



13 February 2008

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Minister Brendan O'Connor MHR  
Minister for Employment Participation  
Parliament House  
Via Email  
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Dear Minister,

**Re: Future Directions of Employment Services**

Thank you for the opportunity to provide feedback on the questions posed in your correspondence to Chief Executive Officer's of PAGES dated 7th January 2008.

The Salvation Army Employment Plus (TSAEP) has always been committed to social inclusion as a social goal and it is very pleasing that you and the new Rudd government are demonstrating a commitment to those in need within our community.

The attached response has been formulated following extensive feedback, focus groups and involvement from staff members from all levels within TSAEP and from sites across Australia.

We look forward to further involvement in evolving services for those in need and in particular assisting jobseekers gain the necessary skills and experience that will assist them gain, retain and maintain desirable skills and ongoing employment

Should you wish to discuss any aspects of our submission we would welcome the opportunity to expand or explain our proposals.

Yours sincerely,

**John R Simmonds (Major)**  
Chief Executive Officer



**RESPONSE TO THE HON BRENDAN O'CONNOR MP  
MINISTER FOR EMPLOYMENT PARTICIPATION**

- ◆ Views On The Current Employment Services Model
- ◆ Suggestions On Achieving Objectives Identified In The Government's Social Inclusion And Skills Policies

**13<sup>TH</sup> February 2008**

**Major John R Simmonds  
Chief Executive Officer**

## **EXECUTIVE SUMMARY**

The Salvation Army Employment Plus (TSAEP) welcomes the opportunity to submit its views on the efficacy of the current Employment Services Model and current programmes and services offered within the ESC3+ contractual framework.

The challenge of delivering Social inclusion and Skills pathways that promote the engagement and re-engagement of the most disadvantaged members of our society, is one to which we are deeply committed. Most importantly, we welcome the shift by the new government towards an employment services model and policy position that clearly affirms the worth and potential contribution of all individuals to our society, regardless of their circumstances. We look forward to the challenge of delivering improved work and training participation outcomes to those existing on the periphery of our wealthy society, and to those who may not be gaining access to opportunities, including the employment and training services they deserve and need.

This paper places on the record TSAEP's position on significant issues, and outlines suggestions against each of the seven points identified in the Minister's correspondence to Job Network CEO's. Our response recognises, acknowledges and builds on the views and research of the industry peak body (National Employment Services Association), inputs from our Management and staff, and a number of investigative appraisals of the Job Network, along with material written and published by eminent research professionals over the past two years. We feel that these recommendations will move the Job Network to ground that will better service those in need by maintaining and building strong investment in participation, skills development and lifelong learning<sup>1</sup>. As a Job Network provider we also accept the need for the industry to maintain a focus on fiscal accountability, transparency and continuous improvement, but critically, through a less regulated and prescriptive service model.

As a final point, The Salvation Army Employment Plus executive encourage the Minister to consider some additional issues addressed in our summary. It is our strong view that fragmentation of services and the inherent deficiencies of the current funding model need urgent address. The Salvation Army Employment Plus encourages the Minister to review the function of professional resources (health, training and welfare resources) currently embedded in government bureaucracies and consider shifting a number these resources into the Job Network front line, where they could make a profound difference to the capacity of local communities and the quality of face to face service delivery to jobseekers, employers and community stakeholders.

The Salvation Army Employment Plus has a deep commitment to actively change people's lives, particularly those marginalised through disability, homelessness and profound disadvantage. It is our strong view that service delivery can be greatly enhanced through structural reform, thereby improving reciprocal accountabilities between the network, DEEWR and Centrelink. The Salvation Army Employment Plus are also of the opinion that consolidation of the service model to include assessment, professional services, employment and complementary services under one roof will prevent the breakdown of communication, double handling and fragmentation of services that is currently reinforcing marginalisation and disillusionment amongst many working age Australians.

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1 ALP Policy Document 2007 - Skills for the future.

**ISSUE 1: EARLY INTERVENTIONS TO MINIMISE THE NUMBER OF LONG TERM WELFARE DEPENDENT AUSTRALIANS OF WORKING AGE, INCLUDING A REVIEW OF THE JOBSEEKER CLASSIFICATION INSTRUMENT.**

The Salvation Army Employment Plus concurs with the views of the National Employment Services Association (NESA) that the current service suite of Job Search Support (JSS) and Job Search Support only (JSSO) is fundamentally inadequate for anyone but the most employable of jobseekers<sup>2</sup>. As well as creating disenchantment amongst many individuals, the minimalist approach to non allowance recipients and job seekers with working partners actually promotes high levels of social exclusion, non participation and a net loss to the nation's potential human capital development.

At a time when many families and individuals are experiencing rental and mortgage stress, it is quite ironic that partners of low wage earners and many other disadvantaged Australians are denied every service option apart from the most basic self help services. The first three months of unemployment can be an extremely trying and difficult time for working families with significant levels of debt, who rely on low skill, low wage earnings. The current system denies adequate assistance to many primary bread winners, and exacerbates the problem by often excluding their partners from assistance. Another inequity built into the current system relates to service eligibility being determined by length of registration rather than length of unemployment. This ensures that many Job Seekers who are on categories of allowance such as parenting and Disability Support payment are denied tailored services (as they have been previously non activity tested).

The Salvation Army Employment Plus feels that the Jobseeker Classification Instrument (JSCI) needs urgent review as it fails a number of basic tests. It is our strong view that disadvantage and predictability of welfare dependency cannot be measured effectively through an aggregate scoring process that relies on traditionally measured variables and set mathematical values. We agree with the key implications raised in "A Job Network for Job Seekers"<sup>3</sup> that there is the potential for providers to become beholden to the temptation of manipulating the system to achieve results, both in financial and performance terms. An unhealthy obsession with the regression formula, denominator size and thirteen week "windows of opportunity" to drive anchored placements in every milestone period, has in our view, promoted the probability and likelihood of questionable practice and manipulation of recorded outcomes across the industry. This is contrary to the spirit of the contract providers have with government.

The Salvation Army Employment Plus acknowledges the views posed in the research paper "Assisting the most disadvantaged job seekers"<sup>4</sup>. This paper suggests that a better balance needs to be found between the models that are largely "work first", thereby promoting self sufficiency and reducing reliance on welfare, and models that are more prevalent within the European Union, focussing more holistically on reducing poverty and social exclusion generally.

The key question is whether jobseekers with complex needs are being identified by the Jobseeker Classification Instrument effectively?

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2 NESA - Meeting Australia's Economic and Social Inclusion Objectives Through Improved Workforce participation: Pages 8-9.

3 Catholic Social Services Australia - Discussion Paper: A Job Network for Job Seekers: Page 5.

4 Perkins and Nelms - Assisting the most disadvantaged job seekers: Page 13

Secondly, where these issues are identified, is the current model of promoting work first proving effective?

