



Financing of Return to Employment

FORTE

Australian Government Budget Proposal
January 2022

A woman with long dark hair and glasses, wearing a light-colored top, stands in a meeting room pointing at a whiteboard. The whiteboard is covered with numerous sticky notes arranged in several columns. In the foreground, several people are seated at a table with laptops, looking towards the whiteboard. The scene is dimly lit, with light coming from a window on the left. A teal semi-transparent banner is overlaid on the left side of the image.

Introduction

“FORTE is a data-driven program that works by retraining individuals in high-demand areas at no upfront cost to government, addressing both immediate and future labour market priorities.”

World Economic Forum

Davos Agenda

FINANCING OF RETURN TO EMPLOYMENT (FORTE)

OVERVIEW

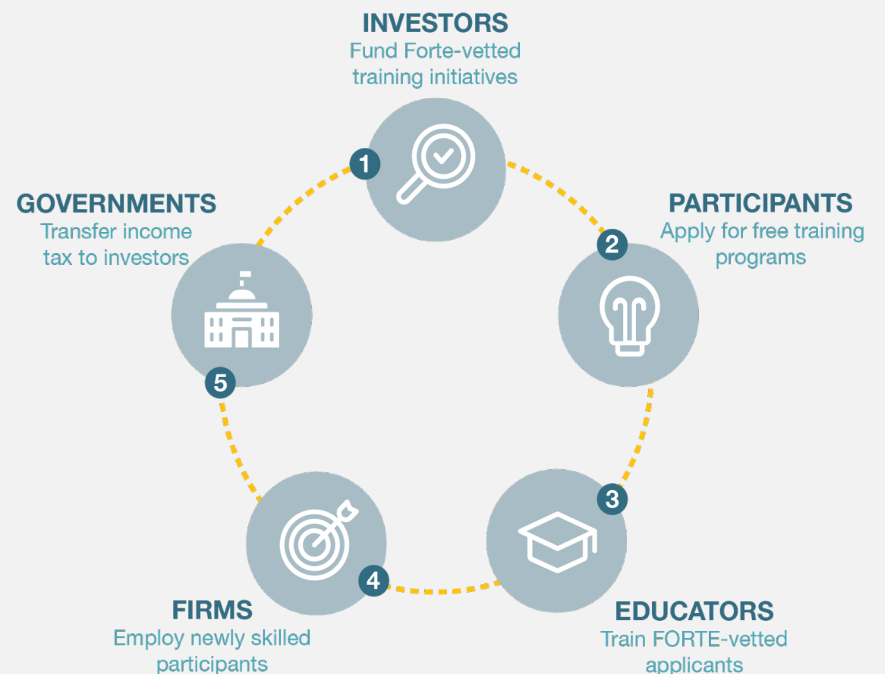
Forte is an innovative public-private partnership that delivers training initiatives at scale.

- Our team analyses skills gaps in key markets and conducts rigorous research on education providers to identify compelling reskilling opportunities for target demographics.
- We partner with industry to map training interventions against skills gaps and develop a ready employment pipeline.
- Forte Investors fund the up-front costs of high-quality training interventions provided by top-tier providers.
- Targeted vocational training increases employment, incomes, and therefore government income tax revenue.
- In exchange, governments pass on a percentage of the uplift in income tax achieved by the intervention.

This model is always budget neutral and cashflow positive for governments.

Everyone should be able to access the skills needed to thrive in a changing economy.

With Forte, they can.



