

13 February 2008

The Hon Brendan O'Connor MP  
Minister for Employment Participation  
Parliament House  
Canberra ACT 2600

Dear Minister

**RE: EMPLOYMENT DIRECTIONS' VIEWS ON THE FUTURE OF EMPLOYMENT SERVICES**

Thank you for the opportunity to contribute our ideas and views on how employment services can be improved.

This letter is written from the perspective of the Board of Employment Directions. In response to the questions posed in your letter we would like to offer the following responses in summary accompanied by a more detailed overview attached:

- *Early interventions minimise the number of long-term welfare dependent Australians of a working age (including a review of the Job Seeker Classification Instrument)*

Employment Directions supports a service delivery model which offers PAGES greater flexibility to deliver individualised services to job seekers from commencement (0 to 3 months unemployment).

- *Employment Services are relevant to the circumstances and needs of the job seeker*

A service delivery model which gives PAGES greater responsibility for initial assessment and referral to relevant support services would mean that providers have greater flexibility to ensure that job seekers receive the services they need as quickly as possible. The current model means that job seekers only have greater access to needed supports at allocated stages along the continuum.

- *Job seekers with higher levels of disadvantage receive intensive assistance*

Employment Directions supports the increase of funding and supports for service delivery to job seekers with higher levels of disadvantage. The current model sees a decrease in funding for service delivery for those job seekers who have been unemployed the longest.

- *Incentives for training which will improve the employability of job seekers (including incentives for long term training and education to address labour market needs)*

The extension of a training incentive similar to that in place for Community Work Coordinator (Training Incentive Fee), along with an increase in training initiatives developed in collaboration between Government, PAGES and employers would see an increase in training undertaken by job seekers to improve their employability.

- *Performance management principles (including star ratings and business reallocation) that support sustainable outcomes and promote quality service delivery*

Employment Directions does support the need for a performance monitoring and assessment model. A model where providers are assessed on the merits of the services they provide to job seekers in



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their own right rather than as compared to other providers delivering services under vastly different conditions would mean greater consistency across the industry and ensure the integrity of the monitoring process.

- *The minimisation of time and money spent on administration*

A service delivery model where the administrative requirements are reduced in order to allow PAGES the time to offer more flexible and individualised support to job seekers would be supported by Employment Directions. This coupled with a fee structure which accurately reflects the resources required to deliver it would greatly decrease resource requirements required of PAGES to deliver Employment Services.

Further supporting information regarding each of the points above can be found in the document attached with this letter.

We appreciate the opportunity to provide some of our views and comments on the above issues. We look forward to any changes that may be implemented that will improve the assistance provided to job seekers who currently have minimal opportunities available to them.

Yours sincerely

**David Evans**

Chair  
Board of Employment Directions



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Employment Directions is a community based organisation that has delivered employment, training and community services for the past 26 years. It has an annual turnover of around \$3.8 million with approximately 40 Full time staff. We deliver services across 2 ESA's: the Gawler ESA and the Port Pirie ESA in South Australia. The Port Pirie ESA covers the mid and upper north and includes the Clare Valley. The Gawler ESA includes Gawler, a regional centre of around 22,000 people and the Barossa Valley. Both ESA's include small and isolated townships with no access to public transport. Services delivered include Job Network, CWC, JPET, training and state government labour market programs.

In framing our response to the issues below, we have taken consideration to the objectives identified in the Government's Social Inclusion and Skills policies.

- *Early interventions minimise the number of long-term welfare dependent Australians of a working age (including a review of the Job Seeker Classification Instrument)*

Greater flexibility offered to providers of the various services - in particular Job Network - would enable a more effective service delivery at the front end of the continuum for job seekers. We currently have a system that provides minimal support to job seekers that are less than 3 months unemployed though in reality it is rare that these job seekers are less than 3 months unemployed. A high majority of these job seekers are DSP recipients, lone parents or mature aged job seekers who are provided with a single interview and access to job search facilities. This assumes that all of the job seekers in this phase require the same level of service and allows for no flexibility in service delivery. Sufficient resources or incentives for outcomes would provide the structure to deliver the individualised support which these groups of people need to assist them in to sustainable employment. Having the capability to refer and assist financially with training opportunities or work related costs would greatly increase the opportunities for these clients before approximately two thirds move through the continuum and become long term unemployed.

Current complementary programs include the Personal Support Programme, JPET and CWC / WfD. Particularly in relation to the PSP programme job seekers can be on a waiting list which is greater than 12 months; even longer in rural and remote locations. If Job Network providers had the flexibility – both financially and resource wise – to provide these services to the job seekers, assistance would be provided at an early stage. This is particularly relevant to job seekers who are receiving Disability Support Pension who are pending assessments or assistance through another program.

- *Employment Services are relevant to the circumstances and needs of the job seeker*

As indicated above, the key to providing relevant assistance to job seekers is flexibility. We currently work within a continuum that provides set assistance levels for everyone; from Job Search Training through to Work for the Dole and Customised Assistance. The JSCI and JCA provide PAGES with assessments that can highlight a multitude of barriers which will prevent a job seeker from actively participating in the workforce or in a particular point in the continuum. The effective sharing of relevant information between stakeholders is vital in achieving the most effective level of service, however job seekers may be disadvantaged because Centrelink and PAGES cannot share information that pertains to the job seeker. Understandably there are privacy legislations that can restrict the sharing of information which can impact on the quality and relevance of services. This can lead to the job seeker becoming frustrated, confused and disengaged.

