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

Sent via email: MinisterEmploymentParticipation@deewr.gov.au

Dear Minister

Thank you for your letter inviting submissions on the future directions of employment services.

As you will be aware, Bridgeworks Employment and Training (Bridgeworks) has been a Community Work Coordinator (CWC) provider for the past 6 years. Bridgeworks currently holds CWC contracts in five of the seven Employment Service Areas (ESA) in the Brisbane Labour Market Region (LMR) with an average market share of 35%.

Bridgeworks is also a STEP ERS provider in two ESAs in the Brisbane LMR.

As the STEP ERS program is relatively new, my comments and suggestions will be limited to Bridgeworks' views on the effectiveness of CWC services in particular and some further general suggestions in relation to employment services overall.

Effectiveness of CWC Services

Particularly in recent times, our experience is that CWC services do impact positively on the ability of long-term unemployed jobseekers to gain employment. The work experience gained in community organisations provides transferable skills to and instils a work culture in a majority of unemployed people.

What has become very obvious is that highly disadvantaged jobseekers have a range of vocational and social barriers that are not addressed by CWC services or any other employment service in isolation.

What has also become very clear is that the performance management framework and administration processes governing the activities of CWCs are overly onerous and detract from the ability of CWCs to monitor their own performance.

Better Integration of Services

The current employment services framework restricts the ability of providers to offer integrated, parallel services to jobseekers. At present, once jobseekers are referred to a CWC, they spend up to six months in a Work for the Dole (WFD) activity. Similarly, jobseekers referred to a PSP program are locked in for up to two years.

Bridgeworks submits that, given the range of barriers of highly disadvantaged jobseekers, a more effective model would be to engage people in a number of

activities that simultaneously address the full range of issues and apply a more strenuous case management approach to support the jobseeker through this.

Performance Management Framework

Issue

According to the *Community Work Coordinator A Guide to Star Ratings and Performance Information*, the CWC Star Rating System was developed to provide a systematic, fair and robust method of comparing the performance of CWCs in meeting their programme objectives and contracted performance requirements.

Bridgeworks has been advised by DEEWR that the regression model used to calculate Star Ratings applies a range of co-efficients relating to job seeker characteristics and labour market conditions in each ESA however, DEEWR have so far refused to tell us what those co-efficients are.

The only data a CWC has to monitor performance is the Health Checks supplied by DEEWR on an irregular basis and the CWC's own monitoring process of the day to day operations of the site. DEEWR further advised in writing that, "*(t)he bottom line is there is no easy way of foreseeing a stars outcome based on health check figures..... The regression factors built into the stars calculation impact heavily on the raw performance inputs to provide the final stars outcomes.*"

Based on this advice from DEEWR it is therefore impossible for CWCs to accurately monitor performance during the course of any given performance period. The only conclusion that can be drawn is that Star Ratings are used solely to sanction providers – as they cannot be used to improve performance. This conclusion is given further weight by DEEWR's use of the "bell curve" to rank providers which means that in any performance period, 20% of providers must fail.

Further, a number of KPIs are outside of the control of CWCs. A clear example is Utilisation of places where a CWC cannot force a participant to attend a WFD activity or refuse to release a participant to commence work. In healthy labour market like Southeast Queensland, a major reason for early exits is due to an employment outcome.

Instead of CWCs being rewarded for achieve an employment outcome, which is the case for other employment service providers, it is considered to be poor performance.

Suggestions

Bridgeworks suggests that the Minister considers the following:

- Release information to CWCs in relation to the co-efficients used to arrive at Star Ratings and therefore enable CWCs to effectively monitor their own performance;
- In the assessment of CWC performance, implement a KPI based on employment outcomes; and
- Adjust the current KPIs to reflect the control that CWCs have over outcomes associated with each.

Administration

Issues

The administration of CWC services has become more time intensive through each successive contract. The major impact has been the introduction of timesheets to support the implementation of Training Credits.

To illustrate, for a given caseload of 100 participants it takes, on average, on e person two days per week to administer timesheets. The take up of Training Credits is so low (5% nationally) that the additional administration cannot be justified.

The other example is the evidence CWCs are required to supply to show that skills in demand are being met. Each activity application must demonstrate that at least 20% relates to skills in demand to be approved so the additional evidence requirements are redundant.

Suggestions

Suggestions to address this include:

- Replace Training Credits with a mandatory skills training component for jobseekers in all activities that relate to local skills needs industries and occupations.
- The above would alleviate the need for additional evidence requirement in relation to skills in demand.

Financial

Issues

Related to the above administration issues is the CWC payment model whereby 100% of the CWC Service Fee is based on completed places.

In a tight labour market, CWCs have little control over completed places and utilisation.

A great deal of administrative work occurs before jobseekers commence a WFD activity and in many cases the job seeker exits prior to commencement due to an employment outcome. Providers therefore do not receive any funding for Initial Interviews, negotiation of Activity Agreements etc.

The Work Experience Funding (WEF) available to Sponsor organisation to manage WFD activities has not been increased since the introduction of GST. The increase was made only to cover the GST. Sponsors are still receiving the same WEF as in January 2000 despite the higher business costs (ie insurance) associated with running community organisations such as sporting clubs etc.

Suggestion

- Payments should be split between a CWC Service Fee and a separate fee paid for every initial interview as is the case with Job Network; and
- Increase the CWC & WEF rates to at least match the CPI increases to date.

Thank you for the opportunity to provide feedback and suggestions to the review of employment services and I wish you and your colleagues all the best for your first year in government.

Yours sincerely,

Original signed by

Graham Gibbons
Managing Director