



P.O. Box 570 7 Anzac Street Moe VIC 3825

Facsimile (03) 5127 4693

ABN 29 911 894 613

Inc. No. A0008118M

Telephone (03) 5127 4544

e-mail gestskill@latrobe.net.au

web address: www.gest.com.au

Gippsland Employment Skills Training Inc

**To: The Honourable Brendan O'Connor MP
Federal Minister for Employment Participation
Parliament House Canberra ACT 2600**

Our organisation read with great interest your invitation to provide views and suggestions on how employment services and programmes can be improved by the Rudd Government.

The Government has identified a number of objectives in its Social Inclusion and Skills policies. GEST Inc is a Registered Training Organisation and has been a Community Work Coordinator for Work for the Dole since the programme's inception in 1997. Prior to this, GEST Inc was, for many years, a Skillshare providing a wide range of programmes and training packages.

It is with a background of experience working in the fields of education and training and as a provider of government employment services, that we feel we have some valuable comments and suggestions.

GEST Inc has insight into the needs of unemployed and/or underemployed people as well as those in need of qualifications and skills to move into employment for the first time or to improve their employment options.

Item 1

Effectiveness of Current Programmes and Services

As noted in the invitation for responses, there are a number of programmes currently providing services. It seems clear that the sheer number and the complexity of the services being provided is an issue in itself.

1. Centrelink Income Support System:

Payment Types

One of the most complex services involved in this equation is the Centrelink payment system. The very number of payment types is an issue: Youth Allowance, Austudy, Abstudy, Parenting Payment Single, Parenting Payment Partnered, Newstart, Disability, Carer, and so on. Payment types then have various Participation Profiles which means the income support payment

recipient may or may not have a Participation Requirement. A single income support payment with participation requirements for job seekers and no participation requirements for those not seeking work would be simpler.

For example, Parenting Payment recipients would receive an income support payment and have no participation requirement until their youngest child commenced primary school. Younger recipients who currently receive Youth Allowance would receive the same income support payment with a variable rate according to age and situation. Full-time students would receive the income support payment, and their participation in study would be their requirement until the course finished. Carers would receive the income support payment but have no participation requirements while they were providing an assessed level of care to other person/s, or a partial requirement if providing a reduced assessed level of care. A person with a disability would receive the income support payment and have an assessed participation requirement to suit their level disability. Referral and access to support and assistance for a return to work or to commence work for the first time would also be assessed and provided as required.

Additional Identified Issues with Job Seekers on Income Support Payments

Loopholes in the System

GEST is located in the Latrobe Valley of Victoria where there are a number of heavy industry and mining companies. These industries have chosen to reduce permanent employee numbers by retrenching their maintenance crews and using labour hire for short term work. Maintenance on plant and machinery is now carried out by short-term contractors on casual rates of pay.

When maintenance is to be carried out, they bring in crews of casual employees and the work is done over a number of weeks/months. These periods of maintenance are termed as "maintenance shuts" or just "shuts" within the local industries.

These teams of skilled and unskilled workers carry out maintenance on power stations, paper mills and other large industrial projects. The workers generally work 10 to 12 hours days, six days a week for a number of weeks. The casual rates of pay they receive are very high, with weekly earnings that can range anywhere from \$1,500 to \$4,500 depending on qualifications and hours worked. As expected, many of these workers choose *not* to rely on income support between "shuts" as they are earning enough to live on between jobs.

However, there are many who do choose to remain on income support throughout the shut – on nil payments – then resume receiving a full rate of income support when the shut is finished.

For example, a qualified pressure welder/boilermaker/boiler inspector regularly participates in short term and longer-term "shuts" with just one employer. He admits that he makes no attempt to find ongoing permanent work as it will not pay as well as the shut work and he receives full income support between shuts, so feels there is no reason to look for permanent work.

He is referred to complete MO/WfD with between "shuts" but objects loudly and aggressively. He is open about the large amounts of money he earns over the weeks he works and states that he is entitled to receive income support payment when not working. He also believes he it is unfair that he is expected to do MO.

He could choose *not* to receive income support payments and would then not have a Mutual Obligation. He could live off his earnings between "shuts". However, he rejects this concept and states he is already employed so has no intention of looking for additional full-time ongoing/permanent work instead of relying on "shuts". He chooses not to move to permanent work but to continue to earn high wages – anywhere between \$40 and \$50 per hour for 12 hour days for three months at a time – while continuing to be "on the dole" and to hand in his "dole" form each fortnight.

