

Social Ventures Australia Submission to the Productivity Commission: Interim Reports on Productivity



Acknowledgment of Country

Social Ventures Australia acknowledges and pays respect to the past and present traditional custodians and elders of this country on which we work.

'After the Rains' by Richard Seden for Saltwater People 2024

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Introduction

Social Ventures Australia (SVA) is a leading social impact organisation. Founded to accelerate innovation for social good, SVA fast-tracks solutions to social challenges with a goal to alleviate disadvantage and support a country where all people and communities thrive. Our submission draws on SVA's expertise as trail blazers in outcomes contracting and impact investing in Australia, and through our experience with initiatives to achieve more equitable outcomes at school and in the labour market over our 20-year history.

SVA welcomes the Productivity Commission's multi-faceted approach to the productivity growth agenda and appreciate the thoughtful and detailed interim recommendations.

Our response is focused on several specific recommendations emanating from two of the reports:

Building a skilled and adaptable workforce

- *Recommendation 1.2 on equitable access to educational technology (edtech) and artificial intelligence*
- *Recommendation 2.2 on incentives to lift work-related training rates in Small and Medium Enterprises (SMEs)*
- *Recommendation 3.2 on expanding entry pathways and streamlining qualification requirements for occupations*

Delivering quality care more efficiently

- *Recommendation 3.1 on a national framework to support government investment in prevention*

We would welcome the opportunity to discuss the points raised below further and stand ready to answer any questions you might have.

Building a skilled and adaptable workforce

Recommendation 1.2 on equitable access to educational technology (edtech) and artificial intelligence

- SVA strongly supports this proposal as it will strengthen the ties between educational technology (Edtech) and school needs and realise the opportunity to catalyse a cycle of continuous improvement.
- Every school in every sector in every state and territory collects data that is utilised at a school level to inform strategic planning. This creates a predictable cycle: schools (mostly principals) are looking for solutions to the needs that their data have flagged, and Edtech providers, acutely aware of this window of opportunity, present their products in a way that aligns to the school's needs.
- Schools are swamped with options that look and feel similar, but do not have the capacity to deeply evaluate the products on offer. Meanwhile, Edtech providers do not have access to the data that is being used to inform strategic planning in schools, so waste time and effort incubating products based on guesswork.
- An assessment framework and guidance to support teachers and school leaders will be important to close the gap between needs and solutions. We recommend that some consideration is given also to **supporting Edtech providers to develop appropriate solutions** by:
 - Analysing school data on key needs, which can then be shared with Edtech providers in a timely manner, allowing sufficient runway for more effective product development.
 - Giving Edtech providers clear criteria for consumer comparison, including staff time required to use, running costs, evidence base, safety, ease of implementation, professional learning provided, number of users, ease of evaluation, and time to impact.
- We recommend that tools and solutions are *independently* assessed, which would allow exceptional products to be fast-tracked into the school system, rather than picked up school-by-school.
- Principals and schools should be given an easy means to access independent reviews of the products on offer, including how they have scored against clear and established criteria for development. A clear pathway to both evaluate and purchase should be provided.
- Consideration should also be given to an annual event that presents the data analysis of identified needs, any updated Edtech criteria, emerging evidence on impact, and new Edtech solutions. This would help socialise the technology and build awareness of emerging innovations, connect providers with schools, and help the tailoring of product design to solve identified challenges. This might also serve as an opportunity to invite philanthropy to support disadvantaged schools to participate and take advantage of the latest tools.

- Finally, we emphasise that technology is moving quickly. As such, any criteria and guidelines for technology in schools will need to adapt equally quickly to new innovations; ensuring regular review will be key.

Recommendation 2.2 on incentives to lift work-related training rates in Small and Medium Enterprises (SMEs) - including Information Requests 2.4 and 2.6