There is enough evidence to suggest that complex needs are frequently overlooked, particularly where the motivation of the bureaucracy equates to streaming and funding service capacity within the system. The Jobseeker Classification Instrument is in our view, compromised somewhat through its aggregate point scoring system and the numerical values embedded in discrete criteria. For instance, access to transport or ex offender status could pose a far greater barrier to employment for an individual than other variables that readily equate to higher aggregate points score within the Jobseeker Classification calculation. In addition, The Salvation Army Employment Plus realises that many jobseekers are reluctant or incapable of disclosing their “real” issues, particularly where these relate to crime, addiction, literacy, trauma and mental health. Most jobseekers are not aware of the direct correlation between the Jobseeker Classification assessment and service eligibility, including the level of service they will receive as a consequence of the cumulative score. The Salvation Army Employment Plus encourages the Minister to review the efficacy of the current process (including the use of telephone assessments by Centrelink) and consider the building of gateway criteria for specific subgroups, to expedite appropriate servicing of the most disadvantaged within our community.

The Salvation Army Employment Plus encourages the Minister to recognise that certain groups should be given immediate and intensive program access. We propose that identified subgroups including prisoners, targeted people with a disability<sup>5</sup>, recently separated parents, the homeless, humanitarian refugees, and youth with low education levels be engaged by the “One stop shop model” through funded transition and immediate “Highly Disadvantaged” (HD) eligibility upon completion or exit of their respective programs: i.e. people about to be released from prison, persons with significant disability or impairment rating, recently separated parents experiencing crisis, individuals in a range of temporary or crisis accommodation, new arrival refugees completing their Language, literacy and Numeracy (LLN) hours and youth who are likely to leave at completion of Year 10 or less. This initiative would give providers capacity to prevent a plethora of residual social problems that result from subsequent alienation and exclusion from the labour market. It would also prevent the drift of these candidates through the continuum into employment resistant lifestyles and anti social behaviours. To this affect, we support the view of Perkins and Nelms<sup>6</sup> that “the presence of barriers is a significantly better predictor of employment than a model that only includes traditionally measured variables such as education, work experience and welfare history”.

The creation of 0-7 hours Work Capacity bandwidths for people with significant disabilities has created a stressful and unrealistic dilemma for service users and Job Network providers alike. This is largely due to lack of capacity and incentive to assist People with a disability who have high level complex needs, are registered within the Job Network, and require considerable workplace adjustment, training and risk management strategies.

The current assessment process provides no direct accountability of Job Capacity Assessors and needs urgent review. In our view, the Job Network has become the default referral option where Disability Employment Network (DEN) and Vocational

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5 Those with an impairment score of over 20 points on the Centrelink impairment table.

6 Perkins and Nelms - Assisting the most disadvantaged job seekers: Pages 2-3.

Rehabilitation Service (VRS) places are denied. Contrary to the view of NESAs, The Salvation Army Employment Plus feels that jobseekers within this range represent a risk to placement agencies and employers alike. Most important however, is the risk posed to the individual job seekers, due to their complex support needs. Unless the Vocational Rehabilitation or Disability Employment Network is given resources to engage and support the transition of these candidates into programs and work, it is difficult to see any progress being made in respect to service delivery for these jobseekers within the Job Network proper. It is an unfair impost to expect that employers and industry have the capacity (economically, ethically and socially) to absorb, train and manage the risk inherent within this cohort, without reform around insurance indemnity and reasonable adjustment costs within the workplace.

The failure of the Job Network to engage Disability Support Pensioners and reluctance by the jobseekers themselves to move forward can be attributed to a number of key variables. As NESAs rightly suggest<sup>7</sup>, mandatory review of income support eligibility as part of the Job Capacity Assessment for Disability Support Pension recipients volunteering to participate in employment services is an enormous disincentive that denies individuals the “dignity of risk”<sup>8</sup>.

The Salvation Army Employment Plus maintains a perspective that individuals should be allowed to try and where unavoidable, not succeed, rather than be condemned to the margins of our society. What is critical is that program support is adequate for entry or retreat, and that individuals are not driven away from their essential welfare safety nets because they lack insight or have unrealistic expectations.

Funding and professional expertise is the other key issue. Job Network does not have a culture of disability specialisation, meaning that objectives such as workplace adjustment, socialisation and on the job training are either unfunded, or totally unrealistic. We agree in principle that all Disability Support Pension (DSP) candidates must receive “Highly Disadvantaged” eligibility. We would also add however, that the Minister should consider bold reform and reallocation of current health specialist resources (embedded in the bureaucracy and other service streams) into positions of direct jobseeker support.

### **Recommendations:**

- 1. Transition programs should be funded and developed to provide connection to tailored services for the most disadvantaged. Emphasis should be given to homeless, educationally disadvantaged youth, targeted people with a disability, humanitarian refugees, recently deserted parents and recent ex offenders.*
- 2. “Highly disadvantaged” eligibility should occur at point of registration for targeted cohorts - aligning with recommendation 1. Emphasis needs to be placed on identified subgroups who are the most likely to become recurrent offenders, victims of poverty, domestic violence, desertion and social and economic exclusion, including disadvantaged Youth and Mature aged Jobseekers. In addition, length of unemployment should be considered for eligibility purposes, not just length of registration.*
- 3. TSAEP recommend that a number of candidate groups should be automatically identified (see point 2) for Intensive Assistance and Highly Disadvantaged status*

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7 NESAs – Meeting Australia’s Economic and Social Inclusion Objectives Through Improved Workforce Participation : P11

8 Robert Peske - “Hope for the families”: The author emphasises the right of all individuals to engage in prudent risk, particularly the intellectually disabled and disadvantaged because this is how they learn.

*(not just Disability Support Pension candidates) and that a shift away from the Jobseeker Classification Instrument as the arbiter of service eligibility needs consideration (See point 2), due to its complexity and poor reliability as an indicator of disadvantage. TSAEP concur with the NESAs view that the overall emphasis on assistance to Job seekers with complex needs and high risk of long term unemployment needs escalation be the priority and focus of funding and service delivery (NESAs recommend 33% as eligible for Highly Disadvantaged assistance as per contract 1).*

- 4. TSAEP recommend that the department abandon the Jobseeker Classification Instrument and replace it with a barriers based assessment process (after industry consultation) before the end of the current contract period. If this is not achievable, we recommend that DEEWR consider removing Jobseeker Classification administration from Centrelink to ensure better quality outcomes and more valid assessments than is currently the case. DEEWR may consider accrediting their own assessors out of current funding allocations.*
- 5. Reinstatement of automatic classification of Highly Disadvantaged status for Disability Support Pension recipients referred to the Job Network should occur immediately. Within the current model this will ensure adequate training, support and reasonable adjustment outcomes for the cohort that has the poorest participation rates in the workplace.*
- 6. Remove Mandatory review of income support eligibility as part of the Job Capacity Assessment for Disability Support Pension recipients volunteering to participate in employment services. The current review arrangements are a gross disincentive to participation and create fear and mistrust.*
- 7. Bolster the Job Network's transition and training resources for People with a Disability by moving physical and funded resources from the bureaucracy and into front line assessment, support, training advocacy and capacity building roles within the Job Network. This point is expanded in our recommendations at the conclusion of this document.*

