



18 February 2008

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

## **REVIEW OF EMPLOYMENT SERVICES**

Dear Minister

Thank you for your recent request for suggestions on how the Federal Government will achieve its objectives as outlined in the Government's Social Inclusion and Skills policies, especially focusing on the increasingly complex needs of the long term unemployed.

On the 14th June 2007 our office responded to the previous call for feedback on "future opportunities and challenges of employment services post 30 June 2009". Our feedback was based on the combined experience of members of the Australian Rehabilitation Providers Association (ARPA). In this new era, under your government, we especially appreciate this further opportunity to engage in the review of employment services.

### **1. BACKGROUND**

The Commonwealth Rehabilitation Service (CRS, now *CRS Australia*) was created out of the Post War Reconstruction Act to provide the qualified medical and allied health professional services (especially Physiotherapy, Occupational Therapy, Speech Therapy and Vocational Counselling) for wounded veterans. Over the 40 years the CRS became the key service provider for the Commonwealth Employment Service for workers with disabilities. In 1986 the then Minister of Health and Community Services (Senator Dr Don Grimes) re-structured and regionalised the previously hospital based rehabilitation services. In doing so Senator Grimes virtually created an industry of private rehabilitation providers.

With the growth of the rehabilitation industry and the worker's compensation agencies came the development of the Australian Rehabilitation Providers Association. ARPA is a voluntary non-profit organisation, forming the national peak body representing the great majority and the diversity of interests of the agencies of the Vocational Rehabilitation Service Providers in Australia. We have a national membership of approximately 150 member organisations of varying size (from single professional rehabilitation practices, to national networks of multi-disciplinary providers), in turn representing of the order of 1,400 FTE Rehabilitation Consultants. We were initially formed as a federation of state based professional associations in response to

the worker's compensation agencies. Now as a national peak body we are leading in assisting with key industry reforms across the country that will benefit not only the rehabilitation industry but also employment participation, especially where those unemployed have complex needs (including injury).

ARPA's private providers have maintained a good relationship with all relevant government agencies, as we are intent upon serving the rehabilitation industry and developing professional practice of our multi-disciplinary casework teams, rather than any particular private interests. Indeed the CRS Australia has been an active sponsor of our national conferences, as it is for the 2008 National Conference on the Harbour in Sydney, entitled "Influencing Through Commitment and Teamwork", which will be opened by the NSW Health Minister, on Thursday 15<sup>th</sup> May {see <http://www.arpa.com.au/program.html>}.

As part of the development of our professional association, we recently appointed a Chief Executive Officer of ARPA National, **Dr Colin A. Sharp**. He and the members of our Council have many years of relevant experience and insights to offer this review process and are pleased to contribute to it. Indeed we have convened an *Employment Participation Sub-Committee* (Chaired by our former President, George Hallwood) to bring this expertise to a focus on the issues of the current review.

As the current National President it is my privilege to provide this response on behalf of ARPA members across the country, who are mainly involved with the worker's compensation administrations and as such experience significant differences in the state, federal and territory policy and legislative environments in which many of us have to contend with confusing, contradictory and sometimes seemingly capricious regimes. Nevertheless a significant number of our member organisations are more active in employment services through employment transitions programs and/or the job network.

With such a wide range of services represented, ARPA is in a strong position to provide relevant feedback for improvement of employment services, especially regarding the long-term and complex unemployed, or under-employed. Indeed our members have every incentive to make the system work better, as we are the main service providers with the relevant qualifications and skills in rehabilitation and employment transitions. In contributing we sincerely believe that your government has a unique opportunity to bring the disparate policies of the other governments to a resolution of some of the inconsistencies in the rehabilitation and worker's compensation industry and their relationship to the employment services and the Job Network.

## **2. RESPONSE TO ISSUES RAISED IN THIS REVIEW**

Appendix A provides a summary of our members' responses to your questions. We would be pleased to provide further information or clarification as appropriate.

