



Jobs Australia **Midland Morley**
Linking People and Work

The Hon Brendan O'Connor MP
Minister for Employment Participation
PO Box 622
Parliament House
CANBERRA ACT 2601

Dear Minister

I appreciate the opportunity to provide input to your review of employment services delivery in Australia.

Our organisation is a long established not for profit provider based in Western Australia. We have delivered Job Network services since its inception, and have consistently achieved high performance ratings. We are members of Jobs Australia Limited, and NESAs. I will outline below our organisation's views, which are consistent with those expressed by NESAs and Jobs Australia, on the improvements we consider necessary to deliver on the government's social inclusion and skills development policy agendas.

You will be aware of the feedback provided pre-election to Penny Wong that there is strong consensus within the industry that the current structure of Job Network is unwieldy and ineffective, focuses effort on administration rather than client services, and has resulted in unacceptable levels of skilled practitioners leaving the sector. The current performance measurement regime does not recognise that in a strong labour market, a high proportion of those clients remaining out of work require substantial assistance and support to enable them to sustain employment in the long term. It does not encourage providers to invest in the skills development, both vocational and personal, that will ensure sustainable work readiness for the most disadvantaged unemployed people.

Comments on the current Job Network model:

1 Administration including information technology

It is clear that the reactive approach to administrative processes and information technology requirements over the term of Job Network since 2003 has created a situation that is inconsistent with good quality management principles. EA3000 is unwieldy, and requires data entry which does not add value to client servicing, and does not provide the management information systems or client management systems providers need.

Over the past four years, the prescription inherent in the continuum of service and active participation model has created a culture of micro management by the Department. There is inconsistency between contract managers, not only interstate but within state offices. There have been unreasonable demands for documentary evidence, with the Department's role gradually morphing from one of support to providers to one of a policing role. All providers are aware of and agree with the notion of accountability; however, this can be achieved more effectively and efficiently, and at less cost, without micro management of providers. Staff turnover in DEEWR has also resulted in a poor level of knowledge by DEEWR staff, with a resultant lack of informed assistance to providers.

Given the very competitive tender process, and the strong focus on performance that is Job Network, there should be a level of trust, and a culture of partnership between DEEWR and providers. Effective data collection and clear guidelines can be developed to ensure accountability for government funds and quality of service to unemployed people. Micro management of providers is ineffective and costly.

Suggested solutions:

- a) Disband the prescriptive continuum of service model.

A considerable amount of current administration processes relate to the continuum of service model. This has resulted in the further development of EA3000, precludes providers from addressing the individual needs of jobseekers as presented, and creates artificial, unnecessary and unproductive prescription in service delivery.

- b) Restore the 2 way interface between EA3000 and 3rd party software.

Prior to 2003 the majority of providers utilised 3rd party software which met their needs related to management information and client records management. In our case, we have continued to utilise 3rd party software, which provides us with excellent client management and management information. Currently downloads of data from EA3000 are available only weekly, which results in our staff having to use two systems, one of which does not add value to client servicing. Restoration of the 2 way interface would allow providers to utilise EA3000 if they wish, but enable other providers to effectively manage their business with tailored software.

- c) Consider outsourcing of any further development or refinement of EA3000. The cost of development and refinement of EA3000 since 2003 would exceed \$200m – money which could have been allocated to effective client servicing. Given that employment services delivery is outsourced it has always appeared to us inconsistent that DEWR retained that function, and actively excluded providers from utilising tailored software systems.

The government's Employment Services policy paper issued last year indicated that the cost of DEEWR administration of programs in the current financial year is \$411.5m, 18% of the appropriation. This can be reduced significantly by consideration of the solutions outlined above.

Meeting the objective of Social Inclusion and Skills Development

1 Early intervention.

In order to focus on those most in need, resources could be more effectively targeted. Currently, those unemployed for less than 3 months utilise substantial Job Network resources in engagement through diary management, and data entry to EA3000 in the form of resume summaries. The original objective of that data entry was to enable auto matching to jobs lodged on EA3000. It has been clear since its inception that auto matching has never been effective, therefore the objective has not been met. The majority of new entrants find employment themselves prior to being on benefits for 3 months. They do not therefore, require assistance from Job Network.