AUSTRALIAN PROPOSAL

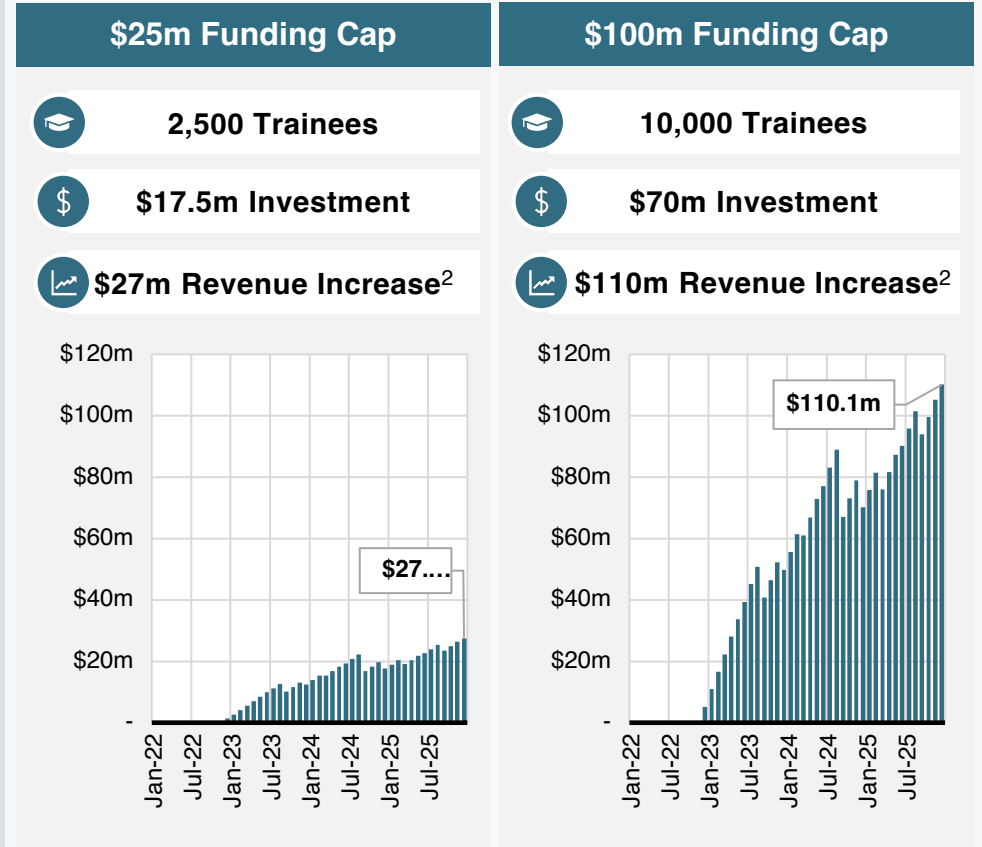
RETRAINING WOMEN INTO FLEXIBLE TECH ROLES

There is a need in Australia to fund additional training support for women, and an opportunity to reskill mature aged women, and people returning to the workforce looking for sustainable, flexible careers.

- Workforce re-entry is one of the most common pathways for women into tech or care roles.¹
- Existing providers cannot meet industry demand for entry level roles in data analytics, cloud computing, salesforce development and disability care.

Using the FORTE model, the Australian government can **support retraining for up to 10,000 women at no cost to the individual or the budget bottom line.**

- FORTE funds the upfront cost of retraining and is only reimbursed after the government has received an uplift in income tax receipts.
- This model aligns private capital, industry demand, and government funding in an innovative public-private partnership to support people into sustainable employment.



1. HILDA; Tech Council of Australia & Accenture Analysis.

2. Revenue Increase: Calculated as the cumulative difference between the uplift in income tax achieved by a Forte Project, less all success payments made to Forte and investors, over a 4-year period. Assumes 80% of uplift in income tax paid to Forte over 3 financial years.

A black and white photograph of a woman with braided hair, wearing a light-colored sweater and large hoop earrings, sitting at a desk and working on a laptop. The desk is cluttered with papers, a notebook, and a water bottle. The background is a simple office environment. A semi-transparent teal overlay covers the left side of the image, containing text.

The Reskilling Revolution

“Half of all employees around the world will need reskilling by 2025. If we don’t act now, this skills gap will only widen.”

Robert Moritz

Global Chairman PwC

GLOBAL DEMAND FOR RESKILLING HAS REACHED UNPRECEDENTED LEVELS

THE FUTURE OF WORK

Work is changing in unprecedented ways.

- Advancements in technology and AI, industry transitions and globalization are impacting jobs and the skills they require.
- Over the next decade 1.1 billion jobs are liable to be radically transformed by technology.¹

We need a platform for delivering quality learning at scale in close dialogue with industry, **to provide the workforce with the skills needed to take advantage of the digital revolution.**



1 BILLION JOBS

liable to be transformed by technology²



375 MILLION PEOPLE

likely to change jobs by 2030⁴



50% OF ADULTS

in OECD nations lack basic technology literacy³



42% OF CORE SKILLS

needed for current jobs are expected to change by 2022²

1. OECD (2019): The Future of Work: OECD Employment Outlook 2019;

2. WEF (2020). We need a global reskilling revolution - here's why;

3. OECD (2016): Skills Matter: Further Results from the Survey of Adult Skills;

4. McKinsey (2017): Jobs lost, jobs gained: What the future of work will mean for jobs, skills and wages.

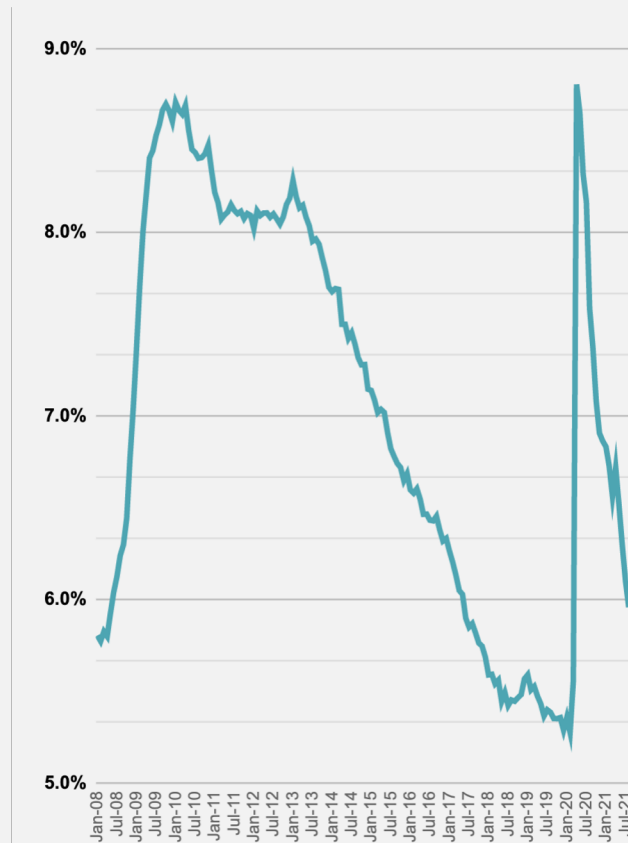
DEMAND FOR RESKILLING HAS BEEN ACCELERATED BY COVID-19

THE FUTURE OF WORK TODAY

The pandemic triggered the most severe unemployment crisis since the Great Depression

- At the same time, organisations dramatically increased the pace of their digital transformation efforts²
- While we witnessed a sharp rebound in unemployment, **low-skilled jobs are being replaced by jobs that require higher-level skills and credentials beyond a high school diploma.**
- The jobs destroyed during the crisis are not the same as those created in the recovery.

