinating those interventions in contestable funding environments and thin markets. They revealed cost shifting in the pursuit of efficient service delivery within narrowly defined parameters. They demonstrated that despite calibrated incentives and the involvement of a diverse range of service providers, the prospects of the long-term unemployed moving from welfare to work have not improved through two decades of radical institutional change underpinned by market-based instruments. Over the same period, active engagement of employers in the system fell away.

It is difficult to specify approaches to moving people with multiple and significant labour market disadvantages from welfare to work because of the heterogeneity of their motivations and barriers to work. In contracting-out responsibility for achieving that outcome through a 'black box' delivery model, the market's predilection to push the boundaries of contracts created a problem for the Australian Government. Its response to providers exploiting weaknesses in the employment services contract was to increase regulation and oversight of the system, ultimately stifling the innovation it sought in turning to the market and contracting a diverse range of organisations to deliver services. The number of organisations contracted to deliver employment services has fallen from a high of three hundred and six under Job Network in 1998 to forty-four under jobactive in 2015 and while they still include for-profit and not-for-profit organisations, the behaviour of all providers is now shaped by contractual obligations, competition and financial incentives linked explicitly to moving people from welfare to work. Within that, they rely on external actors to meet certain key performance indicators related to preparing highly disadvantaged jobseekers for work. While employment services providers are clearly motivated to move their clients into work quickly, incentives for the other actors involved to contribute to that goal are less clear, giving rise to internal contradictions in the activation process. Across the board, there is no requirement or incentive for service providers within or outside government to consider the consequences of their interaction with the long-term unemployed beyond

their individual key performance indicators, and no overarching authority steering or coordinating their activity or capturing meta-data on its impact. This is a significant weakness in the institutional architecture of activation and employment services, and a cautionary note for governments looking to hybrid governance to solve complex policy problems.

In the sites examined in this study, market-based practice was pervasive in services delivered directly by government as well as outsourced services. In theory, this model promotes responsiveness, flexibility and mutually reinforcing practice at a local level to achieve common or complementary outcomes. In practice, the business rules and metrics for each service were tightly bound to the critical success factors of their funding sources, which remained siloed. The key strength of market-based approaches to delivering public services – calibration and interplay between providers' sources of revenue, sources of legitimacy, individual governance structures, the regulatory environment in which they operated and their relationships with their clients and other organisations – was lost or diluted in risk management and the pursuit of narrowly defined key performance indicators.

The rise of New Public Management was attributed to political leaders and the community becoming dissatisfied with the service they received from the public service under traditional, bureaucratic models of administration, which they viewed as tied up in process and out of touch with reality (Hughes 2003). Now agencies working with the most vulnerable members of society in Australia argue that the state's approach to marketising public services, including employment services, is in turn tied up in process and out of touch with reality. This thesis contends that in the process of activating people with a long distance to travel to the labour market, the proliferation and fragmentation of government programs, service contracts and regulation focused on producing value and reducing risk within narrow parameters has exaggerated the divide between the problem structure and the institutional structure, rather than bridging it.

The search for a model of delivering employment services that balances accountability and efficiency and protects vulnerable service users from exploitation or neglect continues. Neither a 'black box' approach nor heavy government oversight of employment services providers has improved employment outcomes for people with

multiple and significant labour market disadvantages. Those jobseekers offer little potential reward for effort to employment services providers in a payment-by-results system focused exclusively on moving the unemployed into work. The findings of this study suggest that the employment services contract does not adequately incentivise providers to help 'hard to place' jobseekers prepare for and search for work; nor does it give providers sufficient scope to diagnose and overcome the issues keeping those jobseekers on the margins of the labour market. The jobseeker assessment and streaming process fails to capture the complex demand and supply side factors that exclude or equip people to enter and remain in the workforce and the employment services 'work first' mandate and funding model does not support the sustained effort, negotiation and cooperation between multiple actors needed to tackle the most prevalent barriers to work faced by the long-term unemployed revealed in this study. Finally, the measures of success of the employment services system ignore the economic and social costs that flow from its weaknesses. In this arena, the symbolic value of market-based reform appears to outweigh evidence of its overarching merit. How the problem of long-term unemployment is framed by the Australian Government sets boundaries around how it is discussed and addressed. The findings of this study suggest that occurs with little input from service providers managing the fallout of market-based reform of the welfare state, or from the long-term unemployed whose voices are drowned out in the authorising environment.