This loophole in the system requires investigation. The system appears to be supporting those who clearly do not need it. How can the system allow people earning so far over the basic yearly wage remain eligible to receive income support between shuts?

Fraud Investigation

Additional resources directed into the Fraud Investigation system would also be of huge benefit. The cash employment economy is alive and well and its participants are putting their hands out for income support benefits as well. People working "cashies" are everywhere and very little appears to be done to reduce this blatant fraud occurring. A highly visible, "out in the trenches" FI system is the best deterrent. There are far too many people getting away, scot-free, with theft from the Commonwealth Government and the Australian Taxpayer.

2. Work for the Dole

Work for the Dole is a very successful programme. Its main aim recently has been to provide participants with designated "Skills in Demand" but it provides a much wider scope of opportunity and skills for participants than simply learning specific tasks.

With the new unemployment reality – January 2008 figures of 4.1% unemployment – it is very clear that those now unemployed need all the support they can get to move into meaningful jobs and that they generally have more barriers to employment than the general population.

WfD provides these participants with opportunities to address their very specific issues.

- These are issues of low self-esteem: WfD builds confidence where there is none.
- Issues of poor communication skills: WfD provides opportunities to learn communication skills by working with other people.
- Issues of social isolation: WfD provides engagement in community activities which benefit individuals and the community.
- Issues of motivation: WfD helps participants learn what is required when you are an employee: getting out of bed, attending on time, accurately completing timesheets, contacting employers when ill and unable to attend work;
- Issues of lack of experience in a workplace; learning to take direction from supervisors and deal with the day-to-day issues of a workplace constructively.

The lack of these very basic skills – the ones that we, who are in full employment, often take for granted – is what often create the greatest barriers to both long-term unemployed people and younger people who have recently started looking for work after leaving school.

One of the biggest issues for CWCs providing WfD programmes has been the financial and administrative restrictions placed on the programmes by the previous administration.

There has been a lack of funding to purchase capital items such as mechanical equipment and tools and to ensure we can offer competitive wages and it is proving difficult to attract and keep the highly skilled tradespersons required to provide effective training and supervision of WfD participants. CWCs are limited by lack of funding in what can be offered in the area of skills training on WfD programmes. CWCs are unable to compete with the wages provided by industry to skilled tradespersons and low unemployment and high demand for qualified tradespersons exacerbates the problem.

3. Highly Disadvantaged Income Support Recipients

Within the employment industry there has been much discussion of the issues for the “few” who continue to remain unemployed. As the unemployment rate goes down, the percentage of unemployed people with major barriers to

employment increases.

Those left without employment fall into two broad categories:

Group 1: those who could obtain employment but choose not to; and

Group 2: those whose barriers are such that they are essentially "unemployable" at present.

Group 1 are those who work for cash or on short-term contracts and choose to either not declare income or to continue to receive income support when actually earning over the basic wage.

Group 2 job seekers, in our experience, are those who have *never* had their personal barriers **clearly and accurately identified, documented or, most importantly, addressed** prior to being referred to Job Network as "job ready".

We regularly see clients with a range of issues which create major barriers to employment or training:

- substance abuse and addiction
- history of incarceration and disconnection from community
- homelessness and social isolation
- undiagnosed and untreated health problems
- myriad undiagnosed and/or untreated psychiatric/mental health issues such as anxiety, depression and bi-polar affective disorder
- personality disorders
- impulsivity and anger management issues
- people with a history of mental, sexual and/or physical abuse
- people who are functionally illiterate
- migrants and refugees who have inadequate English language skills to obtain sustainable employment
- people who have undiagnosed acquired brain injury, *and even*
- people with undocumented physical and/or intellectual disability

At present, even if job seekers do go through the Job Capacity Assessment process and have barriers identified, there is no follow through to programs to assist them reduce these barriers.

- The Personal Support Programme has **ridiculously** long waiting lists in virtually all areas of Australia.
- Current Language, Literacy and Numeracy (LLN) providers appear unable to meet individualised training requirements for LLN disadvantaged job seekers, or to be able to engage adults with low LLN skills in effective training to improve basic LLN skills.
- Counselling for low self-esteem, drug and alcohol issues, impulsivity and anger management problems is not readily available and there is no way at

- present to make participation in programmes obligatory.
- Referral after a JCA to appropriate health professionals for detailed assessment of cognitive function or for the diagnosis of mental health problems is non-existent. Seeking further investigation is left to the job seeker who usually does not have the money, ability, skills or knowledge to be able to access the required services.

