

Comments on the current employment services model, with suggestions for change.

1. Focus on contractual process rather than employment outcomes

The current contract management regime especially in Job Network focuses on contract processes to an obsessive degree and by so doing directly reduces the effectiveness of the Job Network system in particular. Contract managers seemingly do not seek to assist contract holders to improve outcomes for jobseekers, rather they seek to find fault with the record keeping of service providers. While this is undertaken in the name of accountability of government dollars the end result has been

- an antipathetic relationship between contract managers and service providers,
- a diminution of total effort from the task of maximizing employment outcomes, and
- a wastage of government expenditure.

There are very large expenditures of government dollars on contract compliance activities by government staff which does not contribute to employment outcomes. Additionally the activities of staff in service provision is likewise skewed towards systems which are designed to demonstrate contract compliance rather than focussing on the maximizing of employment outcomes for unemployed clients.

The system should focus on the achievement of employment outcomes, not on contract compliance which is extremely costly both for the government and also for providers, and is distracting from the avowed purpose of the system.

When the Job Network system was introduced it was done so under the banner of freeing up employment services from the constraints of government bureaucracy. Service providers were to be free to demonstrate how they could fashion effective solutions at the local level. The word 'partnership' was used to describe the nature of the relationship between government and provider in terms of service design and provision. Over the intervening period the system has moved significantly away from that position and has become very rigidly defined and over managed.

The system needs to be re-defined so that the emphasis is on a co-operative working relationship between government and service providers which focuses on maximizing the employment outcomes for unemployed people not on auditing of process.

2. Lock step program design

The current system prescribes in great detail the actions that providers and jobseekers must engage in. This does not allow providers to individualise service provision to respond to individual jobseeker characteristics. Not all jobseekers need exactly the same service at the same point in their period of unemployment.

3. Focus on activity rather than engagement

The current Job Network system is designed to keep job seekers busy and active. While this is a good thing to some extent the current system actually minimises the resources available to fully engage and assist jobseekers as they become longer term unemployed, precisely at the time when they have demonstrated that they need more

intervention if they are to break out of their cycle of unemployment. Changes to the system should transfer the resources available to those most in need, so that rather than receiving less assistance they should receive extra interventions to deal with the problems that will be evident and which are restricting their ability to find and retain employment. This could mean interventions such as skills training, work place participation, employability skills and intensive case management.

4. Competition – between providers of employment services

Competition drives performance, but too much competition becomes divisive and lessens optimal results for society. The current system emphasises competition between service providers. This means that providers will always seek to maximise their own performance. Thus they have a disincentive to work together with other government employment service providers for the best interests of jobseekers in general or for local communities. They are reluctant to be involved in any activity which is not directly related to the prospect of the employment of jobseekers on their own caseload. This is especially unfortunate in areas of social disadvantage. Current government policy seeks to redress disadvantage in localities which have multiple indicators of disadvantage. The likelihood of the achievement of this policy objective is diminished by the structure of current contract performance measures which emphasise and reward or punish individual contract holder performance based solely on outcomes achieved by jobseekers on their own caseload.

5. Competition – between government contracts

Each contract with the government contains its own set of performance requirements, essentially measured by movement of clients into employment. Naturally this means that staff in those programs will behave in a manner designed to maximise their performance. Thus a Job Network provider will always choose an immediate 13 week employment placement over any other option, even though such an action might not be in the best long term interests of the job seeker who might be better off to complete some training first, then be placed into a job where the training could be continued for a long term career outcome.

In particular there has been and continues to be significant competition between Job Network and the Australian Apprenticeship Access Programme (ACCESS). Job Network providers are reluctant to refer potentially job ready clients to the ACCESS program as they will not receive any financial return on an outcome achieved in the ACCESS programme, even though the Job Network provider may have developed the skills and readiness of the job seeker. Steps along a pathway to employment should be recognised.

6. Short time frames

The current performance timeframe in Job Network is very short. Good individual and community results can be delivered through co-operative arrangements and partnerships with employers. However these take a long time to develop and require much trust and openness. The current short term performance environment mitigates against the development of long term relationships which could generate significant individual benefits for job seekers, but also the better development of employers who need employees. Job Network providers need immediate results and focus their efforts in that way. They are wary of offering employers the prospect of long term relationship building as they have no guarantee that they can fulfil such expectations.

7. Performance measures/business reallocation practices

Job Network measures providers by comparison with other providers rather than by measurement against benchmarks. Business reallocation has taken place in response to relatively short time frames. While this drives performance it also pushes service providers to seek short term solutions, and pushes conservative, uniform service provision. All providers are seeking the same result using a lock step system which highly values conservatism and compliance. This stifles creativity, as it is too risky to trial too much new activity in a marketplace which values conservative, short term results.

The current 'star' rating system of measuring provider performance is based on a system which ranks the relative performance of all providers. This system tends to over emphasise performance differentials. Additionally the ability of the star rating system to accurately reflect differentials in performance is reduced as the breadth of performance reduces. A better system would set performance benchmarks. These benchmarks could be adjusted from time to time, but in concert with longer time frames would allow providers the ability to

- investigate new service models,
- establish longer term relationships with employers and
- work over a period of time with long term unemployed jobseekers who have significant barriers to employment and for whom the work first model has not been successful and is unlikely to provide them with long term career possibilities.

8. Specialisation

The current model of employment service provision requires that Job Network service contract holders will provide all the full suite of services. Clearly this removes the possibility of engaging with services that might specialise in some particular aspect of working with unemployed people. It would be beneficial to the achievement of best employment outcomes if the diversity of skill sets could be utilised in a future employment services structure.

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12 February 2008