## **ISSUE 2: EMPLOYMENT SERVICES ARE RELEVANT TO THE CIRCUMSTANCES AND NEEDS OF THE JOB SEEKER.**

Whilst the current system and service arrangements are adequate and relevant for individuals who quickly achieve work readiness and placement, there are considerable shortcomings in this focus. Deficiencies relate to jobseeker non eligibility and the lack of early intervention capacity discussed previously in this response. In addition, the reality of the timeliness indicator (time from commenced to placed) within the Star Rankings system and the jobseeker's eligibility status within the continuum means that the chronically disadvantaged are frequently serviced intensively in short bursts according to their "value" and not their longer term needs. The impact is no doubt felt greatest by those jobseekers with the least access to personal, social and economic resources.

The Salvation Army Employment Plus accepts that a "work first" approach can work well for jobseekers that do not have chronic barriers to employment. In our view the severely disadvantaged (many of whom have completed two periods of Intensive assistance) have largely been discarded by the current Employment Services system, and many current services have little relevance. For instance, the post Intensive Assistance contacts regime is little more than a policing process which does little to address underpinning causes of chronic unemployment within many of these jobseekers. Whilst Work for the Dole, Wage Assist and the Personal Support Program (PSP) may provide an effective circuit breaker to providers and the jobseeker, places in the latter two programs are often limited, and Work for the Dole providers are generally inadequately skilled and equipped to deal with many of the significant social issues that typically define this jobseeker cohort. Our belief is that a new model which amalgamates services is required to ensure a holistic Case Management approach, tailored to the employment and social participation needs of the Job Seeker. Through the creation of a model which builds realistic service objectives into the performance/reward system, the employment services sector will improve its servicing and outcomes to those most disadvantaged within our communities.

We endorse the Minister's view that in order to be effective, broader Social Inclusion and training objectives must be placed within the centre of the Employment Services Policy framework. Perkins and Nelms state<sup>9</sup> that for many disadvantaged jobseekers "the inability to gain employment is not simply the result of a lack of effort or motivation, but comes through an interaction of employment and educational history combined with a personal history which may include substance abuse, criminal records, chronic health problems or physical disabilities, homelessness, psychological disorders and mental illness".

Throughout Contracts 1 and 2, The Salvation Army Employment Plus provided comprehensive assistance to its most disadvantaged jobseekers through its Career Development Program (offering 3 weeks of tailored assistance to our most disadvantaged candidates), supplemented by referral to community based supports. This program resulted in significant tailoring of agreements and results commensurate with the needs and capacities of individuals. The flexibility of the funding model also allowed the organisation to address core pre-employment issues identified within the European Union's empowerment model<sup>10</sup>. Almost all of this flexibility was diminished through the prescription of Contract 3, and subsequently the

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9 Perkins and Nelms - Assisting the most disadvantaged Job Seekers: P1

10 op cit P11- These include quality of life, health issues, finance management, wider employment support, basic skills, social skills training, personal development etc.

Contract 3 extension, through introduction of excessive monitoring requirements for Jobseeker Account (JSKA) expenditure (refer to Issue 7).

The Salvation Army Employment Plus accepts that NESAs' proposal<sup>11</sup> to greatly embellish and strengthen the capacity of the Personal Support Programme has significant merit. The Personal Support Programme is required to assist jobseekers who are not yet ready or do not have the capacity to participate in mainstream employment services. We are however sceptical as to whether NESAs' eight recommendations actually go far enough in achieving broader reform. In particular, The Salvation Army Employment Plus encourages the Minister to consider the prospect of consolidating and enhancing services that are currently funded through Personal Support Program, Job Placement Employment and Training, Community Work Co-ordinator (Work for the Dole) allocations and integrating them into the Job Network service model holistically. In essence this would mean the creation of "one stop shops" that have multiple but vastly enhanced capacities, as well as more realistic goals pertaining to participation and social progression.

The advantage of this is that it would largely overcome the fragmentation of information and delivery that is currently rife within the system. It would also curtail the proliferation of information silos and complex complementary service arrangements which consistently and unnecessarily perplex our most disadvantaged jobseekers. It is imperative that the prevocational aspects of current programs are actually expanded and recognised in this enhanced service delivery and performance framework.

In addition, it is our strong position that a proliferation of providers, who have narrow scope and coverage from an ESA perspective, actually hinder rather than help government in achieving significant partnership and social capital investment. This also adds to additional audit costs and inefficiencies at a departmental level.

Perkins and Nelms<sup>12</sup> cite that there are a number of elements that may reduce the effectiveness of the Personal Support Program. These are: "lack of connection to the labour market or involvement of employers and industry, lack of access to employment-focussed assistance developed specifically for clients facing barriers – transitional jobs programs for example, lack of recognition of the need to provide ongoing intensive support to clients to sustain and advance in employment after exiting the Personal Support Program, underdeveloped linkages and integration with other labour market programs, inability for clients to access mainstream employment services whilst on the Personal Support Program and finally, lack of ongoing and specific training for Personal Support Program staff. TSAEP agree with these concerns, but asserts that the underlying causes of these problems are largely due to program isolation, the limitations of the current funding model, and separation from the Job Network. We are confident that these issues could be effectively addressed through a more strategic approach which acknowledges and builds the scope of realistic outcomes for the most disadvantaged.

TSAEP see an opportunity to reallocate existing resources away from the government bureaucracy and into front line support and intervention roles within a new employment services framework. . Our view is that Psychology, Work Capacity Assessment, Vocational Rehabilitation and Centrelink specialist resources will deliver demonstrable outcomes to disadvantaged jobseekers and government if they serve the employment services model directly as assessors, advocates, supporters,

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11 NESAs – Meeting Australia's Economic and Social Inclusion Objectives Through Workforce Participation: pages 11-13.

12 Perkins and Nelms - Assisting the most disadvantaged Job Seekers - P13.

counsellors and trainers of candidates with severe disadvantage, rather than serving as streaming agents for the government bureaucracy. Individuals with these skills could make a profound difference to service training, job support and referral capacity. They would also lift the professional skills profile of the Job Network dramatically. It is our strong view that integration of these resources would assist in overcoming the conflicts that frequently arise between the health professional stream (acting as judges) and the service delivery stream, who actually incur the accountability and responsibilities for service provision driven by such professional judgements.

The Salvation Army Employment Plus encourages the Minister to re-establish targeted programs to service specific disadvantaged groups: e.g. before it's funding was curtailed by the New South Wales Government the Mature Worker's program had significant success as a tailored service delivery model for mature job seekers. It is interesting that age and unemployment was used as a screening criteria rather than benefit or allowance type, and duration of UE. What is relevant is that every individual placed was adding to the working capital and working resource of the nation, regardless of their allowance status at the time of commencement.