When barriers are not dealt with, job seekers carry them along from year to year, from short-term job to short-term job. Employers simply do not have the resources to maintain employees who demonstrate these major barriers.

In addition, those with major personal barriers do not gain the benefits of job seeking programs available through Job Network. Their barriers and issues preclude them from effective participation and must be addressed *before* they can move into training or employment.

In our experience, the PSP is effective for those fortunate enough to access it – but PSP services are effectively inaccessible, and have been for some years. People remain on the waiting for two or more years at present. This is an appalling situation and requires action as a matter of urgency.

Item 2

Suggestions and comments relating to how the Rudd Government can achieve the objectives identified in the Social Inclusion and Skills Policy.

1. Early interventions minimise the number of long-term welfare dependent Australians of working age (Including a review of the Job Seeker Classification Instrument (JSCI))

We were very glad to see this particular item on the agenda. Identifying issues and then being able to access appropriate interventions has been a major and ongoing issue for Government Employment Service Providers. As mentioned above, every week we see people who are not in any way “job ready”. These people are often not even “life ready”.

Poorly completed JSCIs cause ongoing problems. The JSCI is, in itself, not without merit. It is, rather, the inaccuracies and inadequacies of the information gathered by Centrelink staff at the first interview for individuals applying for income support, which creates the problem.

Job Network Services have trained their staff to complete comprehensive and accurate updates to job seekers’ JSCIs. Often an individual should never have been referred to Job Network in the first place, and would not have been, if Centrelink staff had completed the JSCI by collecting *all* the relevant information at the initial interview. It is essential to review the meaning of the

term "job ready" to ensure that only those who truly are "job ready" have job seeking participation requirements. Those not "job ready" should be referred to the programmes which will move them through those processes which ensure they have the skills to be truly "job ready".

A JSCI takes time to complete and it can be difficult to build enough trust in a short appointment at Centrelink to obtain adequate and appropriate information. However, it is also very apparent that the JSCI is *not* updated at Centrelink when issues arise and barriers to employment are identified. When issues are identified at Centrelink they must be dealt with promptly, the results clearly recorded and appropriate referrals made without delay.

CWC WfD Case Managers are unable to access the JSCI to update WfD participant's circumstances, even though many major issues affecting clients become glaringly evident during a participant's referral period to Work for the Dole.

For CWCs, Participation Reports have become the only way to bring a client to the attention of Centrelink. A PR will often result in "inability to comply" being recorded. "Inability to comply" is a hoary old phrase often used as a reason for rejecting a Participation Report but does nothing to move the client on to additional assessment or services. No further action is taken; no update to the JSCI is made as a result of this outcome, no "flag" comes up to identify client as requiring assessment of the reasons for the inability to comply.

Non-participation in WfD is one of *the* major indicators or "flags" that identify clients who do not yet have the skills required to move them into paid employment (ie: they are not "job ready"). Many of the activities are beyond their current capacity but the needs of the "non-job ready" client are ignored at Centrelink.

Supportive, community care programmes such as PSP can bring the client to being "job-ready" *if* those services have the resources to provide a service. There are so many people who are currently "lost in the system". With additional support, we can assist these people to knock over their barriers to employment and move forward.

Job Capacity Assessments have the capacity to be an excellent way to identify problems but could benefit from a review. Many clients have a restricted work capacity identified but no further assistance is provided. Recommendations are made, but no specific service that up the client and manages the interventions in a holistic way. Clients are expected to organise the interventions for themselves –usually an impossible task as if they were able to organise themselves in this way, they would not need the assistance.

2. Employment services are relevant to the circumstances and needs of the job seeker

Identifying job seekers' individual needs and/or barriers is the best place to start when aiming to provide relevant employment services with positive outcomes. All future actions to assist the job seeker follow on from this.

3. Job seekers with higher levels of disadvantage receive intensive assistance

One of the glaring gaps in services for clients with very high levels of disadvantage often relates to those who are ill. Being on income support payments and being ill causes more problems and heartache than any other issue, except perhaps for substance abuse, which some experts classify as an illness anyway and often goes hand in hand with illness.

A high percentage of GPs do not understand the Centrelink system. There have been many occasions when clients who require a Centrelink approved medical certificate for an ongoing injury or illness have been denied this by their treating doctor. Some GPs have told their clients they do not know what a Centrelink approved medical certificate is.