- SVA welcomes the Productivity Commission's acknowledgement of the need to lift work-related training rates, as available evidence shows workplace training is in decline.¹ While SMEs may have a more acute need for support to increase training, it remains a challenge across the board.² Focusing on just one part of the employer cohort may mean relevant opportunities to incentivise training are missed.
- We also appreciate the focus on different segments of the population, including Aboriginal and Torres Strait islander people, women, and people with disabilities. In addition to these groups, we encourage a specific focus on socio-economic background, noting those with lower levels of education working in lower paid jobs are often left out of workplace training opportunities. Recent research from the Diversity Council of Australia³ finds that class, more than any other diversity measure surveyed, predicts employees' feelings of inclusion and exclusion at work, and their opportunity for promotion.
- Equitable access to employment opportunity is important to achieving a skilled and adaptable workforce. Class-marginalised employees who work in inclusive organisations are 23 times more likely to report that their team is always innovative, compared to class-marginalised employees in non-inclusive organisations.⁴ The World Economic Forum estimated that a 10-point increase in performance in its Global Social Mobility Index could deliver a USD\$5.6 billion increase to Australia's annual GDP.⁵ Unless this is addressed, talented people will continue to be overlooked, and productivity potential will not be achieved.
- Currently training opportunities are inequitably distributed. Where employers offer training, those in lower paid roles are less likely to receive it than those who are better off (15.3% vs 27.4%). Those who have a higher level of educational attainment are also more likely to receive training from their employer.⁶
- These patterns of workplace training entrench existing inequalities, shoring up the labour market options of those who are already advantaged, and increasing the vulnerability of those in lower

¹ ABS data show that in 2005 35.9% of Australians received work related training in the last year, in 2020-1 on 23% received this training. Australian Bureau of Statistics, Work-Related Training and Adult Learning, Australia, ABS Website, March 11 2022, accessed 16 September 2025.

² A 2024 Deloitte Access Economics report, *Ready Set Upskill*, on training expenditure found that nearly 64% of employers surveyed believed that businesses aren't doing enough to address the skills gap. It also found that one in eight employers surveyed planned to reduce spending on training. <https://www.deloitte.com/au/en/services/economics/blogs/mind-digital-skills-gap.html>

³ Diversity Council Australia, *DCA data reveals 'class ceiling' in Australian workplaces*, August 11 2025, accessed September 16 2025. <https://www.dca.org.au/news/media-releases/dca-data-reveals-class-ceiling-in-australian-workplaces>

⁴ Diversity Council Australia, *Class inclusion at work Infographic 1: The case for class inclusion at work*, August 11 2025, accessed September 16 2025 <https://www.dca.org.au/wp-content/uploads/2025/08/case-for-class-inclusion-infographic-FINAL.pdf>

⁵ World Economic Forum, *The Global Social Mobility Report: Equality, Opportunity and a New Economic Imperative*, 2020, accessed September 16, 2025. <https://www.weforum.org/publications/global-social-mobility-index-2020-why-economies-benefit-from-fixing-inequality/>

⁶ Non formal workplace training by SEIFA quintile. Australian Bureau of Statistics, *Work-Related Training and Adult Learning, Australia* (Table 2), 2020-21 financial year, ABS Website, accessed 16 September 2025. <https://www.abs.gov.au/statistics/people/education/work-related-training-and-adult-learning-australia/latest-release>

skilled, more precarious work. Young people who would once have been working their way into and through 'middle skill' jobs, remain stuck in the peripheral labour force. They are missing out on acquiring the skills that they might use to improve their position, increasing wider economic risk that we will not have the labour force to meet future demands for middle and upper-level skills.

- This challenge is exacerbated by the advent of new technologies, including artificial intelligence, and likely a reduction in entry-level opportunities. As such, to meet long-term needs – and increase retention – investment will be needed to overcome short-term reluctance to engage in training for new labour market entrants.
- Australian employers' reluctance to train inexperienced workers is reflected in Jobs and Skills Australia's reports which show many jobs going unfilled, not only because of lack of qualified applicants, but because of applicants' lack of sufficient industry experience.⁷
- Research (<https://www.socialventures.org.au/wp-content/uploads/2024/07/What-Will-It-Take-youth-employment-report-web.pdf>) commissioned by SVA and the Apprenticeship Employment Network (AEN) suggests that employers are unlikely to substantially lift their investment in skilling up young workers, particularly those from less privileged backgrounds, without significant external support and intervention.
- The specific **design of incentives** remains important, as poorly designed interventions can reinforce inequities in the workplace, supporting those who are already relatively privileged. For example, recent research from the United Kingdom found that as the UK government moved to boost the prestige of VET pathways, those who were already relatively privileged in the labour market moved to take them up. In 2023-24, £430 million of funding from the apprenticeship levy was spent on apprenticeships for people who already had a degree level qualification.⁸ The introduction of the levy also saw a decline in apprenticeship commencements for young people and at SMEs.
- This UK research suggests that grants might be more effective than levies, particularly when targeted at those groups who experience the greatest barriers and thus have the most to gain. That work also proposed extending grants to large employers in some circumstances, focused on directing investment and apprenticeship opportunities towards young people.
- An additional mechanism the Productivity Commission could consider for increasing investment in work-based training is **procurement**. The Australian Government is already moving to address gender equity, secure employment and increased training through procurement initiatives. For example, the Australian Skills Guarantee includes requirements for work-based learning on large government-funded projects in construction and IT. This could be expanded over time to other industries/sectors to increase the number and equitable distribution of work-based training opportunities. It could also provide a mechanism for requiring reporting on socio-economic background of the workforce to track whether it is having that intended impact.