Resources would be better directed by assisting those new entrants who are identified by Centrelink, or by self assessment, as requiring assistance. Job Network Members (JNMs) could then be paid on a fee for service basis for basic level assistance (compiling resumes, identifying sources of employment etc).

Those assessed by Centrelink or the JNM through a refined JSCI as requiring more substantial assistance could then be assisted by the JNM according to their individual needs and circumstances. Those people should enter their Job Network service as the equivalent of current Intensive Support clients. This would result in service and outcome fees to the JNM which would provide a clear incentive to provide appropriate support and assistance to the client.

2 Employment services relevant to the circumstances and needs of the client

The current APM and continuum of service model creates artificial barriers, precludes tailored support to clients and adds unnecessary administrative processes. More effective and consistent assessment and flexibility in service delivery would allow practitioners to tailor interventions more effectively.

The current model of 100hours of Job Search Training is modelled on a participation regime rather than a skills development objective. JNMs should have flexibility in when and how they deliver those skills, and the capacity to ensure clients have work and personal skills prior to requiring active job search activity. Ensuring work readiness will lead to sustainable employment, which will assist the most disadvantaged to remain competitive even if the labour market weakens in future.

3. Jobseekers with high levels of disadvantage receive intensive assistance

4. Incentives for training including long term training and education

5. Jobseekers receive appropriate training

The fee structure and performance measurement for highly disadvantaged clients should reflect and acknowledge the additional support and training, both vocational and non vocational, that the client requires.

The jobseeker account (JSKA), as quarantined funds, was intended to encourage JNMs to source appropriate interventions for clients. However, this has resulted in considerably more onerous administrative requirements. We would suggest that the portion of funds allocated to JSKA be reduced, with those fees being returned to JNMs as service fees or increased outcome fees.

It may be worthwhile considering quarantine of some portion of JSKA funds for training purposes. This could be allocated to accredited and non accredited training, delivered by the JNM or by external providers. It is

essential that recognition is given to the value of non vocational training such as communication, self management, motivation, confidence building and goal setting.

We believe that providing incentives to employers to accept disadvantaged and long term unemployed job seekers is a valid use of government funds. However, JNMs must ensure that these incentives are targeted at the disadvantaged, and not those who are already competitive.

As an incentive to providers to invest in skills development, consideration could be given to a changed fee structure for long term unemployed and highly disadvantaged clients. This could take the form of amortised service fees, eg initial fees, fees on completion of accredited training at Certificate 1, 2 or 3 level, followed by employment outcome fees at 3, 6 and 12 month stages. This would encourage JNMs to focus on skills development, but retain the incentive to follow this up with sustained employment outcomes. It is crucial, to ensure a focus on ultimate sustainable employment, that employment outcome fees are retained and performance measurement retains a focus on sustainable employment and not training for training sake.

Consideration should be given to incorporating greater incentives to JNMs to focus on traineeships and apprenticeships in both fee structures and performance measurement. Likewise, consideration should be given to increasing the incentives to job seekers to accept traineeships. Currently traineeship wages, particularly given the WA labour market, are substantially lower than wages in open employment, and are a disincentive to job seekers, who through their personal circumstances focus on the short term rather than their long term competitiveness in the labour market.

Whilst there would be an additional cost for this level of service, the cost savings in assistance to new registrants outlined in 1. above could offset this cost.

Access to appropriate services.

The administrative and referral processes across the current suite of programs are complex and at times inconsistent in their objectives. Performance measurement provides disincentives to JNMs to refer to complementary programs, in part because clients remain on the JNMs caseload denominator, but with no mechanism to ensure continued engagement, and in part due to a lack of understanding and effective communication at the practitioner level.

If programs are to remain discrete, then referral processes must be streamlined. It is likely that direct referral between providers, rather than referral through Centrelink would prove more effective and efficient. It would also avoid the current situation where jobseekers are often 'in limbo' whilst awaiting a place in a complementary program.