The Salvation Army Employment Plus also encourages the Minister to re-evaluate the current suite of services provided to Aboriginal and Torres Strait Islanders. Current and past programs typically result in poor levels of engagement and low levels of secure employment, particularly in regional and remote Australia.

For example, the Community Development Employment Program (CDEP) has often been criticised for failing to connect individuals to the labour market and employment. This is countered by the perspective that it often "adds value" in terms of community solidarity and social progression. Based on feedback from various Indigenous communities, The Salvation Army Employment Plus have deduced that it is essential to integrate social measures of achievement (often evident in CDEP) with future employment service models, moving away from the notion that employment and social participation are discrete objectives.

We suggest that the Minister may consider the appointment of Indigenous co-ordinators from local communities with a view to connecting communities to employment services and the labour market. A holistic approach to service delivery would ensure that co-ordinators develop links with sporting, allied health and most importantly, training and education providers, providing effective pre-vocational pathways to work.

Our final comments in this area are directed to the problem of excessive departmental administrative and compliance requirements. Transactions and recording of activity (hours of attendance etc) are impediments to the delivery of effective services in the sense that they detract from time being spent on service delivery: e.g. the need for providers to actively monitor external activity for Job Search Training participants is just one example of where the process has a little connection to participant outcomes but is consistently subject to DEEWR audit. The Salvation Army Employment Plus feels that an emphasis on benchmarks and outcomes, within a more flexible payment system, is essential if services are to become more sustainable and relevant. The recording of hours, attendance records and number of transactions conducted by a provider show no proof of quality service to the candidate, whereas performance and service benchmarks do. This is taken up further in Issue 7.

## **Recommendations:**

- 8.** *TSAEP acknowledges the value of early intervention in addressing Jobseeker needs. A refined performance and servicing model will encourage placement of non allowance job seekers and eliminate the undesired impact of the regression model on service delivery: i.e. Ensure jobseekers are serviced continuously and agencies are rewarded more evenly throughout the continuum, not just at key points.*

*In addition, early intervention strategies for the Highly Disadvantaged should include the prospect of more holistic and specialist tailored services (including interpreters and outreach services to indigenous and rural communities).*

- 9.** *TSAEP supports the need to provide greater rewards to providers who successfully engage and place Very Long Term Unemployed jobseekers into vocational pathways and work.*
- 10.** *Enable services to fund and develop more holistic programs that include pre-vocational, employment preparation and social investment components by removing the strict parameters currently imposed on Jobseeker account usage and performance measurement. This will result in a more meaningful case management approach and a higher probability of outcomes for chronically disadvantaged candidates with special needs. We also recommend that career counselling funding be made available as part of the program suite available to “at risk” candidates who qualify for transitional program assistance Intensive Support.*
- 11.** *In our view, there are major risks inherent with the industry merely seeking more funded places in the Personal Support Program and other minor programs. In our view, building larger silos or pre-employment silos is often at odds with the intent of moving individuals back into work. The Salvation Army Employment Plus believe that caps should be removed to provide sufficient places for those candidates who have chronic non employment related problems – as per the NESAs recommendation.  
As a counter point, we also maintain that complementary programmes (including Job Placement, Employment and Training and Work for the Dole) should be integrated to drive a better efficiency dividend for communities and individuals. TSAEP therefore propose that these programs be brought fully into the scope of the Job Network.*
- 12.** *In our view, the proliferation of small providers around the nation has not assisted government to achieve significant investment in partnership or infrastructure, with Employment Services Area meetings often driven by accommodation and division rather than collaboration. Proliferation of providers also delivers the need for more departmental staff to monitor and manage provider business, at considerable cost to the taxpayer.*
- 13.** *TSAEP encourage the Minister to allow providers to merge disadvantaged Jobseekers who are post Intensive Assistance or “At risk” into a more direct and integrated Case Management service model. A revised system that rewards a broader range of social and employment outcomes should be developed as part of Job Network performance criteria for these cohorts. This reform would need support through a seismic shift in the current funding and*

payment formula. TSAEP welcomes the opportunity to expand on these views in separate correspondence.

14. *TSAEP encourage the Minister to consider redeployment of Commonwealth assessment and health professional resources to deliver enhanced assessment, training, support, counselling and advocacy functions within the Job Network. Agencies should be encouraged to develop gateway criteria and provide more appropriate assistance to particular cohorts (e.g. servicing jobseekers with controlled mental illness). Whilst Centrelink would maintain the right to refer Jobseekers to services, providers would have enhanced capacity to challenge decisions where they have not been made in the best interest of the jobseeker: e.g. Where a jobseeker has high support needs and would clearly benefit from a Disability Employment Network , Vocational Rehabilitation placement or clinical services over a longer trajectory.*
15. *Consistent with the views of NESAs, TSAEP do not support limiting the number of periods that disadvantaged jobseekers can participate in a program stream. By enhancing the Personal Support Program and Job Placement Employment and Training program and integrating them into a broader service framework, many of the current issues relating to eligibility and outcome credits would, in our view, be overcome.*
16. *Re-establish targeted funding and strategies for special groups based on demographic need: e.g. Mature Workers.*

*Consider the establishment of indigenous co-ordinators (field officers) in regional and remote communities to facilitate better engagement of local communities and establish pathways into training and employment.*

### **ISSUE 3: JOB SEEKERS WITH HIGHER LEVELS OF DISADVANTAGE RECEIVE INTENSIVE ASSISTANCE.**

Current measures of eligibility, such as Jobseeker Classification Instrument aggregate score or length of unemployment, are simplistic in the sense that they frequently deny eligibility and service access to highly disadvantaged individuals. It is not unusual for disadvantaged Job Seekers to have their job seeking disrupted by issues such as social dislocation, incarceration, or dependence on other allowance types, including Parenting payment, Disability Support Pension and Sickness Allowance. The current criteria fail to promote service flexibility where jobseekers suffer distress and fail rigid gateway tests.

We have spoken previously in this paper about the need to promote and deploy resources to the front line of the Job Network. A whole of service approach that acknowledges the need of many individuals to progress through pre employment issues (e.g. food, shelter, clothing and safety) must be considered as central to the objective of social inclusion. This does nothing to weaken the Job Network's focus on employment, but will ensure that the underlying causes of disadvantage are addressed in parallel or prior to the longitudinal objectives of vocational training and successful employment placement. It is our view, that if the Active Participation model is to continue, the proliferation of small and ineffective assistance categories (e.g. Employment Preparation), needs to cease. Streamlining of service categories with more flexibility will effectively improve services and tailoring.