⁷ Just under 40% of responses from employers indicated a lack of qualifications and/or technical capabilities as a reason that vacancies were not filled, with 51% citing lack of experience. Jobs and Skills Australia, https://www.jobsandskills.gov.au/sites/default/files/2024-10/2024_osl_stakeholder_survey_results_snapshot.pdf, 2024, accessed 16 September 2025

⁸ Joe Dromey and Sasjia Otto, [Levy-Work: How to make the Growth and Skills Levy work](https://youthfuturesfoundation.org/wp-content/uploads/2025/08/Policy-report_Levy-Work-How-to-make-the-Growth-and-Skills-Levy-work_Fabian-Society_Aug-2025-PDF.pdf), Fabian Society, August 2025, accessed 16 September 2025. https://youthfuturesfoundation.org/wp-content/uploads/2025/08/Policy-report_Levy-Work-How-to-make-the-Growth-and-Skills-Levy-work_Fabian-Society_Aug-2025-PDF.pdf

- Building from existing initiatives, the 2023 Workforce Australia Inquiry recommended the development and implementation of 'a Commonwealth Social Procurement Framework to leverage Commonwealth spending on major projects and large service contracts to create more employment and training opportunities for long-term unemployed and disadvantaged jobseekers'.⁹
- We also encourage the Productivity Commission to strengthen its recommendations on **data collection**, as this is crucial to better understand current training investment, who currently benefits or misses out and the drivers of that, as acknowledged in your interim report. The reinstatement of a national survey of training expenditure should be a priority. In addition, Jobs and Skills Australia could take a stronger role to monitor employer investment in training, with a particular focus on equity, and investigate obstacles to and enablers of investment to address current and future skills needs.

Recommendation 3.2 on expanding entry pathways and streamline qualification requirements for occupations

- We appreciate the recommendations to address formal regulations and requirements for occupations. In addition to this, we would encourage the Productivity Commission to consider the impact of social networks and soft biases in limiting access to the labour market at higher skill levels – and to a pool of potential workers.
- The costs related to unpaid internships, and the lack of alternative entry points for inexperienced young people, mean that many are shut out of the labour market. Further, informal networks remain important with respect to career exposure, work experience and in recruitment: 30% of Australians use word of mouth to recruit, with one in seven not advertising at all, reinforcing the impact of more privileged social networks on employment opportunities¹⁰
- There is a need to dramatically scale up 'alternative pathways' (including apprenticeships) into roles in sectors which have used more traditional recruitment methods, such as tech roles. This is particularly important in sectors where qualifications inflation means that recruitment processes screen out those without tertiary qualifications, even where the job itself does not require higher skills.
- SVA leads the 'Rebuilding the Career Ladder' initiative, which is designed to transform the national dialogue on youth employment.
- The program aims to ensure that employers are integral to the solution, focusing particularly on creating good quality job opportunities for young people at risk of exclusion from the workforce. This group includes young Australians who do not have a university degree and are often from lower socio-economic backgrounds, people with disability and First Nations youth.

⁹ House of Representatives Select Committee on Workforce Australia Employment Services, Rebuilding Employment Services, Final Report: Recommendation 4.180, November 2023, accessed 16 September 2025 https://www.aph.gov.au/Parliamentary_Business/Committees/House/Former_Committees/Workforce_Australia_Employment_Services/WorkforceAustralia/Report

¹⁰ Jobs and Skills Australia, Recruitment methods used by employers, Findings from the Recruitment Experiences and Outlook Survey, 2021-2022, accessed 16 September 2025. <https://www.jobsandskills.gov.au/data/recruitment-experiences-and-outlook-survey/recruitment-methods-used-by-employers>

- Over the past two and a half years we have worked with over 40 medium–large employers through our Employer Innovation Labs. We help employers rethink hiring and employment practices that lock out many young people, and work with them to pilot new ways of working. This process is informed by our ongoing research into the experiences of young people in the workplace and direct engagement with young people through our Labs.