Policy implications

This study revealed that along a continuum of capacity to work, people facing multiple and complex barriers to work interacted with multiple government-funded service providers – for example in relation to income support, employment services, health, housing, justice, education and community services - concurrently, sequentially or on an ad hoc basis. Policies in all these arenas have been tweaked and re-tweaked to support integrated approaches to promoting social and economic inclusion for welfare recipients at risk of long-term unemployment and there has been investment by all levels of government in programs, services and support designed to improve their prospects of finding work. Yet long-term unemployment persists. The findings of this study suggests that in some cases its treatment is based on misdiagnosis of the issues keeping the long-term unemployed out of work, and in others, it is not rigorous or coherent enough to

address their complex motivations and barriers to work. The key question for governments is whether there is public value in addressing issues around the treatment of the long-term unemployed. That assessment can only be made by weighing up the full economic and social costs of particular groups of citizens being excluded from or avoiding participating in the labour market.

This study found significant overlap in data collection, assessment of service users, development of case management plans and referral to other services occurring across federal and state government funded services working with the long-term unemployed, and lack of coherence in policies and modes of service delivery. Mental health issues, substance use issues, unstable housing and long-term unemployment were commonly identified by service providers as comorbid, yet services to address each of these problems were separated constitutionally, administratively and philosophically. Under the umbrella of motherhood statements, efforts by all levels of government to coordinate service delivery for common service users at a local level was undermined by vested interests, entrenched patterns of behaviour, restrictive funding and contractual obligations, incompatible timelines, cost shifting and the absence of agreed goals and metrics applied across the services involved. These challenges were compounded by the multiple and complex needs of service users and inconsistent eligibility for services.

While the barriers to work faced by the long-term unemployed are complex and intertwined, efforts to address those barriers are piecemeal. The current approach applies market-based instruments to manipulate the supply side of the labour market, changing individuals' skills, attitudes and behaviour to equip them to fill available jobs. This fails to acknowledge and address the combination of demand and supply side factors that exclude or equip people to enter and remain in the workforce, and the vulnerability of marginalised citizens to exploitation or neglect in a system built on payment by employment outcomes. The 'work first', outcomes-based funding model and metrics for employment services dictates how providers interact with jobseekers, employers and with other services, and the process and patterns of referral of 'hard to place' jobseekers to other services.

This study set out to discover whether coordinating employment services and other services working with common clients improves employment outcomes for

marginalised jobseekers, and whether siloed purchasing and reporting arrangements inhibit coordination of employment services and other services working with the long-term unemployed. On the evidence collected, the answer to both questions is 'yes but not consistently'. Overall, the data suggests that a 'work first' approach to activating the long-term unemployed does not improve their prospects of moving welfare to work, and that effort and investment directed at helping them overcome barriers to work through individual case management in the employment services system is too little, too late. The solution may lie in shifting the focus of activation and employment services for this group from 'work first' to applying mutually reinforcing policy instruments and multi-disciplinary management to encourage and facilitate systemic, structural and behavioural change. The findings of this research highlight the need for proactive, appropriate and targeted service responses from the employment, education, housing, transport, disability, health and justice sectors to prevent long-term unemployment, to reduce the financial burden of caring for those already caught in a cycle of unemployment and to promote social and economic inclusion for those excluded from the labour market.

In considering governance challenges in tackling long-term unemployment, and in particular in weighing up the merits of different approaches to moving people with multiple and complex labour market disadvantages from welfare to work, it is important to acknowledge that every approach that has been tested to date has emerged in response to what has been an intractable problem over decades of reform. The complex and varied factors that keep some people on the margins of the labour market suggest there is no one 'right way' to move the long-term unemployed from welfare to work – a message that has been consistent since active welfare was conceived (Fay 1996:3; Card, Kluve & Weber 2015). The challenge for governments is to find equilibrium between societal and individual benefit in that space.

Conclusion

Long-term unemployment drains the Australian economy through public spending on social security, activation services, health, housing, community services, justice and vocational training that fails to lead to employment; the opportunity cost of that public spending; the loss of unemployed citizens' potential contribution to the economy as

consumers, producers and taxpayers; and atrophy of the pool of labour available to industry to respond to changes in market conditions. It has negative social ramifications flowing from rising disparity in wealth, power, social mobility, income, civic participation, mental and physical health, life expectancy and access to housing, secure work and education, fuelling crime, discrimination and detachment from mainstream norms and values among people who feel marginalised and excluded. This thesis contends that inconsistent approaches to framing the problem of unemployment, delivering services to people facing multiple and complex barriers to work and measuring the impact of that activity frustrate efforts to work across policy boundaries to tackle long-term unemployment. This can be attributed in part to the federal/state divide in constitutional responsibility for welfare, labour market policy, health, education, justice, transport and housing, but it is primarily a persistent legacy of New Public Management. The pursuit of value within narrowly defined parameters across government is hampering prevention of, and multi-disciplinary responses to, chronic labour market exclusion and the development and application of mutually reinforcing policy instruments across jurisdictions and portfolios to move the long-term unemployed from welfare to work.