OECD UNEMPLOYMENT RATE³



144 MILLION JOBS

lost due to COVID-19¹



67% OF ORGANISATIONS

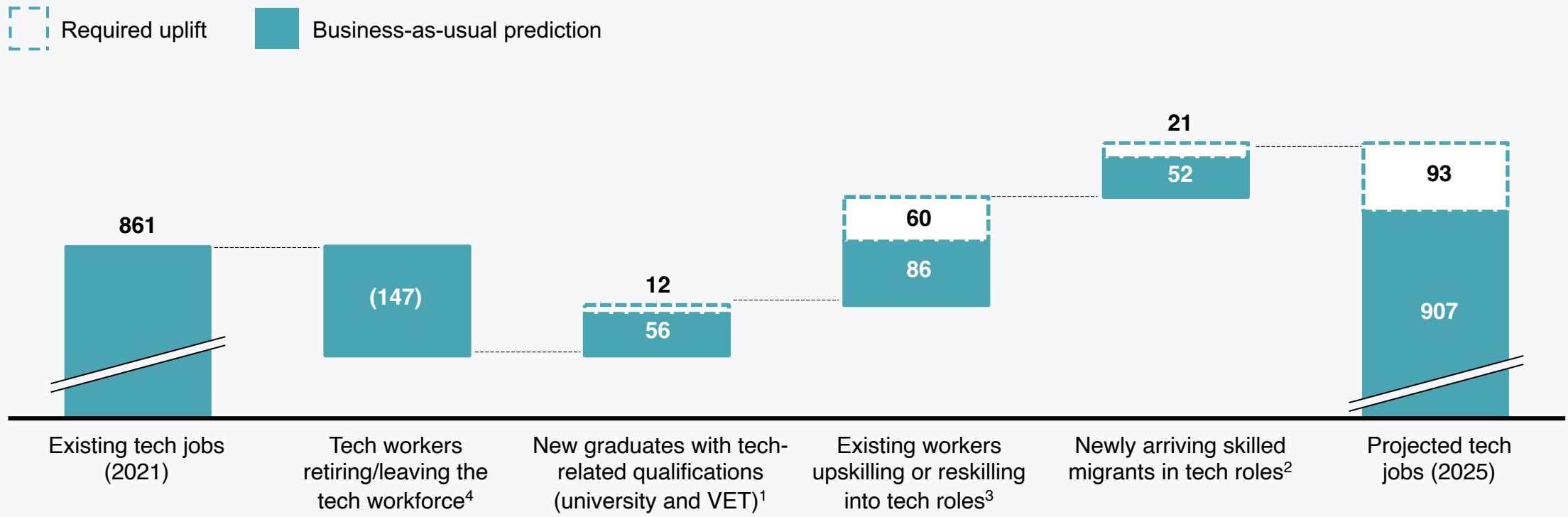
have reported accelerating their digital strategy²

1. International Labour Organisation (2021);

2. KPMG (2020): Going Digital, Faster; 3. OECD (2020): Employment Outlook.

AUSTRALIA IS NOT IMMUNE: WE NEED NET NEW TALENT OF 286,000 BEFORE 2025

PROJECTED TECH SECTOR JOBS IN 2025 | NUMBER OF TECH SECTOR WORKERS, '000



Notes

1. Measured as the number of graduates expected between now and 2030 from university degrees or VET qualifications in 'Information Technology';
2. Estimate based on the avg number of skilled visas granted per year between 2015-2019 to workers in tech occupations, defined as a subset of ANZSCO codes, plus an estimate of international students who join the tech workforce and are not otherwise counted;
3. Estimate calibrated with reference to longitudinal Census data and Deloitte Access Economics, ACS Australia's Digital Pulse 2021;
4. ABS Census Longitudinal Dataset, based on share of ICT professionals in 2011 in other occupations in 2016 and an estimate of the number of retiring workers.

Source: Tech Council of Australia, Accenture Analysis.

ROBOTS AREN'T ELIMINATING ALL JOBS, THEY'RE CREATING TALENT SHORTAGES

THE AUTOMATION CHALLENGE

Automation is not coming for every job. It will, however, change the way we work.

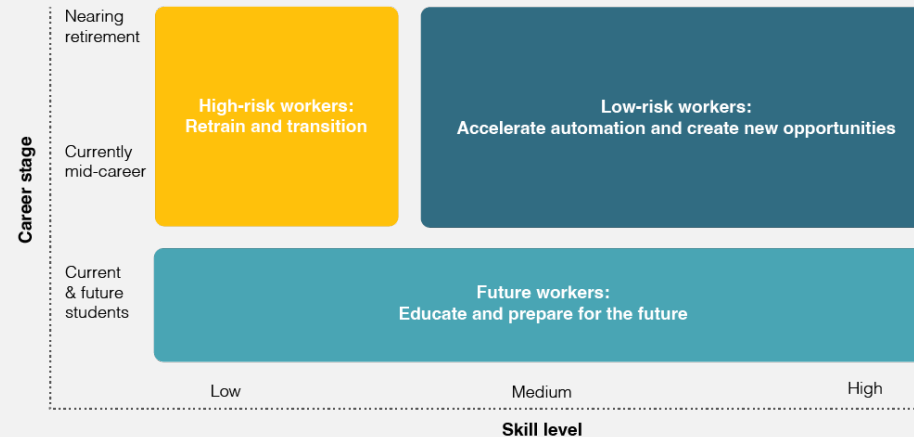
- The problem we face is the mismatch between technological advances and the skills and experience workers need to leverage these tools.¹
- Technology cannot deliver promised productivity gains if human workers don't have the right skills.