Delivering quality care more efficiently

Recommendation 3.1 on a national framework to support government investment in prevention

- SVA strongly supports the Productivity Commission's focus on prevention, and its proposal to develop a national framework to support government investment. The below encapsulates our responses to the request for further information, as well as suggestions for complementary initiatives that would strengthen a preventative approach.

General considerations

- The interim report suggests that the Framework will only be for prevention initiatives where there is an existing evidence-base. It will be important to consider also how the government fosters innovation as a 'feeder' into the framework, developing the pilots and evidence that will inform future initiatives. In Victoria, the Treasury has established the Partnership Addressing Disadvantage (PAD), which acts as a precursor to the Early Intervention Investment Framework (EIIF).
- Another precursor approach to consider is the establishment of dedicated Outcomes Funds. We believe that a National Prevention Investment Framework embedded into existing processes should be complemented with a **dedicated fund to trial new service designs and approaches**, where the evidence is incomplete, or where service providers do not currently have capability. The fund approach can target areas of the diversification strategy which need more support. It can also support more robust data analysis, offer testing environments for linking datasets, or to support government understanding of how implementation drives performance. A fund approach can also be used for areas where the government would like investors to take the risk of delivery using Social Impact Bond structures.
- Any mechanism for early intervention should develop a **strong feedback cycle**, which should include transparency over what works and what doesn't. Working through existing budget processes can make it easier to change departmental culture and capability over time due to a feedback loop (underpinned by data and benchmarking) that changes individual behaviours and attitudes, demonstrated in the EIIF.¹¹
- **Accessing data** in a timely manner is critical for the success of a National Prevention Investment Framework: data sharing across multiple agencies can build trust in the value for money calculations as well as support a cross-portfolio evidence base; supporting service provider performance through real-time data can ensure effective decision-making; and effective data sharing can improve the visibility of outcomes, and increase buy-in for the approach. One of the weaknesses of the Victorian EIIF and the PADs is the difficulty and timeliness of accessing linked data sets and the absence of an interface that service providers can use to understand how their performance connects with outcomes.

¹¹ See ANZSOG, Implementing the Early Intervention Investment Framework: A Report to the Victorian Department of Treasury and Finance, May 2022. <https://anzsog.edu.au/research-insights-and-resources/research/implementing-the-early-intervention-framework/>

- The current data linkage limitations and data protection environments make it difficult to share data even within the federal and state level public service and locks out service providers from access entirely. There is an urgent need to **address the enabling infrastructure for data sharing across the public service**, such as nationwide linked administrative data in secure labs, as well as opening data sharing avenues for service providers. These avenues would allow them to understand trends in administrative data, create new service delivery models, and develop monthly dashboards that allow them to track their progress in real time.
- Consideration should be given to partnership with a public-facing institution that can **capture learnings and increase transparency** of what works at an intervention level on a standardised timeframe. It should also consider the effect of funding at the Framework level and the commissioning mechanism. Entities such as [GoLab](https://golab.bsg.ox.ac.uk/knowledge-bank/resource-library/the-mental-health-and-employment-partnership-the-final-evaluation-of-the-life-chances-fund-outcomes-partnerships/) (<https://golab.bsg.ox.ac.uk/knowledge-bank/resource-library/the-mental-health-and-employment-partnership-the-final-evaluation-of-the-life-chances-fund-outcomes-partnerships/>) in the UK have successfully implemented such evaluations for Social Outcomes Partnerships funded by government which elicit learnings for commissioners once intervention evidence is generated.
- We believe **service providers should be involved in co-design** of proposals. There is value in involving service providers in the determination and tracking of outcomes to increase visibility regarding:
 - Which outcomes are selected, and why;
 - Links to broader outcomes frameworks – e.g. the NSW Human Services Outcomes Framework (<https://dcj.nsw.gov.au/about-us/nsw-human-services-outcomes-framework.html>) or the SA Wellbeing Framework (<https://childrensa.sa.gov.au/outcomes-framework/>)
 - How the service tracks against target;
 - What data underpins evaluations of outcomes.
- We recommend the independent Prevention Framework Advisory Board consider work undertaken by the States to standardise indicators. For example, the NSW Family and Community Services Insights, Analysis and Research (FASCIAR) team is implementing a Standardised Evaluation Analysis (StEvAn) – a systematic and comparative approach to evaluating programs. Through this they have developed a set of standardised indicators from linked government and administrative datasets, using the Human Services Outcomes Framework (<https://dcj.nsw.gov.au/about-us/nsw-human-services-outcomes-framework.html>). The indicators were used as standardised metrics across evaluations, not necessarily for comparison, but to more effectively measure outcomes.
- Rewiring procurement processes, including effective data sharing, requires strong buy-in across the public service beyond the reform lead, which has proven difficult in the past; there will need to be investment in the culture shift necessary to support a new framework.