In short, Job Seekers with higher levels of disadvantage need an immediate, holistic and integrated approach to service delivery. This has always been our fundamental belief and at the centre of our organisation's ethos. We also agree with the NESA principle<sup>13</sup> that the very long term unemployed and Highly Disadvantaged should not be denied additional servicing or investment by providers merely because they have completed two periods of Intensive Support Customised Assistance or the Personal Support Program. Existing policy only escalates the likelihood of desperation amongst those who are already powerless within the Social Security system. Enhanced professional resources (cited in Issue 2) will also ensure that there are appropriate circuit breakers in the system, and that highly disadvantaged individuals are not resigned to an endless, directionless relationship, which is often the case currently.

Beyond better targeted assistance and tailored intervention to individuals, The Salvation Army Employment Plus acknowledges the challenge of dislocation endemic within a number of our most disadvantaged communities. There is a plethora of research to support the view that jobseekers located in disadvantaged "hotspots" will not have their needs addressed through the current generic service model. Professor Tony Vinson<sup>14</sup> has identified that "just 1.7 percent of postcodes and communities throughout Australia account for more than seven times their share of major factors that cause intergenerational poverty, including: low income, limited computer and internet access, early school leaving, physical and mental disabilities, long- term unemployment, prison admissions and confirmed child maltreatment". This evidence alone demands that the new Labor government adopt a more tailored and sophisticated response than is currently in place.

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13 NESA -Meeting Australia's Economic and Social inclusion objectives through Improved Workforce participation: p 16

14 Professor Tony Vinson - Dropping off the edge: The distribution of disadvantage in Australia.

The Salvation Army together with The Brotherhood of St Lawrence<sup>15</sup> have introduced “Intermediate Labour market” initiatives to a number of disadvantaged communities in metropolitan Victoria, with the explicit purpose of addressing generational unemployment and social dislocation within areas of concentrated disadvantage. This response recognises that mainstream employment initiatives and services are not offering the support required to enable the most disadvantaged jobseekers to obtain and retain ongoing employment, and are based on a UK model that has operated over the past decade. What is central to the strategy’s success is the principle of capacity building within the local community, and procurement of local, State and private contracts. The Salvation Army Employment Plus readily acknowledges that such an approach is not a panacea and poses considerable challenges, beyond the time and capital investment of business, service, government, and community stakeholders. The challenges aside, indicators suggest that on criteria of wages, training, personal support and connection to the labour market, the project had more success for certain candidate profiles than current participation programs such as Work for the Dole, which often focus on compliance, reinforce stigma and provide little recognised training or transferable skill to highly disadvantaged participants. A number of disability enterprises have used similar models successfully within Australia over many years (both within and outside of the supported wages system). In principle, we see the merits of such a programme as being a more fiscally responsible alternative for the taxpayer than a reinvention of expensive government funded initiatives such as the Regional Employment Development Scheme or Community Development Programs which were used to address chronic unemployment issues in the 1970’s and 80’s.

The Salvation Army Employment Plus are of the view that the primary driver of contacts within Contract 3 and the Contract 3 extension, was continued devolution of Centrelink processes linked to compliance and participation. As a result of service creep and the increased burden of participation reporting to Centrelink, services have had reduced capacity and incentive to legitimately invest time and resources in the most disadvantaged.

The Salvation Army Employment Plus encourage the Minister to consider promoting more intensive quality assurance of service delivery through comprehensive customer feedback and yearly service assessment through a random sample of Highly Disadvantaged jobseekers. Service Assessments should be carried out by an independent auditor and form part of the Job Network’s quality improvement framework. Aspects inherent in the Disability Service Standards could provide a sound reference point for the Minister.

### **Recommendations:**

- 17.** *Develop and apply a different disadvantage test for early intervention and Highly Disadvantaged eligibility than the current, which is defined solely or as a combination of Unemployment duration, allowance type, Jobseeker Classification and Job Capacity Assessment score. The new test/criteria needs to provide early access and eligibility to a broader range of jobseekers (identified in Issue 1).*
- 18.** *TSAEP strongly supports the broadening of outcome measures and progress payments for the servicing of the most disadvantaged. These should include the achievement of pre-vocational and work readiness objectives (determined by assessed need) within defined timeframes.*

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<sup>15</sup> Brotherhood of St Lawrence - Investing in People: Intermediate Labour Markets as pathways to employment

- 19.** *Encourage Job Network members to pilot and develop Intermediate Labour Market Programs within our most disadvantaged postcode areas. Seed funding should be provided to assist in the establishment of businesses (drawing on the expertise of successful international and local service providers). We would also call on investment from industry in the spirit of Social/Community partnership, and the exploration of tender opportunities that exist in areas subject to Federal, State and Local government administration.*
- 20.** *Free up the administrative burden on services posed by the current contacts process and reward achievement of performance benchmarks (qualitative and quantitative), as opposed to measuring numbers of transactions and attendance.*
- 21.** *Introduce enhanced feedback mechanisms so that Job Network customers have a legitimate voice and choice. Jobseekers should be allowed to change providers if service is poor. They should also be encouraged to participate in ongoing service reform.*
- 22.** *Eliminate small phases of the Active participation model such as Employment Preparation that generate poor returns and blow out administrative costs.*

#### **ISSUE 4: INCENTIVES FOR TRAINING THAT IMPROVE THE EMPLOYABILITY OF JOB SEEKERS (INCLUDING INCENTIVES FOR LONG TERM TRAINING AND EDUCATION TO ADDRESS LABOUR MARKET NEEDS).**

The Government's Policy document "Skilling Australia for the future" clearly acknowledges the challenges Australia faces if it is to remain economically competitive within a global environment.<sup>16</sup> Critical for Job Network providers is that more than 70 percent of the male long term unemployed have no post school qualifications, which is also true of 80 percent of females receiving Parenting Payment who are not in workforce".

The Salvation Army Employment Plus contends that many of the long term unemployed and marginalised become victims of "churn" within the system because they are not accruing verifiable competencies or skills either before, or as they engage the labour market. It is these jobseekers who are often promoted through short term financial incentive (wage subsidy) to employers, but suffer in the medium to long term because they fill low skilled, low paid positions that have little long term prospect or security.

Catholic Social Services Australia points out that the proportion of Job Seekers with low educational levels increased in percentage terms (based on referral trends from Centrelink) throughout each milestone in ESC 3<sup>17</sup>. This would indicate that reforms within the Job Network need to incorporate training and early intervention as a performance driver and measure for providers in the future. Whilst we fundamentally agree with the position of government, that training needs to improve employability, an equally significant issue is the promotion of skills and adaptive capacity in the individual jobseeker, through tailored programs of assistance over the long term.