THERE ARE ECONOMIC GAINS FROM SUCCESSFULLY TRANSITIONING AT RISK DEMOGRAPHICS

Transitioning workers in high-risk professions with mid-career reskilling will contribute \$1.2 trillion dollars to the economy.

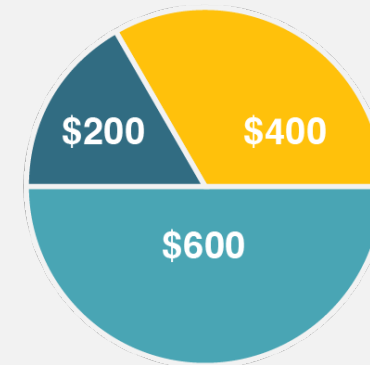
Groups affected by automation

- High-risk workers (e.g. low-skill, late career workers)
- Low-risk workers (e.g. high-skill, early career workers)
- Future workers (e.g. young people and students)



SOURCE: ABS, O*NET, AlphaBeta analysis

Total value from successfully transitioning workers: \$1.2 trillion



The economic gains from successfully transitioning workers mainly accrue to vulnerable (high-risk) and future workers

1. Jamie Merisotis (2020): Human Work in the Age of Smart Machines;
2. Korn Ferry (2018): Future of Work: The Global Talent Crunch.

A NEW HOPE: QUALITY, SHORT-TERM RESKILLING INTERVENTIONS WORK

EDUCATION IS ADAPTING

The days of “once-and-done” education are over.

- The constantly changing technical skills in demand mean workers need to reskill and up-skill more frequently.
- High-quality, short-term skills training programs have proven effective in placing workers with technical and non-technical backgrounds in technical roles.¹
- From coders in Colombia to software developers in St Lucia: secure and satisfying jobs can be had by those who earn a credential such as a certificate or industry-recognized certification.



82% OF TRAINEES

are employed full-time post-training according to data from 79 bootcamps⁴



51% SALARY INCREASE

for the average participants of 79 training bootcamps⁴

TO THE FUTURE OF WORK²

TOP 10 ROLES IN INCREASING DEMAND ACROSS INDUSTRIES:

- 1 Data analysts and scientists
- 2 AI and Machine Learning specialists
- 3 Big Data specialists
- 4 Digital marketing specialists
- 5 Process automation specialists
- 6 Business development professionals
- 7 Digital transformation specialists
- 8 Information security analysts
- 9 Software and application developers
- 10 Internet of Things specialists

1. World Bank (n.d.). Coding Bootcamps; University of Pennsylvania (2019). Technical Job Placement Success of Coding Bootcamps; Aramburu, Julian & Goicoechea, Ana & Mobarak, Ahmed Mushfiq, (2021) "Coding Bootcamps for Female Digital Employment : Evidence from an RCT in Argentina and Colombia," Policy Research Working Paper Series 9721, The World Bank. Coursera (2019, 2020) Coding Bootcamp Alumni Outcomes & Demographics Report;
5. WEF (2020). Future of Jobs



The Forte Model

“A tour de force of research... original, important, and in-depth... FORTE is a novel and optimal design that respects best principles.”

Professor Felipe Santos

Dean, Católica Lisbon School of Business & Economics

BARRIERS TO THE RESKILLING REVOLUTION

The scale of the shifts affecting work today is of at least the same magnitude as the Industrial Revolution.¹

The Reskilling Revolution requires a response on a similar scale.

Presently, there are barriers to achieving this:



Participants

- ⊗ Reskilling inaccessible due to upfront costs
- ⊗ Difficult to determine best training providers and in-demand skills

Providers

- ⊗ Typically operate on fee-for-service model
- ⊗ Outcomes-focused providers face funding gap for initial costs

Governments

- ⊗ COVID has strained public budgets
- ⊗ Governments cannot afford to pay for social services that don't work

Investors

- ⊗ Limited opportunities to invest directly in high-quality reskilling
- ⊗ ESG investments don't adequately capture social impact

1. Ryan Avent (2016), The Wealth of Humans: Work, Power and Status in the Twenty-First Century

SHARED VALUE CREATION: A WIN-WIN-WIN-WIN SOLUTION

Forte helps to overcome these barriers.

Our platform maximises “non-zero sum” outcomes and creates value for all participants.

Participants, Providers, Governments and Investors are all aligned to achieve the same outcome.