## **3. CONTINUOUS IMPROVEMENT: REFERENCE GROUP**

In the spirit of continuous improvement which underlies your current review, we would request an opportunity to form and/or contribute to a Reference Group on these matters which could assist your Department in refining the policies and processes which so many stakeholders would wish to be improved. As we already have an *Employment Participation Sub-Committee* which has canvassed our members we would be well placed to provide an initial forum for such a Reference Group.

We look forward to discussing these issues in person with you when we meet on Tuesday, 26 February at 9.30am. Attending that meeting will be myself as National President and our National Council CEO, Dr Colin Sharp.

Our aims for that meeting are to:

- Explain how ARPA's network and professional expertise may assist the Minister as the peak organisation for employment participation for the complex and long-term job network client needs and for services to maintain productivity among an ageing population in the workplace;
- Open a dialogue so that we may further develop our understanding of the Government's Agenda in these and other areas relevant to our Members.
- Introduce ARPA's CEO and Executive members so that this dialogue will have a continuity of representation for our members, and ease of communication for you and your Department.

Indeed, we suggest that a meeting with similar aims to those above might be organised with *Lisa Paul*, Secretary of the Department of Education, Employment and Workplace Relations.

Thank you again for the opportunity to contribute to this important review.

Yours sincerely

For *Rob Gordon*  
**President**  
**ARPA National**

Enclosures

Cc- DEEWR:  
- Russell Murray

## **APPENDIX A: RESPONSE TO ISSUES RAISED IN THIS REVIEW**

In specific reference to your questions, we would like to provide the following suggestions:

### **A. How to ensure early interventions minimise the number of long-term welfare dependent Australians of working age (including a review of the Job Seeker Classification Instrument)?**

There have been previous attempts to review the JSCI instrument. The main focus has been to find one assessment tool. Efforts to identify one assessment tool may not lead to providing the best solution to identifying whether the nominated job seeker group are identified correctly. There are examples of job seekers that do not appear to be correctly identified as highly disadvantaged.

There perhaps needs to be a system of assessing the job seeker group (JSA's) in combination with using a tool like the JSCI. Many job seekers in this target group do not accurately answer questions posed by the JSCI tool.

Changes that would assist job seekers into more sustainable employment include

- Provision of information about employment services options to potential job seekers
- Provision of child care facilities, both short and long term, to assist job seekers who have young children.
- Assistance with accessing available transport based on what is available in any particular ESA.

### **B. How to ensure employment services are relevant to the circumstances and needs of the job seeker.**

The relevance of the service provision is related directly to the results of the Job Capacity Assessment (JCA). Many of our members have indicated that the referral to the appropriate PAGES is (due to the current JCA report structure) related to what the job seeker is eligible to enter, not necessarily what is needed. For example, many job seekers with high needs are most appropriate for DEN but the JCA assessor is unable to refer them to this service as their condition is not fully treated. As a result they are referred to the Job Network who does not have the necessary resources.

This could be improved by correct streaming of job seekers to Job Network, DENS, VRS and programmes like PSP. This leads back to correct assessment at the initial stages. This needs to be supported by additional available places in programmes like PSP and VRS. There is a large wait list to access a place in the PSP programme. Equally Fixed Places in the VRS programme for existing VRS providers are capped at specified levels. The Government policy seems to indicate additional access to training programmes as a precursor or supplement to a relevant employment service. We would support interventions in this area. There is also a need to ensure increased places are available in programmes to eliminate wait lists.

While it is understood that there are some current services that fit into more than one category, and that PAGES are able to deliver services across the range of programs, the following table (see Table 1) arranges the current DEEWR and other services into three broad categories based on the clients needs.