Attempts to move the long term unemployed into the mainstream labour market through case management, referral to support services, job search assistance, industry demand-led vocational training, learner demand-led vocational training, work experience programs, intermediate labour market programs, sanctions, post placement support and wage subsidies since *Working Nation* in 1994 have not had a significant or lasting impact on the rate of long-term unemployment. The most prevalent barriers to work faced by the long term unemployed revealed in this study – mental health, drug and alcohol use, unstable housing, lack of transport, connection to the justice system, lack of skills and discrimination - correlate with domains used to measure relative poverty and disadvantage in Australia - socio-economic, education, connectedness, housing and health. This suggests that long-term unemployment is a problem unlikely to be solved with a singular focus on treating individual problems.

The real cost of failing to move the most disadvantaged jobseekers in Australia into work is not adequately factored into policy design, system metrics or service provider incentives in the welfare-to-work market. This thesis highlights the competing demands

on different actors involved in developing and implementing policy impacting on citizens with significant labour market disadvantages. Finally, it challenges governments to rethink how they address the major social policy issues that flow from marginalising citizens who "find it impossible to adapt to the requirements of advancing economies" - a risk flagged in the OECD Jobs Study in 1994 that can no longer be ignored (OECD 1994:5).

Appendices

Appendix 1: Plain language statements for JSA frontline staff, JSA senior managers and partner organisations

Plain language statement for insert name of JSA employees working with Stream 4 JSA clients

This research is being conducted by:

Ms Sue Olney
PhD candidate
School of Social and Political Sciences
University of Melbourne
Ph: 0403 380604
Email: s.olney@student.unimelb.edu.au

Dr. Siobhan O'Sullivan
School of Social and Political Sciences
University of Melbourne
Ph: (03) 8344 6209
Email: siobhano@unimelb.edu.au

The purpose of this research:

The *Employment Services for the Future: Building on Success Issues Paper* released by the Australian Government on 11 December 2012 says that the "success of employment services is reliant on how effectively providers work with other services" (Department of Education, Employment and Workplace Relations 2012 p17). We are conducting this research to better understand the benefits and challenges of coordinating services to address multiple barriers to employment for the most disadvantaged jobseekers – Stream 4 JSA clients.

The types of questions you will be asked:

We are interested in how you work with your Stream 4 clients to help them overcome barriers to work; where and to whom you turn to help your clients overcome barriers to work, inside or outside your organisation; and why you work the way you do.

Sue Olney from the University of Melbourne will come to your office to interview you. She will ask you approximately 15 questions - some about your work experience, some asking you to rank things you might encounter in your work on a scale from 'never' to 'all the time', and some asking you to describe the way you work in specific contexts and who you work with. The interview will be scheduled at a mutually convenient time in consultation with your supervisor and will take approximately one hour. It will be recorded on a voice recorder and transcribed afterwards. Sue will also make notes during the interview.

Participating in this research is completely voluntary. If at any time you do not want to continue with the interview, you can tell Sue you want to withdraw and the interview will end.

How your identity will be protected:

Sue will interview approximately insert number people at insert name of JSA working with Stream 4 jobseekers, across insert number sites. We will make every effort, within the limits of the law, to protect your confidentiality. All interviews will be anonymous and we will use pseudonyms when we report and publish our findings. However it is possible your data may be subject to subpoena, freedom of information or mandatory reporting. It is also possible that people familiar with your work may guess your identity or the identify of your organisation in our research.

The interview data (voice file and Word transcript) will be kept on a password protected computer that can only be accessed by the researchers. After the project the data will be kept for at least five years, in line with the University of Melbourne's data storage policy, before being securely destroyed.

Feedback:

You can get a copy of the transcript of your interview on request by contacting Sue by email at s.olney@student.unimelb.edu.au. Sue will also provide insert name of JSA with copies of publications resulting from this research.

Where to get more information:

If you need more information, or have any questions or concerns about the research, please contact Sue on telephone 0403 380604 or email s.olney@student.unimelb.edu.au.