Participants

- ✓ Access to high quality training at no cost
- ✓ Funneled to job-relevant courses run by proven providers with aligned incentives

Providers

- ✓ Increases impact, revenues and scale domestically and abroad
- ✓ Courses made accessible to diverse, quality candidates

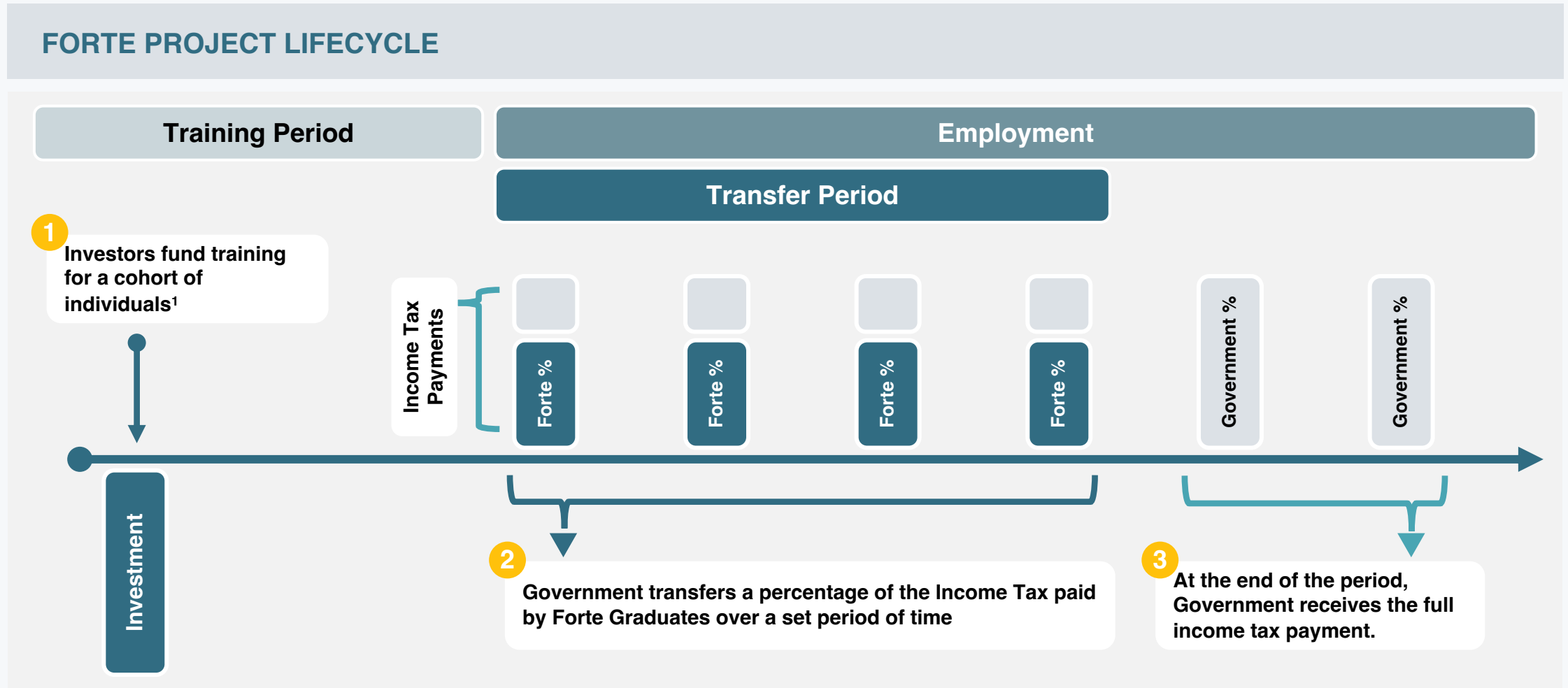
Governments

- ✓ Employment programs harness market incentives
- ✓ Curb post-pandemic employment, increase future tax revenue, decrease welfare costs

Investors

- ✓ Direct investment opportunity aligning financial and social outcomes
- ✓ New, diversified asset class uncorrelated to equity markets

HOW FORTE WORKS: PROJECT CASH FLOW PROFILE



1. 50% of Training Costs paid upfront. 25% upon graduation and 25% upon job placement

CONNECTING UNTAPPED CAPITAL WITH UNMET NEEDS

A BETTER WAY TO INVEST IN EDUCATION

Forte provides access to vetted investment opportunities in reskilling initiatives around the world:

- Forte's team identifies skills gaps in key markets and conducts rigorous research on hundreds of education providers.
- Forte then negotiates payment terms with Governments to achieve a balanced return in line with social finance benchmarks.
- Investors are reimbursed with a share of the uplift in income tax achieved by reskilling initiatives.
- **Governments are never in a worse budget position from a cashflow standpoint.**



Forte provides the most effective framework for true impact investing we have seen. Governments can develop tech hubs, reduce unemployment, and reskill workers for evolving industries - with zero financial burden on the state or individual.

Max Horwitz

Senior Director, BCIU

HOW FORTE WORKS: A NEW PERFORMANCE METRIC TO ALIGN INCENTIVES

WHY USE UPLIFT IN INCOME TAX AS A METRIC FOR SUCCESS?

Forte was developed at Oxford University, where it was proven to be the most effective model for financing retraining.

- The income tax metric perfectly aligns social and financial outcomes - investor returns are directly linked to the social impact they helped create.
- In contrast to other impact measures, income tax data is already collected by Governments. No additional investment is required to collect recorded information.

INCOME TAX IS AN ACCURATE, VERIFIABLE, SCALABLE AND CONTINUOUS MEASURE OF:



Employment: Whether graduates secure a job



Job Quality: Whether graduates secure a higher paying job



Job Retention: Whether someone stays in a job



A great new approach to attract more capital from the markets to tackle social issues.