The JSCI itself still tends to group job seekers into pre-set levels of assistance. A job seeker who has injuries that prevent them from working full time is quite often provided with the same level of assistance as a parent returning to work or a young person entering the work force for the first time. This same level of assistance does not consider the time and labour intensive support that would be required for some job seekers including personal support, employer incentives and advocacy.

In some cases, job seekers will divulge information to one stakeholder and withhold this information from another; this only causes lack of integration of services and a false evaluation of the true needs of the job seeker which, in turn, leads to diminished levels of support. If PAGES were provided with the responsibility to assess and refer job seekers to complementary

services and support programs, job seekers would be given relevant services at the correct point in time; not at the time they became eligible in the continuum.

- *Job seekers with higher levels of disadvantage receive intensive assistance*

Job Networks are currently provided with resources for service delivery that decline as a job seeker increases their length of unemployment. While the outcome payments increase as a job seeker's length of unemployment increases, financial compensations for service delivery are not commensurate with the labour intensive support and service provision that is required once a job seeker becomes very long term unemployed.

In the majority of cases, job seekers who are classified as highly disadvantaged are streamlined into a more intensive continuum phase. At the present stage the continuum has two periods of Customised Assistance which provide commencement fees and job seeker account funds. At the conclusion of ISCA2 no further resources, fees or job seeker account funds become available; while the job seeker account is notional, additional resources at this time would allow for greater flexibility of servicing.

- *Incentives for training which will improve the employability of job seekers (including incentives for long term training and education to address labour market needs)*

The introduction of the Training Incentive Fee (TIF) for the CWC / WfD contract has seen a marked increase in the number of job seekers undertaking training. Incentives for Job Network providers to refer job seekers to training have steadily decreased yet no less time is spent for job seekers who would benefit from this path. A similar incentive to the TIF would encourage training and increase employment outcomes for job seekers.

The most significant barrier we face in delivering services in rural locations is the availability of industry specific training options within the region. Joint Government, PAGES and employer training initiatives would greatly benefit these areas. There have previously been Government Industry training initiatives however these are bases solely in the metropolitan region.

- *Performance management principles (including star ratings and business reallocation) that support sustainable outcomes and promote quality service delivery*

The current performance management principles have been open to many discussions both positive and negative. It is generally agreed that a performance management system tool is required.

While it is acknowledged that the labour market region and unemployment data is taken into consideration, we have in the past seen country based providers lose a significant amount (if not all ) of their business in the reallocation process. Actions such as this, with minimal notification, have a significant negative impact on local communities and increase the frustration with the Employment Services System.

The current star ratings are based on the bell curve and percentiles – The top 5% of performers are awarded a star rating of 5 while the “bottom” 4% are rated as 1. The questions that arise are these:-

If all Job Networks are performing poorly with regards to outcomes, then 5% of these providers will be awarded the top stars. If all Job Networks are performing incredibly well with regards to outcomes, then 4% of these providers will be punished for performing well, given 1 star and possibly lose their business.

The system needs to be one that does not constantly change and is based on the quality of service providers can deliver. Consideration for those providers delivering services in remote and rural locations would be supportive of job seekers in these small communities.

The implementation of the CWC ratings changed the focus of a programme designed to assist the community into one that does not assess or reflect the characteristics involved in the delivery of these programmes.

The current JPET performance management principles are based on achieving outcomes for the participant (social or economic) with recognition for the amount of time spent assisting a job seeker. Each provider is assessed on their own merits and not in comparison with another provider that may be based in a vibrant labour market with access to a multitude of support services. The implementation of a system such as this for Job Network can only benefit all providers and ensure services are delivered with quality in mind.

- *The minimisation of time and money spent on administration*

The administrative requirements of the current system have increased to a point where service delivery is at times hampered. Service delivery fees are also not based on a realistic compensation for work provided. This is particularly evident in the areas of Job Placement and Post Placement Support where significant resources are required to collect the evidence needed to support placement and Outcome claims.

Employment Directions supports a service delivery model where the administrative requirements are reduced in order to allow time to offer more flexible and individualised support to job seekers. Employment Directions also supports a fee structure which accurately reflects the resources required to deliver it.

A strategy to reduce the administrative requirements would be to streamline the processes around managing provider's reimbursements from the job seeker account. Regular payments based on expenditure predictions and acquittals in line with the quarterly service fee would be a preferred option reducing the time taken by providers for this function.

Improved communication between the Department, PAGES and Centrelink as discussed in the first point in this document would also serve to reduce the administrative burden for providers. Practices currently in place see income evidence being gathered by both Centrelink and PAGES. This is frustrating for job seekers who feel that Departments should be in closer communication with each other and for providers who face significant barriers at times to obtaining the evidence they need to support placements and Outcomes.

Employment Directions, as a provider of the Community Work Coordinator program, also experience considerable administrative and resource requirements when working with job seekers with a disability and those on a parenting payment. This level of service delivery requires a significant increase in resources in all areas from administration, management of the program, supervision requirements and Work Experience funding needed. An increase in funding is needed when delivering services to these groups of people.