Consent form:

Before participating in the interview you will be asked to sign a consent form. That form indicates that you understand the nature of the research and that you are a willing participant.

Ethics approval:

This research has been approved by the University of Melbourne Human Ethics Committee.

If you have any concerns about the conduct of the project, you are welcome to contact the Executive Officer, Human Research Ethics, The University of Melbourne, on telephone (03) 8344 2073 or fax (03) 9347 6739.

Plain language statement for Insert name of JSA partners

This research is being conducted by:

Ms Sue Olney
PhD candidate
School of Social and Political Sciences
University of Melbourne
Ph: 0403 380604
Email: s.olney@student.unimelb.edu.au

Dr. Siobhan O'Sullivan
School of Social and Political Sciences
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Ph: (03) 8344 6209
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The first stage of this research is a case study of a single network of organisations providing a range of services to Insert name of JSA's Stream 4 JSA clients.

The types of questions you will be asked:

Sue Olney from the University of Melbourne will interview you in your office, or by telephone. The interview will be semi-structured. We are interested in your experience of working with Insert name of JSA's Stream 4 clients to help them overcome barriers to work; and your perception of the benefits and challenges of working with Insert name of JSA.

The interview will be scheduled at a mutually convenient time and will take approximately 30 minutes. It will be recorded on a voice recorder and transcribed afterwards. Sue will also make notes during the interview.

Participating in this research is completely voluntary. If at any time you do not want to continue with the interview, you can tell Sue you want to withdraw and the interview will end.

How your identity will be protected:

Sue will interview approximately Insert number people in total outside Insert name of JSA for the project, selected on the basis of interviews conducted with Insert name of JSA employees. We will make every effort, within the limits of the law, to protect your confidentiality. All interviews will be anonymous and we will use pseudonyms when we report and publish our findings. However it is possible that your data may

be subject to subpoena, freedom of information or mandatory reporting. It is also possible that, or that people familiar with your work may guess your identity or the identity of your organisation in our research.

The interview data (voice file and Word transcript) will be kept on a password protected computer that can only be accessed by the researchers. After the project the data will be kept for at least five years, in line with the University of Melbourne's data storage policy, before being securely destroyed.

Feedback:

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The first stage of this research is a case study of a single network of organisations providing a range of services to Insert name of JSA's Stream 4 JSA clients.

The types of questions you will be asked:

Sue Olney from the University of Melbourne will interview you in your office, or by telephone. The interview will be semi-structured. We are interested in your experience of working with Insert name of JSA's Stream 4 clients to help them overcome barriers to work; and your perception of the benefits and challenges of working with Insert name of JSA.

The interview will be scheduled at a mutually convenient time and will take approximately 30 minutes. It will be recorded on a voice recorder and transcribed afterwards. Sue will also make notes during the interview.

Participating in this research is completely voluntary. If at any time you do not want to continue with the interview, you can tell Sue you want to withdraw and the interview will end.

How your identity will be protected:

Sue will interview approximately Insert number people in total outside Insert name of JSA for the project, selected on the basis of interviews conducted with Insert name of JSA employees. We will make every effort, within the limits of the law, to protect your confidentiality. All interviews will be anonymous and we will use pseudonyms when we report and publish our findings. However it is possible that your data may

be subject to subpoena, freedom of information or mandatory reporting. It is also possible that, or that people familiar with your work may guess your identity or the identify of your organisation in our research.

The interview data (voice file and Word transcript) will be kept on a password protected computer that can only be accessed by the researchers. After the project the data will be kept for at least five years, in line with the University of Melbourne's data storage policy, before being securely destroyed.

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Consent form:

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If you have any concerns about the conduct of the project, you are welcome to contact the Executive Officer, Human Research Ethics, The University of Melbourne, on telephone (03) 8344 2073 or fax (03) 9347 6739.