Sir Ronald Cohen

Chair, G8 Social Impact Investment Taskforce

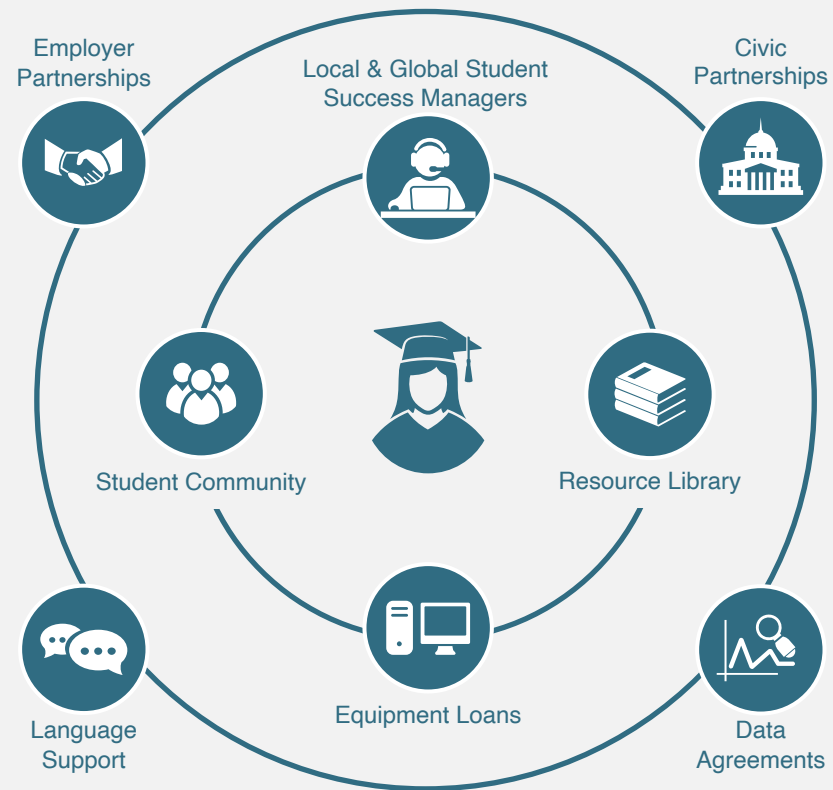
HOW FORTE WORKS: PROJECT EXECUTION

PREPARING STUDENTS FOR SUCCESS

Forte strategically complements training with extensive wraparound resourcing.

- We prepare trainees not only to secure high-quality jobs after training, but to thrive in those jobs and to earn promotions.
- We maintain an extensive risk mitigation plan and proactively build community among trainees, promoting a culture of long-term success.

LAYERED, MULTI-DISCIPLINARY SUPPORT



THE FORTE MODEL

ENDORSEMENTS AND SUPPORTERS



PARTNERS:



DRIVEN BY A PASSIONATE, EXPERIENCED (AUSTRALIAN FOUNDED) TEAM



DR NAT WARE | Forte Founder & CEO

Founder & CEO, 180 Degrees Consulting; Rhodes Scholar; Forbes 30 Under 30; Top MBA, Oxford.



ED MILLER | Managing Director

Co-Founder & Director, 180 Degrees Consulting; Analyst, PEP.



SOL VILLA MICHEL | Government Relations

Minister Counselor, Costa Rican Foreign Service; Executive Advisor, CABI; Development Consultant, UNDP.



PATRICK MORROW | Communications Director

Consultant, Populares; Media Advisor, The OPEN Network.



BRITTANY BJORNERUD | Education & Training Director

Chief of Staff & Co-Founder, SOL; Manager, Optimity Advisors; Dealer Manager, MICROS Fidelio Caribbean.



RYAN McCOURT | Global Investment Director

Banking and funds management, UBS; private equity, Monash Private Capital; venture capital, OIF.



SAM LEVINE | Investment & Analytics

Government Healthcare programs, DaVita; Outcomes-Based Finance Fund, Maycomb Capital.



TEREZA BOYNOVA | Government Relations

Vice President & Project Leader, 180 Degree Consulting; Stagiaire, European Parliament.

An aerial photograph of a city skyline, likely Melbourne, Australia. The image shows a mix of modern high-rise buildings and older, classical-style architecture. A prominent building in the foreground has the word 'POLITES' on its facade. Another building in the background has the 'ANZ' logo. A construction crane is visible on the left side. A blue semi-transparent overlay covers the left and center portions of the image, containing white text. The overall scene is captured from a high angle, looking down a street that runs through the city.

The Australian Opportunity

We can **reskill 10,000 mature aged women** over the next 5 years into sustainable entry level roles in the tech and disability care sector. **At no cost to the individual, and no risk to the government's bottom line.**

THE CHALLENGE: RESKILLING WOMEN FOR WORKFORCE RE-ENTRY

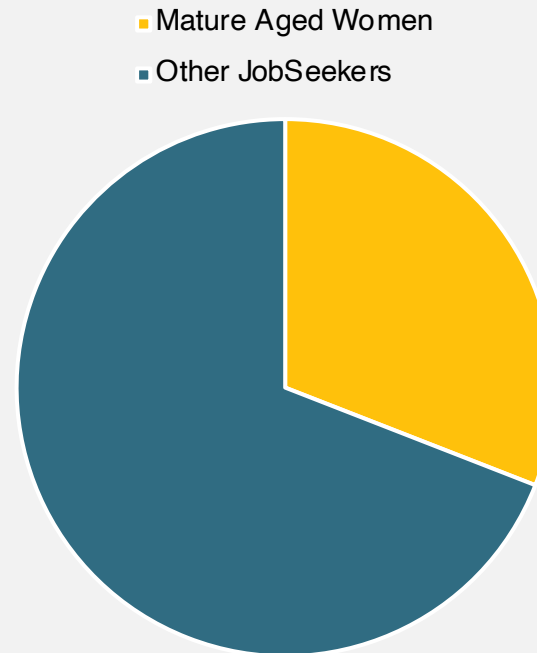
RETURN TO WORK

Women, especially over the age of 35 are under-represented in workforce participation and over-represented on income support.