If an individual on WfD become ill, it can be extremely difficult for them to get off WfD. GPs appear to be extremely nervous about completing medical certificates for more than a day or two at a time. One client of our service last month had a fractured wrist which was apparent on his x-rays. His GP would only complete a medical certificate for a week at a time even though he told the job seeker that he would need to rest the wrist for six weeks. Another who is awaiting knee surgery was told by his GP that she would only do medical certificates for two weeks at a time. As he was told he would have a 4 to 6 week wait for his surgery and then a 4 to 6 week period of recovery after surgery, it is ridiculous that he has to continue to attend his GP every fortnight for a medical certificate, and all the while he is sitting on our books awaiting his initial WfD appointment. His job network knew he was incapacitated when they referred him to WfD but "had" to make the referral according to their guidelines.

In other cases, when income support recipients require CT scans or other expensive tests to verify their illness, they have to save up the money to pay for the test/s "up-front". They have no evidence of their diagnosis so are expected to participate fully until diagnosis is confirmed.

There is a large gap between the Medicare rebate and the full cost of many tests (CT, MRI & PET are particularly out of the question for people on income support). Centrelink has the ability to assist with cost of tests but appears to use this as a last resort and rarely offers assistance.

The impact of the casualisation of the workforce can be far-reaching. People employed on a casual basis have no sick leave so are reliant on income support payments from Centrelink.

4. Incentives for training which will improve employability of job seekers (Including incentives for long term training and education to address labour market needs)

A very high proportion of those who remain unemployed are functionally illiterate. For them, while finding employment they can undertake is a challenge, their fear of the process of undertaking study to improve their literacy skills is a much greater challenge. From their personal perspective they have "failed" in the past to "learn" and they generally remain convinced they will never be able to "learn" anything, including how to read and write. There is a great reluctance to acknowledge illiteracy and most people with poor literacy have developed a range of skills to hide their lack of skills from other people.

Until adequate resources are directed into providing one to one literacy, language and numeracy skills programs, it will remain impossible for these job seekers to undertake formal training skills certificates or tertiary level courses.

For these job seekers to undertake study it is vital we provide them with the appropriate LLN courses which will allow them to learn the skills of reading and writing adequately. This will also go a long way in overcoming their sense of failure and help to improve their general self-esteem.

5. Job seekers receive appropriate training

There is a vast array of wonderful courses available. Those job seekers who have adequate literacy skills to undertake training have already done it! For these people who have the training, the barriers are often of related to confidence and self esteem. Appropriate training to allow them to take the final step is usually in the areas of personal development. For example, courses on how to communicate effectively in the workplace, dealing with stress in the workplace, how to work effectively with others and as part of a team, how to present for interviews, personal hygiene, how to take direction from Supervisor's. Specific pre-employment training to address this range of issues is vital.

Low wages for *all* apprentices – mature age and younger apprentices – causes a huge dropout rate which is exacerbating the current skills shortage in Australia. It is imperative that apprenticeship wages are improved. Until adequate wages are guaranteed, particularly for first and second year apprentices, the attrition rate will continue unabated. Mature age apprenticeships are extremely rare, difficult to obtain and, of course, poorly

paid. Improved access and wages for mature age apprentices is vital.

6. Performance management principles (Including star ratings and business reallocation) that support sustainable outcomes and promote quality service delivery

Complex systems will always create problems. The current performance management systems do not always include the most appropriate measures. For CWCs, when a job seeker obtains a job – which is, surely, the whole aim of the program – the CWC is penalised because the participant did not complete his/her period of Work for the Dole.

The above is just one example of a KPI which has no value. There are many more. Any review of performance management would best be undertaken by including and conferring with service providers to ensure that the measures “mean” something and help us work towards the provision of high quality services to participants.

7. The minimisation of time and money spend on administration

Over the years, the volume of administrative tasks has ballooned exponentially. Much more time is now spent on administrative tasks than on providing an actual service to the job seeker. This is true of both CWC and Job Network Services. Retention rates for staff, particularly in the Job Network Service Providers, are low. Job satisfaction in community service organisations is generally related to feeling we are providing a meaningful service to clients. Once administration and paperwork becomes more important than the client, job satisfaction simply disappears.

Thank you for seeking our views. We appreciate the opportunity.

Written by:

**Annette Marslen
Training and Placement Coordinator (WfD)
Gippsland Employment Skills Training Inc**

On behalf of:

**Gippsland Employment Skills Training Inc
Ann Cliff, Chief Executive Officer, and Staff**