Appendix 2: interview consent form

THE UNIVERSITY OF MELBOURNE

School of Social and Political Sciences

Consent form for persons participating in a research project

Working with Job Services Australia (JSA) Stream 4 clients - case study

Name of participant: _____

Name of investigators: Dr. Siobhan O'Sullivan & Ms Sue Olney (PhD candidate)

1. I consent to participate in this project, the details of which have been explained to me, and I have been provided with a written plain language statement to keep.
2. I understand that after I sign and return this consent form it will be retained by the researcher.
3. I understand that my participation will involve an interview and I agree that the researcher may use the results as described in the plain language statement.
4. I acknowledge that:

   (a) the possible effects of participating in the interview have been explained to my satisfaction;

   (b) I have been informed that I am free to withdraw from the project at any time without explanation and to withdraw any unprocessed data I have provided;

   (c) the project is for the purpose of research;

   (d) I have been informed that the confidentiality of the information I provide will be safeguarded subject to any legal requirements;

   (e) I have been informed that with my consent the interview will be audio-taped and I understand that audio-tapes will be securely stored;

   (f) my name will be referred to by a pseudonym in any publications arising from the research;

   (g) I have been informed that a copy of my interview transcript and any publications arising from the research will be made available to me on request.

I consent to this interview being audio-taped □ yes □ no (please tick)

I wish to receive a copy of my interview transcript □ yes □ no (please tick)

Participant signature: _____ Date: _____

HREC number 1239030.3 1

Appendix 3: JSA frontline staff interview questionnaire

Interview questions for frontline staff in the JSA case study agency

For the student researcher to complete:

ID #
Participant's name
Company
Location
Job title

I'd like to start by finding out a little bit about you.

1. How long have you worked here?
2. What attracted you to this job?
3. Have you received any formal training to do your job here?
4. If you had to sum up your role within the organisation or the role you play in the lives of jobseekers in one sentence, how would you describe it?

Now I'd like to talk about the work you do with your Stream 4 clients.

5. Your clients are assessed and streamed by Centrelink before you meet them. Do you meet many clients that you believe are in the wrong stream?
6. How many Stream 4 clients are you working with at the moment?
7. How many do you see in a day on average?
8. On a scale of 1 to 5 (with 1 being all the time and 5 never), to what extent do the following factors determine activities you recommend to your Stream 4 clients?

	1 all the time	2 often	3 sometimes	4 rarely	5 never
Assessment using a standardised set of assessment tools					
Your own judgment					
Client's preference for activities					
Labour market demand					
Labour market program vacancies					
Access to funding for special activities					
Ease of reporting					
Need to get an outcome quickly					

9. On a scale of 1 to 5 (with 1 all the time and 5, never), how often do you have to address the following issues to improve the prospects of your Stream 4 clients finding work?

Interview questions for frontline staff in the JSA case study agency

Barrier to workforce participation	1 all the time	2 often	3 sometimes	4 rarely	5 never
oral communication skills, language, literacy and/or numeracy issues					
lack of education, training and skills for jobs available					
access to affordable and quality caring options for dependants					
chaotic personal circumstances, eg gambling, relationship issues, grief or loss, legal issues					
poor mental health					
poor physical health					
drug and alcohol use					
lack of confidence or anxiety related to change					
lack of interest or motivation					
availability of suitable jobs					
negative employer perceptions					
lack of adequate and stable accommodation					
involvement with the justice system					
age					
cultural issues					
lack of transport					
What other sorts of barriers have you come across? *(to be added below)*					

10. Where do you most often turn for help for your clients in these particular situations, inside or outside your organisation, and why? In situations where you don't seek help, can you tell me why?

To assist a client overcome barriers related to:	Individual, position and/or organisation	Why?
oral communication skills,		

language, literacy and/or numeracy *(Subquestion - do you differentiate between NESB and early school leavers/people with learning difficulties in your approach?)*		
lack of education, training and skills for jobs available		
childcare or care of family members		
chaotic personal circumstances		
mental health		
physical health		
drug and alcohol use		
confidence or anxiety		
interest or motivation		
availability of suitable jobs		
employer perceptions		
housing		
involvement with the justice system		
age		
transport		
Other barriers identified in Q4		

11. How do you know if this referral helps your client overcome barriers to work?
12. Does where you turn for assistance shift when individuals you turn to change jobs?
13. Does where you turn for assistance shift when contacts change or shift in your networks?
14. Have you noticed any gaps or overlap in the activities or funding of organisations working with your Stream 4 clients that you think impact on your clients' prospects of finding work?
15. Have you noticed competing agendas or tensions between different organisations working with your Stream 4 clients that you think impact on your clients' prospects of finding work?

16. Governments talk a lot about coordinating and streamlining services for disadvantaged people. In your experience, does working closely with other services improve employment outcomes for your Stream 4 clients? Is it easy to do?
17. I'd really like an example of how this works. Can you tell me a story about helping one of your Stream 4 clients through some of the barriers to finding work we've talked about today, and who was involved? Do you know what the client involved is doing now?

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