- Returning to the workforce or transitioning from other work are two of the most common pathways for women to enter the tech sector.
- Tech jobs are more flexible than non-tech jobs, catering to people who want flexible hours to meet ongoing caring responsibilities during workforce re-entry.
- 37%+ of tech jobs do not require a university qualification.

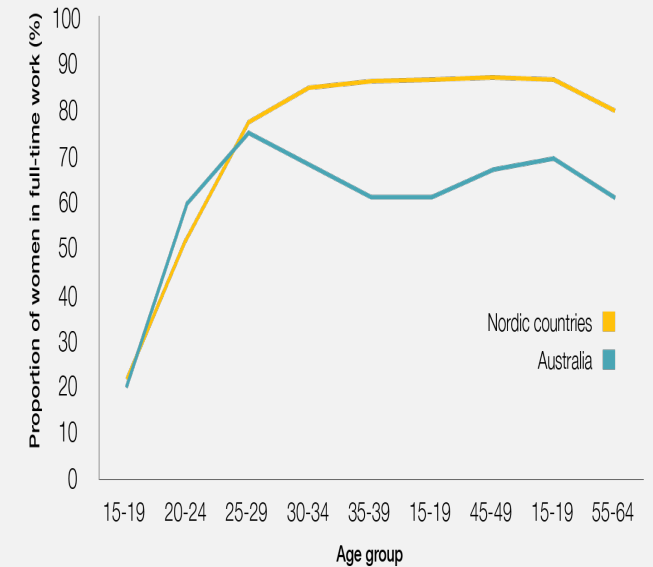
Jobseeker Recipients: 2021

Women over the age of 35 make up **31% of jobseeker recipients**



% of Women in Full-Time Work








Women need support, training and opportunities to effectively **re-enter the workforce**



THE AUSTRALIAN OPPORTUNITY



TRAINING & INDUSTRY PARTNERS

 Employment Post Training	 Courses	 Key Details
	96%	<ul style="list-style-type: none"> Software Development Parent company is a global tech recruitment firm with over 4,000 successful placements per year. Focused on placing women in tech roles.
	87%	<ul style="list-style-type: none"> Software Engineering Data Analytics GA has completed a pilot with the Digital Skills Organisation in 2021 focused on COVID job loss (4X oversubscribed, 87% job placement rate).
Academy Xⁱ	90%	<ul style="list-style-type: none"> Software Engineering Data Analytics Academy Xi was used as a case study by Innovation and Science Australia (ISA) as part of their prosperity and innovation plan for 2030.
	66%+¹	<ul style="list-style-type: none"> Salesforce + Cloud Computing Disability Care Workers Established by McKinsey, considered one of the leading global providers of education for at-risk or marginalised communities.
	80%+	<ul style="list-style-type: none"> Software Engineering (multiple specialisations) Parent company Modis Talent Solutions, partnering with Microsoft to place women in tech roles. They place 500-900 people in tech roles each day.

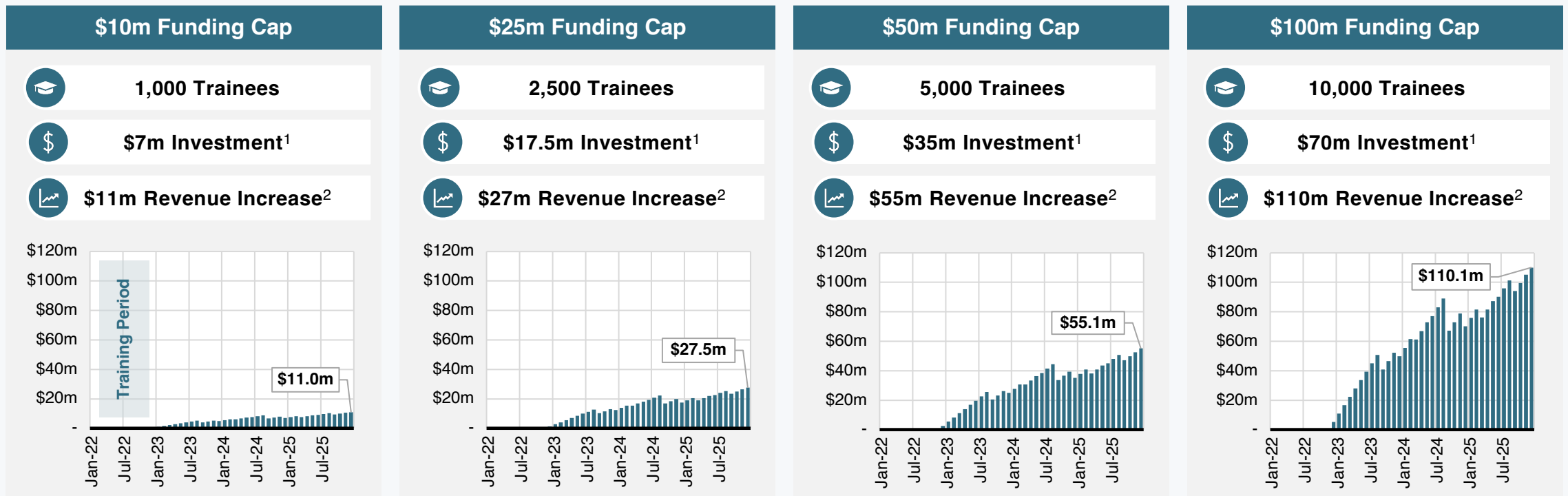
1. Generation works with marginalized and at-risk communities. As such, their average employment placement rates are lower for some cohorts and courses than strictly fee-for-service providers. They regularly exceed 90% with cohorts who face fewer structural barriers to employment.