TABLE 1: Range of Services required in the Employment Support Continuum

	<b>COMPLEX NEEDS MANAGEMENT</b>	<b>TRANSITION TO EMPLOYMENT</b>	<b>EMPLOYMENT PLACEMENT SERVICES</b>
<i>Service focus</i>	Preparation for employment programs	Supported job placement based on special physical, psychological or social needs	Job Placement
<i>Delivery skills</i>	Counselling, Allied Health, Support Workers, Retraining	Counselling, Retraining, Allied Health, Job Matching, Employment placement	Employment consulting, Training, Recruitment specialists
<i>Qualifications</i>	Specialist Professional degree and post-grad;  Carer Certificate	Allied Health Specialist Professional degree and post-grad;	Job/Employment Placement Certificate
<i>Current Programs</i>	Personal Support Programme Job Placement, Employment and Training Programme Business Services	Job Network Services (specialist) Vocational Rehabilitation Services Disability Employment Network (capped and uncapped) Job Capacity Assessments	Job Network Services (generalist) Job Access Job Placement Licences Structured Training and Employment Projects Harvest Labour New Enterprise Incentive Scheme Green Corps



**EMPLOYMENT SUPPORT CONTINUUM**

<i>COMPLEX NEEDS</i>	<i>SUPPORTED JOB READINESS</i>	<i>EMPLOYMENT PLACEMENT</i>
<i>Drug &amp; alcohol addiction; Homelessness; Mental health complications</i>	<i>Employment as a solution</i>	<i>Job ready</i>

Table 1 is a conceptual view which attempts to encompass the range of professional disciplines and skills that would be required to provide a sufficient framework for these complicated services. There is not one peak industry group that best represents each of the target areas, but more that the Government should seek to engage the best possible skill base for service delivery. ARPA represents the broadest base of service providers and includes the widest range of professional skill sets, which can provide an inclusive basis for further dialogue among the stakeholders.

**C. How to ensure job seekers with higher levels of disadvantage receive intensive assistance**

Some job seeker need to have access to other programmes like PSP and VRS to address barriers/issues to employment. The reliance of intensive assistance within the Job Network needs to be minimised and supported with complementary access to other programmes. (PSP and VRS) There is also a question of ensuring that those HD job seekers are again correctly assessed.

Disadvantaged job seekers will never achieve durable employment success without assessment and interventions to identify and address the individual and work related psychosocial factors that are barriers to disability self-management and work return.

Bio-psychosocial Rehabilitation is the integration of interventions targeting influential physical, psychological, social, cultural and work factors, into a return to work program. The multi-disciplinary allied health team employed by Rehabilitation Providers is the ideal vehicle to deliver Bio-psychosocial Rehabilitation, integrating the interventions that influence both the individual and the workplace in achievement of required work outcomes.

International evidence in work rehabilitation and pain management has confirmed the following facts supporting the critical role of Bio-psychosocial Rehabilitation in the achievement of successful work outcomes:

- Front-line rehabilitation professionals' ability to detect and intervene in psychosocial risk factors facilitates early improved return to work outcomes.
- Delays in recovery and return to work are more commonly a result of psychological and psychosocial factors than physical pathology.
- Research has clearly determined psychosocial risk factors for prolonged work disability including both those within the individual (perceptions, beliefs and attitudes) and those without the individual (work and social factors).
- Effective prevention of work disability requires development of cost-effective, multi-pronged approaches that concurrently target both worker-related and workplace psychosocial risk factors.
- A favourable recovery and return to work is most likely to be achieved through multi-disciplinary interventions with focus on restoration of function.
- "Explain Pain" education is based within the biopsychosocial model, it reduces the threat value of pain, gives a biological base to the psychological factors, and improves functional performance.
- Interventions which target working despite pain have the potential to significantly reduce lost productivity.

ARPA's concern is that jobseekers have varying levels of physical and psycho-social barriers to return to work and therefore the move away from service fees to results based funding places highly disadvantaged jobseekers at risk of poor quality service. Our argument is that results based funding is appropriate for some jobseekers but not all. Purchasers of vocational services for the disabled/injured/disadvantage job seeker should recognise that both types of funding – service fees and results based funding need to be utilised to accommodate varying job seeker needs and not apply a 'one size fits all' approach to funding.

At the very least, funding models should carefully balance service/milestone and outcomes fees to avoid unintended behaviours. Thus funding models should be more heavily weighted towards service/milestone fees for highly disadvantaged jobseekers.