The Personal Support Program (PSP) is a valuable service, particularly to those most disadvantaged. It is our opinion that there is validity in the concept of JNMs also providing PSP services, and this could streamline and improve the quality of service to clients.

However, there is also scope for specialist providers who can demonstrate strong working partnerships with JNMs. Regardless, there is a demonstrated need for substantially more PSP places and more access to funds to provide the appropriate interventions to clients.

Work for the Dole is a program which can be of great value to jobseekers, but in its current form is seen by many as a penalty rather than an opportunity. Work experience is a valuable tool, both in development of technical skills, and in the development of personal and employability skills. It is however, essential that it is clear to jobseekers, which is the 'lead' agency in the delivery of services to them. Currently there are requirements imposed by Centrelink, the JNM and the CWC. It is confusing for clients and confusing for practitioners and can lead to a loss of motivation and focus in jobseekers, and potentially unfair participation

reports. JNMs generally are the agency with the best knowledge of the client's needs and the labour market, have engaged with the client, and are best positioned to place them in appropriate work experience or training. Potentially JNMs could integrate work experience placements to their service delivery.

If the programs remain discrete, then it is essential that CWC providers and JNMs demonstrate the capacity to work effectively in partnership to ensure high quality service to clients.

It is essential that a mix of providers is retained in all ESAs, with both specialist and generalist providers of Job Network services. Jobseekers should have the choice of providers, and allocation of market share should have the flexibility to enable jobseekers to access their provider of choice.

Reduced complexity and synergy in objectives and outcomes between all programs is essential to effective referral processes and quality in service delivery.

6. Performance management principles

The current star ratings system does not have the confidence of the industry. A transparent system should be devised, in consultation with the industry, which meets the needs of government related to accountability, but which has the confidence of providers.

Quality of service delivery, rather than as is current, quality of process, should be measured.

Given the current labour market, the level of disadvantage experienced by many clients currently out of work, and the government's focus on skills development, the 'time to placement' measure in Star Ratings should be removed.

7. Minimisation of time and money spent on administration.

My introductory comments on issues in the current contract and my suggested solutions address this issue.

8 General

Partnership approach

Crucial to the delivery of quality services and the policy objectives of government is an effective relationship between providers, DEEWR and government. This relationship should be based on a partnership approach and reflect mutual respect and shared responsibilities.

Providers should have the flexibility to deliver services according to the needs of their clients. Providers should be encouraged to invest in client capacity building, and should be encouraged to work cooperatively to address labour market needs without jeopardising their competitive advantage.

Providers of services have the potential, given their knowledge of local labour markets and client characteristics to be a valuable partner to government in meeting social inclusion and skills development objectives.

Jobseeker engagement

The current participation reporting mechanisms require review. Whilst participation reports and suspension of benefits assist providers engage reluctant clients, withdrawal of benefits increases the barriers disadvantaged and marginalised clients face. It is our view that 'clean slating' should be reinstated, ie, benefits should be restored when a client has re-engaged with the provider.

Summary

Jobs Australia Midland/Morley is a small independent provider, with strong community links and over twenty years of experience in the delivery of employment and related programs. We adapted effectively to the challenge of a competitive market in the 1990s and have consistently performed at a high level throughout Job Network. Job Network was a radical experiment and required considerable commitment from providers and DEEWR to achieve an objective of effective service delivery which addressed individual needs and achieved quality employment outcomes. It is our belief that this objective was met in the last few months of Job Network 2, that is, prior to the prescription of Job Network 3 and the Active Participation Model. Administrative processes had been refined, information technology was effective, service delivery was flexible and tailored to individual needs, and sustainable outcomes were achieved. Refinement of that model to reflect current labour market conditions may be an effective alternative to the complexity and inefficiencies of the current contract.

Once again, your willingness to seek input from providers is most welcome and we look forward to working together with government to achieve sustainable outcomes for the most disadvantaged in our community.

Yours faithfully,

Ailsa Paterson
Chief Executive Officer
12th February 2008