The Salvation Army Employment Plus acknowledges and welcomes the Rudd government's commitment to additional Vocational, Education and Training places and strategies to address the imposing shortages of skilled workers<sup>18</sup>. We actively encourage the Minister to support these ambitious Vocational, Education and Training targets by allowing Job Network providers greater flexibility and scope in developing job training and preparation curricula including provision of communication, job search, basic Information Technology and life skills training. We also encourage the government to boost performance recognition for Job Network providers who successfully place registered jobseekers into apprenticeships or traineeships, regardless of their unemployment duration. In the current arrangements, Job Network members get as much Job Placement credit for a casual employment placement as they do for a much more substantial outcome. In our view this needs to be immediately addressed.

At present, most Job Network members make few if any referrals of mature aged workers to apprenticeships and traineeships. This is largely due to the disincentive of poor wages and the fact that under current industrial arrangements, incentive payments and bonuses may not go directly to the employee.<sup>19</sup>

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16 ALP Policy document - Skilling Australia for the future : P3

17 Catholic Social Services - A Job Network for Job seekers: P16

18 ALP Policy document - Skilling Australia for the future: PP 2 -10 inclusive, cites that 200,000 skilled workers are required by the Australian economy in the next five years.

19 DEST guidelines for the Australian Apprenticeship Access programme highlight that financial incentives of up to \$150 per week for 1st and 2nd year apprentices aged 30 and over may be made to the employee or employer, dependant on the award.

The Salvation Army Employment encourages the Minister to remove many of the overt disincentives to training that permeate the current contract. The Salvation Army Employment Plus recognises that training placements frequently add value to competitiveness, particularly when based on Skills in Demand criteria or employer inputs. To this effect TSAEP support the reintroduction of performance weighting for Job Network members who promote their jobseekers into training (Certificate 3 as a minimum standard) and subsequently place them into sustainable employment outcomes. We also encourage the Minister to review the inequities that currently exist between Work for the Dole participants (who generally don't receive accredited training but receive financial assistance) and those who are undertaking approved and accredited short courses with registered training organisations (who receive no assistance at all).

**Recommendations:**

- 23.** *Give Job Network member's the capacity to draw flexibly on funds and financial resources which demonstrate provision of more effective pre-vocational and life skills training.*
- 24.** *Provide stronger incentives to Job Network Member's and bonuses to Australian Apprenticeship Programme providers for the successful placement and support of Highly disadvantaged or mature aged jobseekers in traineeships and apprenticeships.*
- 25.** *Review 1st and 2nd year apprentice wages, ensuring that top up payments are directed to mature aged employees so as to create an incentive to complete training and skilling. TSAEP would welcome the opportunity to expand on its view that Higher Education Contribution Scheme (HECS) style advances could be repaid progressively once the individual has completed an apprenticeship and is earning a full wage. This will assist and encourage mature aged jobseekers to access apprenticeships and enable the Government to focus on particular skill shortages.*
- 26.** *Provide performance rewards for providers who achieve linked training and outcomes, particularly in areas of identified skills shortage. Combinations that involve part time work and study need to be acknowledged and be given higher outcome status.*
- 27.** *Reintroduce basic allowances for individuals undertaking approved training courses.*
- 28.** *As per the NESAs recommendation, expand education and training outcome definitions for the Job Network to include accredited courses of one semester duration in areas of Skills shortage.*

- 29.** *Introduce access to provider funds to enable Work for the Dole participants to complete accredited modules whilst undertaking mutual obligation activity. If Work for the dole is incorporated into a "one stop shop" the program will be far easier to administer and more rewarding for all stakeholders. Whilst the Brotherhood of St Lawrence and the Salvation Army currently provide a form of Intermediate labour market programs TSAEP believes that there are significant opportunities to partner with the TAFE and the university system. Such partnerships could provide realistic work experience in virtual or actual workplaces, as well as accredited training and upskilling. TSAEP is currently in the early phases of establishing such a program, having developed links with a university in Victoria.*

## **ISSUE 5: JOB SEEKERS RECEIVE APPROPRIATE TRAINING.**

Beyond addressing the disincentives inherent in the current service model (both financial and performance) The Salvation Army Employment Plus recognise that training serves a range of purposes that are often outside the scope of formal curricula. Many jobseekers fail to adapt to the workplace due to poor socialisation or the need to practice and harden work skills in situ. To this extent, TSAEP propose that the government not only encourage providers to develop broader training options internally for candidates, but consider the development of industry partnerships with TAFE, giving access to accredited trainers and assessors.

Many experts assert that the place and train model<sup>20</sup> is effective for many people with a disability or social challenges. The Job Network currently lacks capacity to provide workplace supports except through one off, short term interventions for eligible jobseekers. To this extent, TSAEP reiterate the proposal posed earlier in this paper, that resources currently quarantined within Centrelink, the Vocational Rehabilitation system and Assessment system, be deployed into roles which provide front line intervention, counselling and adjustment within the workplace.

In terms of job placement and advancement, we encourage the government to limit the expenditure providers can spend on wage subsidy (particularly in low skilled positions), with the proviso that a higher rate can be paid where there is demonstrable evidence of skills training and acquisition. This should be established through a Certified Workplace trainer and assessor. Whilst this point is at odds with other assertions about the deregulation of process within this paper, TSAEP have always maintained that skills development should be at the centre of every assisted placement strategy, particularly where taxpayer dollars are being spent.

Unpaid work experience is an area that needs significant reform at the State and Commonwealth level. The current system needs streamlining and simplification so that employers and providers are more prepared to invest in a program that can build social and behavioural skills in disadvantaged candidates, particularly those who lack confidence or have unrealistic expectations.

### **Recommendations:**

- 30.** *The next Employment Services Contract should reward providers who develop and employ practices to assist in the training and support of disadvantaged candidates within the workplace: e.g. Assessors and trainers as value adding services to industry.*
- 31.** *Positioning of Occupational Psychologists, accredited health and assessment staff into the Job Network to greatly improve assessment and support for the most highly disadvantaged jobseekers. (See recommendation 14)*
- 32.** *Review Wage Subsidy guidelines, ensuring that employers are investing in training and skills components that result in ongoing employment.*
- 33.** *Review and simplify the current work experience guidelines. This will encourage greater participation from employers, jobseekers and Job Network members.*

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20 R Flynn and R Lemay - A quarter century of Normalisation and Social role Valorization.

**ISSUE 6: PERFORMANCE MANAGEMENT PRINCIPLES (INCLUDING STAR RATINGS AND BUSINESS REALLOCATION) THAT SUPPORT SUSTAINABLE OUTCOMES AND PROMOTE QUALITY SERVICE DELIVERY.**

The Salvation Army Employment Plus readily endorses the government's policy commitment to ensure that no Australian is excluded from taking advantage of the opportunities that our economy and broader society can offer. In our view, this necessitates a complete rethink of the current star ratings, regression model and service ranking system that drives a focus inconsistent with the principle of sustaining and enhancing the employment skills base to meet the ever changing landscape of the workplace and broader economy.