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

ARPA, as one of the main provider networks in the country, has an interest in such initiatives, and as such we would be happy to support and assist in this system. In doing so we would

advise from our experience that it is necessary that such incentives should be easy to manage. For example, we would support a system similar to the existing training account (form of Job seeker account). However, in terms of the literature and our experience, a voucher system would be difficult to administer at the provider level. There is a case to offer a form of training incentive to employers who employ identified job seekers. In principle happy to support this approach as long as the administration of the system is considered.

A number of suggestions include:

- i) Involvement of large businesses to develop pathways back to employment. This needs to be in consultation with industry to ensure the training meets the needs of employers.
- ii) Development of training incentives to employers who have identified job seekers.
- iii) The utilisation of the Job Seeker Account format for training to be utilised for job seekers across all PAGES programs.
- iv) Triaging of 'high risk' school leavers and placing them into appropriate PAGES programs to ensure the transition from school to employment is seamless.

**E. How to ensure job seekers with higher levels of disadvantage receive intensive assistance.**

Some of our members utilise a job seeker account to provide training options for job seekers. We would be keen for this to continue. Based on our experience and understanding of the diversity of regional economic and employment circumstances ARPA would support efforts to increase training options for job seekers in labour market shortage areas.

- i) The assessment (JCA) process needs to be modified to ensure that job seekers are placed in services that match their needs, not what they are eligible for. Operationally this will result in a greater number of places in PSP and VRS.
- ii) A reduction in the reliance of intensive assistance within the Job Network. The Job Network needs to be supported with complementary access to other programmes such as PSP and VRS.
- iii) Of those who are socially excluded and disadvantaged, a large proportion have psycho-social barriers to employment. The research is strong in the success of this cohort relies on referral to health professionals in a multi-disciplinary setting. This model requires intensive assistance over a long period of time and therefore the funding model needs to carefully balance service/milestone and outcome fees to ensure best practice intervention.

**F. How to ensure that performance management principles support sustainable outcomes and promote quality service delivery.**

The STAR rating system needs to be retained in its current form and with outcomes as the sole measure of performance. Moves to introduce participation measures and advanced concessions for designated job seekers should not be considered. We believe the current regression model adequately deals with this issue. The business reallocation system is good one - it provides

incentive for high performance. Where it has fallen has been in demonstrating transparency to providers as to how decisions have been derived (particularly in situations where reallocation has not occurred to the highest performing provider). In the past there have been delays passing on reallocations to providers making business and service planning difficult for providers.

An allied point - the market place for Job Network appears at this time to be thwart with excess providers relative to available job seeker to service. Most providers are reporting flow issues. As a result many Job Network providers are facing financial viability issues which could in part be addressed by further business reallocation or removal of very poor performers.

ARPA support the continued utilisation of the STAR rating system. However, improved transparency is required for rationale of decisions, particularly reallocation of market share.

#### **G. How to ensure the minimisation of time and money on administration.**

ARPA strongly support this principle. It is imperative that the system focuses on achieving key performance indicators.

It is important that the Government recognises that the minimisation of time and money on administration can be captured a number of ways. Internally, for providers, there is currently a requirement for significant reporting for financial accountability, quality of work, use of the job seeker account, file audit, gathering of measurement data, etc. Whilst it is clearly understood that these activities are essential, a far more simplified and less administratively onerous system should be developed which captures exception reporting rather than continuous reporting.

In addition, the roll up of programme delivery as recommended in our submission could reduce the number of contract managers, measurement criteria and audit required both within the Department and within providers. The tracking, monitoring and audit undertaken by the Department staff is currently significant and, when multiplied across programmes and organisations, this exponentially increases (unnecessarily).

We believe there are significant opportunities for saving on time and money in these areas, yet still be in a position to maintain high quality programme delivery and performance audit.

However, we would not support the cost shifting towards providers bearing more administrative costs from the JSKA.

For example, the expansive KP3 quality assurance monitoring system has been tracking 39 different indicators. This has been onerous in terms of focus on gathering measurement data and cumbersome in reporting. Providers are feeding back that they need to employ additional staff and systems to support a system without clear direction or reason.