Information Request 3.1

- With respect to how government should prioritise different proposals (information request 3.1), no single factor should dominate; instead, multi-criteria approaches are needed. Some useful examples to review include the UK's NICE framework (<https://www.nice.org.uk/corporate/ecd9/chapter/overview>), and the New Zealand Treasury's

CBAx tool (<https://www.treasury.govt.nz/information-and-services/public-sector-leadership/investment-management/investment-planning/treasury-cbax-tool>), as these are working models that incorporate cost-effectiveness as well as broader social impacts. More specifically:

- We suggest lower discount rates for prevention or, at least, sensitivity testing at multiple discount rates when valuing future benefits.
 - Net fiscal effects should be disaggregated by jurisdiction, and capture cross-portfolio spillovers, with the allocation of ‘benefits’ driving who should pay split.
- With respect to minimum cost-effectiveness and/or cost-benefit ratios, we believe that thresholds can be useful, but not if they are rigid. A single threshold can be too blunt for several reasons:
 - Programs vary widely – some target health, others justice, or child protection;
 - Programs that benefit small groups or disadvantaged populations that aren’t cost effective at scale would be screened out;
 - Programs can take decades to show benefit – thresholds tied to short-term fiscal horizons risk undervaluing them.

We recommend using sector specific ranges and allowing exceptions for equity and long-term gains.

- With respect to balancing early effectiveness with consistent long-term funding, there are a few approaches to consider:
 - Embedding a research program for early indicators as evidence of effectiveness/long-term benefits emerges;
 - Stage-gated long-term funding with structured evaluations – if early indicators show promise, then the program continues, with those not showing similar promise are adapted or terminated;
 - A tiered evidence approach – prioritizing quick wins with strong evidence, while engaging in more experimental program pilots accompanied by strong evaluation designs;
 - Separate the funding mechanism based on evidence – one could use an Outcome Fund or PAD approach to test for early effectiveness, and then an EIIIF-style budget mechanism for services with good evidence.
- With respect to diversification strategies, we recommend taking an explicit portfolio approach to sectors over different time horizons (1-3 years, 3-7 years, 7-20 years, 20+ years). If no mechanisms exist to develop early-stage evidence, then allocations across evidence levels should also be included. Equity should be explicitly targeted as part of the diversification strategy.

Information request 3.2

- With respect to incentivising governments to invest in prevention, there is value in considering the establishment of a consistent funding mechanism, such as a 10-year rolling appropriation with carry over authority and encouraging reinvestment into a transparent pipeline. It is also important to make frameworks easy to use: offering evergreen access, strong templates, developing a learning agenda, and publishing outcome prices/proxies signals.

- Investment approaches that encourage co-investment may bear fruit, such as pre-agreed benefit sharing, or direct financial ‘carrots’ such as:
 - Matched funding tiers – e.g. higher Commonwealth matching for cross-portfolio benefits, disadvantaged groups, or longer horizon programs that have passed evaluations or indicator stage gates;
 - Sharing prevention dividends – e.g. Commonwealth side savings for a fixed period;
 - Bonus outcomes payments at interim milestones for long-term investments/benefits.
- With respect to budget operational rules, it would be important to avoid simply setting up a separate, bespoke mechanism. Instead, the National Prevention Investment Framework should be embedded into the existing Federation Funding Agreement structure to normalise prevention as a routine part of intergovernmental fiscal relations. This approach has the advantage of enabling scale, and shifting public service culture while uplifting capability, while embedding a standardised approach to evaluating service effectiveness.
- With respect to ensuring coherence with existing prevention programs at state and territory level, consideration should be given to grandfathering in current prevention initiatives, using a form of certification process. To fast-track this process, the Commonwealth could consider topping up initiatives in exchange for standardising national data and evaluations across the grandfathered initiatives.
- With respect to encouraging continuation of those programmes, some incentives could be considered – e.g. states that are willing to maintain or grow their baseline prevention programming receive higher Commonwealth contributions.



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