The challenge of social inclusion and service quality cannot be met by a system that continues to be compromised by a fixation on timeliness of placement, throughputs, administration and manipulation of mathematical formulae. In essence, the current system and performance management process values some jobseekers more than others because of their allowance type or value to the business bottom line, rather than their value as human beings who can make a valid contribution to our society and economy. In our view, the key challenge for the Minister is the simple question as to whether the Job Network exists to act as a placement and referral network for all Australians, or whether it's priority should be to concentrate more on the most disadvantaged in real terms. Under the current funding formula it clearly cannot do both. Matthew Thomas<sup>21</sup> quite rightly suggests that the Job Network should no longer be "understood as a system concerned first and foremost with employment outcomes, given the changing nature of its clientele. Instead, the Job Network may need to be thought of as an enabling system, not just for jobseekers but also for employers, tax payers and the nation as a whole".

It is our view that the current milestone, business reallocation and performance model is not helping the government to build meaningful and sustainable capacity within disadvantaged communities, nor is it addressing chronic social and economic exclusion within our society at large. Building of trust, resources and business partnership takes time, innovation and long term investment. Analogous to other fields with three year terms, the current performance model promotes provider behaviour that is all about maintenance of business share and survival in the short term. This needs to be addressed through longer contract periods and more holistic performance benchmarks that include capacity building objectives and targets.

The Salvation Army Employment Plus acknowledges that reform of the current payment/reward system and alignment of performance and management principles is an enormous challenge. In principle, The Salvation Army Employment Plus endorses the views expressed by Catholic Social Services Australia who state explicitly that "the most disadvantaged jobseekers should have first call on, and ongoing access to services that address their needs fully."<sup>22</sup> The difficulty as we see it is simply this. The current model cannot simply be re-weighted or adjusted to encompass the challenge that the social inclusion agenda sets. Having expressed this view, we do feel that the following points are worth highlighting.

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21 Matthew Thomas - A review of developments in the Job Network - Social Policy Section, Parliament of Australia. P33.

22 Catholic Social Services Australia – Discussion Paper: A Job Network for Job Seekers. P57.

The Salvation Army Employment Plus proposes that radical reform is required at the front end of the service delivery model. Our concern is that the Job Network is universally compromised by the unnecessary administrative and service burdens (including Vocational Profile creation and registration tasks) that automatically follow new allowance recipients. It must be remembered that all of these allowance recipients (0 to 3 month duration) also need to report their job search activity to Centrelink. By making connection with a Job Network member voluntary during this period, Job Network members could adjust delivery strategies and free resources to encompass a broader group of unemployed jobseekers, including non allowance recipients, highly disadvantaged and those deemed “at risk”. The current system’s “double handling” of allowance recipients at the front end is a bureaucratic impost that requires serious reconsideration.

The building of a “one stop shop” will reduce inefficiencies that permeate service delivery to the most disadvantaged in our community. To this extent we also accept that outcome payments for the Highly Disadvantaged need review, consistent with some of the recommendations within the Catholic Social Services paper<sup>23</sup>. We would also see merit in specific purpose funding being allocated based on the research highlighted earlier within this response<sup>24</sup>. The new model needs to benchmark performance outcomes for the highly disadvantaged and acknowledge that a realistic outcome for certain individuals may not be a regular paid place in employment. In terms of a more sophisticated case management approach, The Salvation Army Employment Plus proposes that bonuses/rewards be paid to services that succeed in placing and sustaining disadvantaged job seekers over trajectories up to 52 weeks. We also propose that services achieve rewards and recognition for achieving secondary social/economic outcomes for the severely disadvantaged.

#### **Recommendations:**

- 34.** *Reform the 0-3 month gateway by making compliance wholly a Centrelink responsibility, with the exception of Highly Disadvantaged and Early Intervention Job Seekers. This will ensure that services currently within the Job Network are able to focus resources on the most disadvantaged jobseekers.*
- 35.** *Review the commenced to placed (timeliness) benchmark and increase weighting (financial and performance) for Highly Disadvantaged outcomes.*
- 36.** *Build secondary outcomes for the most disadvantaged jobseekers (Social inclusion benchmarks that are pre vocational).*
- 37.** *Incorporate the plethora of existing small programmes into the one service model – e.g. Personal Support Program, Job Placement Employment and Training, Work for the Dole etc.*
- 38.** *Curtail 6 month milestones and build longer term performance benchmarks for the industry based on local community needs to ensure sustained capacity within Labour markets.*

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23 op cit , P59.

24 Professor Tony Vinson - Dropping off the edge: The distribution of disadvantage in Australia.

## **ISSUE 7: THE MINIMISATION OF TIME AND MONEY SPENT ON ADMINISTRATION.**

The Salvation Army Employment Plus asserts that jobseeker service outcomes and tailored delivery should drive our business. We therefore acknowledge and support the views espoused by the industry peak body, in encouraging and promoting significant reform in the area of administration, particularly those functions that are not driving productivity or performance.

In broad terms, The Salvation Army Employment Plus concurs with the analysis provided to NESAS<sup>25</sup> by independent chartered accountants William Buck. This analysis clearly demonstrates the burden imposed on Job Network members through the current contractual service requirements. The administration driven by prescribed transactions is without doubt excessive, and continues to distract services from the primary purpose of customer service and care.

In a recent teleconference, TSAEP staff identified the following aspects as burdens which are repetitive and unnecessary. These include:

- The parallel requirement of completing 3 X 3 work preparation schedules and Activity agreements;
- The level of justification required to claim Job Search training fees – including the monitoring of all the off site components;
- Micro management of the Jobseeker Account by the department including transactions of less than \$5;
- Participation reporting collection of evidence (particularly where Centrelink reject the report and fail to provide adequate feedback);
- Manual processing of Job Capacity Assessments and pedantic exit processes, this being particularly relevant where candidates are satisfying their Centrelink activity requirements but have no intent of working in the short to medium term. To this affect one Manager is quoted reporting that their greatest frustration was “managing the Centrelink parking lot”; and
- Entry of information on the system for auto matching of jobseekers to vacancies. This has had little or no impact on employment outcomes.

Other issues relate to inefficiencies that are built into the technological interface and Job Seeker servicing. These include poor information exchange between providers and departments - meaning that consultants frequently need to ring other agencies or third parties to gain essential information, and lack capacity to collect information in summary form via criteria searches. In the latter case, this results in the end user having to scan numerous screens to compile the information profile they need to service the jobseeker.

TSAEP Managers and consultants feel that better fail safes need to be built into the system to support on line assessments (eg. Jobseeker Classification Instrument) and that the department should look at ways of eliminating the workloads associated with booking diary appointments (which takes up to 15 key strokes) and issuing of Job Seeker ID's. TSAEP agree with the view that broader industry consultation is required to move IT away from a system that drives operations to one that supports them.

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25 NESAS - Meeting Australia's Economic and Social Inclusion Objectives through Improved Workforce Participation: pages 19-20.