THE AUSTRALIAN OPPORTUNITY

PROJECT SIZE ANALYSIS

Overview

- Forte finances the upfront cost of training (Investment) for a cohort of individuals (Trainees)
- As Trainees re-enter work, Forte receives a share of the uplift in income tax paid by the cohort, for a period of time, capped at an agreement amount (Funding Cap)
- The Australian Government's retains the difference between the increase in tax paid by the cohort and the payments made to Forte (Revenue Increase)
- **At no point is the Australian Government worse off.** Payments to Forte are a share of a benefit already received by the Government.



1. Investment: This captures the cost of training alone and does not include the additional project costs incurred by Forte.

2. Revenue Increase: Calculated as the cumulative difference between the uplift in income tax achieved by a Forte Project, less all success payments made to Forte, over a 4 year period. Assumes 80% of uplift in income tax paid to Forte over 3 financial years.

An aerial photograph of Adelaide, South Australia, showing a mix of modern high-rise buildings and older, classical-style architecture. A prominent blue semi-transparent overlay covers the left side of the image, containing white and yellow text. In the background, a construction crane is visible near a building with an ANZ logo. The street below shows traffic and a tram line.

Example Project: South Australia

“Now is the time to **supercharge this vibrant and rapidly advancing sector.**”

Hon David Pisoni MP

Minister for Innovation and Skills



OVERVIEW

PROJECT OVERVIEW



Cohort Size: 150



Training: Software & Web Development, Data Science, Salesforce, Cloud Computing



Target Characteristics: Prior history of employment and education, clear motivation.



Eligibility Criteria: Not currently in a tech job, under-represented in tech industry, resides in South Australia

PROJECT PARTNER

Department of Innovation and Skills (DIS)

Mission: to grow the SA economy through upskilling residents and supporting research, innovation, entrepreneurs and business growth.

INVESTMENT OVERVIEW

Capital Call February 2022

Total Investment \$1,500,000 AUD

First-Loss \$300,000 AUD (Fully Funded)

Project Funding \$1,200,000 AUD

Term 4 Years

Target Return 8.0% IRR

Distributions Annual

MACROECONOMIC








- Over the coming decade, the tech sector is the only industry that is forecast to meaningfully grow as a % of the Australian economy
- Tech sector jobs were already outpacing overall growth before the COVID-19 pandemic.
- Since 2005, tech jobs have grown 66% compared to an average growth rate of 35% across the economy.
- 4 in 10 tech startups indicated increased hiring difficulty in the past 18 months (2x negative responses)
- On average the Tech Sector pays 32% more on an hourly basis than the economy wide average for starting roles.

POLITICAL

- The Marshall Government is investing extensively in technology, skills and innovation in South Australia.
- The 10-year Hi-Tech Sector Plan (target sector growth of 6% growth p.a. to 2030) and the Science and Innovation Strategy are complemented by a \$743m investment in a new innovation precinct, as well as the establishment of the Australian Cyber Collaboration Centre and the Research, Commercialisation and Start-up Fund.
- This is further supported by the TCA's plan to place one million people in tech-related jobs by 2025
- The entrance of key technology leaders (Accenture, PWC) has created increased demand for skilled labour in SA.
- However, there is insufficient local talent to fill these roles, with one in five South Australians aged 15-24 are still not effectively engaged in study or work.

PROJECT SOUTH AUSTRALIA

TRAINING PROVIDERS

 Employment Post Training	 Courses	 Key Details
	<p>96%</p>	<ul style="list-style-type: none"> Software Development Parent company is a global tech recruitment firm with over 4,000 successful placements per year.
	<p>87%</p>	<ul style="list-style-type: none"> Software Engineering Data Analytics GA has completed a pilot with the Digital Skills Organisation in 2021 focused on COVID job loss (4X oversubscribed, 87% job placement rate)
<p>Academy Xⁱ</p>	<p>90%</p>	<ul style="list-style-type: none"> Software Engineering Data Analytics Academy Xi was used as a case study by Innovation and Science Australia (ISA) as part of their prosperity and innovation plan for 2030
	<p>66%¹</p>	<ul style="list-style-type: none"> Salesforce and Web developer Cloud Computing (Azure) Established by McKinsey, considered one of the leading global providers of education for at-risk or marginalised communities
	<p>50%¹</p>	<ul style="list-style-type: none"> Software Engineering (multiple specialisations) Founded in Paris in 2013, the 42 Network has grown to over 10,000 students from more than 30 campuses across 20 countries.

1. Generation works with marginalized and at-risk communities. As such, their average employment placement rates are lower for some cohorts and courses than strictly fee-for-service providers. They regularly exceed 90% with cohorts who face fewer structural barriers to employment.



FORTE



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