The comments cited above are largely in line with the industry wide findings of NESAs<sup>26</sup> which suggest that staff hours spent on administration have been consistently climbing. Of particular concern is the fact that increases in time spent on Jobseeker Account administration and Participation Reporting clearly detract from the front line servicing of Job Seekers.

Finally, The Salvation Army Employment Plus agrees with the NESAs assertion that universal quality assurance principles need to drive the contract advice and support given to providers by the department. These principles should be built on a standard information and policy framework with the net result being the provision of consistent, objective and timely advice to all providers.

### **Recommendations:**

- 39.** *Reduce the complexity, transactional and prescriptive nature of the current Employment Services contract arrangements. Specific examples are cited in the text above.*
- 40.** *Focus of Quality Assurance and Contract management should shift to a risk management model that focuses primarily on attainment of performance benchmarks and moves away from transactional monitoring and analysis.*
- 41.** *Clarify the expectations of providers to prevent surreptitious “service creep” and devolution of Centrelink administrative functions to Job Network providers.*
- 42.** *Review IT systems with an “end user” perspective at the fore. The department must engage user trials and be more transparent during the systems development process. TSAEP also request that a service efficiency dividend (and dollar savings) be built in as a Key Performance Indicators for systems developers.*
- 43.** *Contract advice should be formalised and centralised, to ensure that providers are given consistent and timely advice.*

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<sup>26</sup> op cit.

## SUMMARY

In concluding our feedback to the Minister, The Salvation Army Employment Plus believes the actions outlined below will ultimately provide a better, more cost efficient and affective service to jobseekers, employers and the government as purchaser of services.

- 1. Consolidate delivery of services:** Whilst achieving significant results in reducing levels of unemployment, fragmentation of services within the Job Network and DEEWR has resulted in the many disadvantaged being discarded or overlooked by the system. It is our strong view that consolidation of services and programs must occur to address the needs of all Australians who are actively seeking work. We welcome the opportunity to contribute to the Social Inclusion agenda of the Rudd Labor government and reaffirm our view that the expansion of existing programs within the current model would fall well short of the significant reform required to make the Job Network effective.
- 2. Create front line professional support:** The Salvation Army Employment Plus believes that the essential prerequisite of Social Inclusion is Social progression. We also believe that the proliferation of assessment professionals within some areas of the public service bureaucracy has become a fundamental impediment to effective service delivery within the Job Network and Disability Services sector. We assert that these resources could best be utilised in direct service roles that provide effective support, training and intervention to job seekers who are highly disadvantaged and are serviced by the Job Network. This proposal would deliver an efficiency dividend and improved breadth of services to employers, industry and ultimately the economy.
- 3. Rationalise the number of providers:** The Salvation Army Employment Plus believes that a reduction in the number of providers and consolidation of services within ESA's will result in better collaboration, communication and the re-establishment of corporate/social/government partnership. Proliferation of providers within some ESA's has resulted in the inability of government and industry to effectively engage in partnership at any serious level, largely due to the fact that the negotiations frequently need to accommodate small stakeholders with disparate interests.
- 4. Focus on sustainability and capacity building:** In our view, the current competitive model encourages providers to focus on short term business outcomes and manipulation of process to drive results. We strongly favour a model that promotes community capacity building and achievement of outcomes over a 3 to 5 year trajectory. Such a contract would be driven by quality benchmarks and outcomes which ensure that the most disadvantaged are given both a voice and longitudinal value within our workforce and society.
- 5. Move from transactions to benchmarks:** The liberation of providers from the administrative and transactional imposts posed by the current contract is essential. Providers should be given the capacity to address barriers in a way that is individually tailored and unrestricted by departmental bureaucracy. The Jobseeker Account should be downsized to 50% of current levels or eliminated as a quarantined fund to ensure that services have better business

management capacity and flexibility. This will also provide the department with substantial cost savings.

- 6. Early intervention and credible assessment:** The Salvation Army Employment Plus strongly supports the view that the current Jobseeker Screening/Job Capacity Assessment process is failing to recognise and expedite service delivery to many disadvantaged Australians. We believe that transition and early intervention strategies are needed to address and rectify the chronic social problems that typify our most disadvantaged communities. We support the building of a new assessment instrument or identifiers to determine assistance levels and pathways into employment
- 7. Embrace social progression and participation:** The Salvation Army Employment Plus support the broadening of performance measurement criteria (to include measures of social progression) and actively support the government's commitment to building better training and skills pathways for unemployed Australians. In brief The Salvation Army Employment Plus believes a series of incentives to employers; jobseekers and employees will increase both the participation rate and skill enhancements. This proposal could include incentives such as::

  - Employers' receiving a tax benefit for placing employees in courses that increase their skill level (min Cert 4). They would claim the benefit as a legitimate business cost. The amount could vary according to the profile of the candidate/employee and be dependant upon the training mirroring the Governments list of skill shortages at the time of enrolment. The Government can update this list on a regular basis to ensure that assistance to Job Seekers relates directly to skills in demand. This approach also supports career transition as employees change their work life priorities and industry needs evolve.
  - Employees who take up skill training without employer assistance may have the cost of the course refunded on completion of the course, or via tax relief over an extended period of time e.g. 5 years after course completed.
  - Employers who engage a Highly disadvantaged, Long Term Unemployed jobseeker and retain that job seeker for 3 years would be eligible to claim a one off tax bonus for each worker that reaches 3 years service. We suggest a \$10k tax break per each eligible employee.
  - Long term unemployed with Highly Disadvantaged status employees that remain in continuous employment for 3 years would be able to claim a one off tax bonus in their income tax through the form of a \$10k tax break.
- 8. Reduce bureaucracy and administration:** The Salvation Army Employment Plus encourage the Minister to review the impost currently imposed by the government bureaucracy on providers (including compulsory service of all allowance recipient Job seekers of less than 3 months duration) and consider liberalising entry and outcome criteria for unemployed non allowance recipients, who often face equally pressing social and economic challenges. We also encourage the Minister to review the areas of "service creep" identified within this response, and tasks that add little value to the current system such as Vocational profile creation and "auto matching".

- 9. Reform IT processes:** The Salvation Army Employment Plus encourages the Minister to review the efficacy and usability of current IT processes and systems. We suggest that regular industry forums, usability trials and efficiency dividend to the Job Network be embedded within in future IT provider performance measures. Possible Outsourcing of IT capacity should be considered to save costs and build usability.
- 10. Future Employment Service:** Contracts should have a dispute mechanism inbuilt to afford protection of investment for both Government and Service Providers.
- 11. Mechanism for Increasing Service fees to Providers during the term of the Contract (recommendation earlier of 5 years):** Increased servicing costs, including salary, leasing, general administration costs and additional DEEWR Jobseeker requirements have not been adequately compensated over many years, raising concerns about financial viability and ROI for many providers. An analysis that considers actual operational costs and inflation should be provided to industry for comment, and built into forward planning and tendering specifications.

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