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To: the Director - Employment Services Beyond June 2015

E-focus is not-for-profit employment and vocational training service provider with 37 years' experience supporting the needs of disadvantaged people in our community. We welcome the opportunity to provide input into the Building on Success review - Employment services beyond 2015.

This submission is based on two main sources of knowledge about the employment services system. The **first source** is the consolidated experience of E-focus a not-for-profit employment and training services provider. Our senior management comprise personnel who have strong organisational management credentials and who have practical and academic knowledge the Australian employment services system.

The **second source** is a focus group we undertook in February 2013 with highly disadvantaged residents of West Heidelberg. The focus group has provided us with unique insight into their perceptions of the system which adds to the body of material collected by other researchers in the field.

In our submission we draw attention to a number of inconsistencies in the current employment services model; the most significant of these being the stifling of the capacity of front line workers to assist people into employment, particularly those furthestmost from the labour market.

These blockages in the system are the result of much tinkering and adjustment of the system generally in response to changing circumstances or shifts in the machinery of government. One of the effects of these adjustments is the overload of requirements on frontline workers.

Paradoxically, job seekers report a lack of empathy and support while value driven and committed frontline workers complain of the lack of time to attend to job seeker needs. A recent study of 850 JSA employment consultants unanimously listed lack of time (and high caseloads) as their number one concern.

We ask that the government avoid more tinkering of the system particularly if this results in more rules and regulations and instead seeks to bring about real structural change and free up the system to better assist unemployed Australians.

Yours sincerely

George Giuliani
CEO E-focus

Discussion paper question: How can we ensure that individual job seekers from all backgrounds and levels of disadvantage get the services that best meet their needs?

Based on our analysis we suggest there are three areas where the current employment services system could be improved. The areas we focus on in this submission are:

- Job seeker assessment
- Job Seeker case management
- Labour market pathways for highly disadvantaged job seekers

Better assessment

We note that motivational and vocational assessments undertaken early in the period of service ensure that job seekers are provided with interventions that are appropriate and effective.

While we understand the JSCI is currently an efficient indicator of risk as it applies to the large volume to Centrelink claims, for those who will not exit income support quickly (i.e. longer than 3 months), additional assessment processes should be implemented.

In the first 12 months of service in Streams 1 and 2, we suggest the ESS IT system use flags to identify people who are failing to report income to Centrelink to refer them to additional assessments.

At 3 monthly intervals, we suggest that job seekers should be reassessed, and at 6 months undertake a vocational and motivational assessment to identify barriers, after which the EPP and job seeker stream should be reviewed so that their barriers can be addressed with appropriate interventions.

We believe these ongoing assessments should be undertaken by providers as part of a sustained case management approach for at risk job seekers, similar to those who were eligible for Intensive Assistance in Job Network ESC2 and ESC3.

Better Case management

We suggest that better identification of job seeker barriers through re-assessments will firstly help to identify those in need of intensive case management.

We believe the employment service system would be improved if the model were more conducive to enabling quality case management to occur. This is not simply a matter of mandating this as a requirement of future models, but of allowing for this culture of practice to develop and grow and to be reflected in the funding model.

We base this view of the need for better case management on research in the UK and Australia that has found resoundingly that the most powerful determinant of job seeker outcome, is the quality of the relationship, or working alliance between worker and job seeker (Hasluck and Green 2007), (Giuliani 2013).

Similarly Catty et al, (Catty2008) found that the quality of the therapeutic relationship predicted getting a job, and that building a relationship with the [client] is one of the key skills involved in vocational services, with a demonstrable effect on vocational outcome.

These cases and other research indicates that the working alliance must be underpinned by staff who are qualified and who understand case management practice.

The current system provides adverse conditions for this because it is predicated on there being a high volume of transactions which maintains a high level of activity and job seeker recycling particularly in Stream 1 and 2.

Although labour market conditions are often blamed for job seeker recycling, we believe this is in some cases a consequence of there being an ill-fit between the job seeker and the job. This is a result of pressures on job seekers and providers to place them into jobs quickly, without particular attention to either the preferences of the job seeker, the sustainability of the job match or position permanence.

E-focus Focus Group Quote:

It seems like it's not in their interest to get us jobs. And when they do, they only get us short term jobs so that they can keep their jobs.

We suggest that better investment in individual job seekers will help to prevent recycling and result in an overall reduction in the number of transactions in the system, and therefore a higher net investment available to each job seeker. Once they have obtained secure and sustainable employment, job seekers will no longer recycle through the system and resources can be diverted to assisting the most disadvantaged.

To prevent people becoming very long term unemployed (48 months+) we suggest that at the 48 month milestone they should undergo re-assessment, and re-enter Stream Services as Stream 3 or Stream 4 job seekers, rather than remain in Work Experience indefinitely.

Employment services staff – workforce issues

The quality of case management is ultimately a reflection of the quality of the employment service workforce. Workforce qualification and retention issues in the sector have been noted by many who work and undertake research in the sector. Over time it has become increasingly difficult for employment services providers to retain experienced staff and this has compounded the capacity of front line staff to work effectively with job seekers.

Recent research undertaken through a survey of 850 frontline staff showed that only 36% of the frontline workers had higher than Certificate IV qualifications and fewer than 5% had qualifications in social work or psychology. The research undertaken by Giuliani, also indicated that there was only a minor difference in the qualification level of those workers assisting very disadvantaged job seekers compared with workers providing assistance to job ready clients (Giuliani 2013). This research reinforces the message from other research that the skill level of the employment services workforce had continued to decline since the contracting out of employment services (Considine et al 2011).

We suggest the solution to current employment services workforce issues lies in two strategies to improve frontline worker satisfaction

- The first strategy is to improve working conditions by relaxing rules and allowing lower caseloads, higher levels of worker discretion and decision making
- The second strategy is to improve professional recognition of the employment service role through the introduction of a formal workforce planning and development strategy with portable and uniform position benchmarking and competency based progression pathway across the sector.

Better Engagement through Better Compliance

We believe that improvements to future employment services will be obtained by improving the quality of the relationship between job seekers with service providers. We suggest that adverse job seeker behaviour is often a consequence of misrecognition (McDonald and Marston 2008) and that punitive compliance approaches service only to reinforce the divisions between providers and clients, and are detrimental to self-efficacy. DEEWR's quarterly compliance data continues to show that youth and Indigenous people continue to be overrepresented, indicating the extent to which certain populations are at higher risk of systems disengagement than others.

Engagement will be improved if job seekers did not have so many reporting requirements, in which their experience as individuals needing social assistance become dehumanised, and where they have reported the sense of becoming second class citizens (Murphy et al 2010).

We are concerned to help design a system which can prevent long term unemployment which is known to cause serious long term health and social outcomes. The current compliance model is predicated on the assumption that the long term unemployed are so by choice. This is not supported by research undertaken both here and in the UK which indicates that only a small percentage of job seekers have poor work ethic (DEEWR 20002). We suspect that those with poor work ethic will find ways to opt out of the system no matter what controls are placed on them. Consequently we believe it is pointless to pursue policies to 'smoke them out' which are detrimental to others who are not abusing the system, or for whom poor self-esteem and motivation is the main cause of negative work orientations.

The existing compliance system is punitive and needs to evolve into a system where there is a better balance of rights and responsibilities. Further work is required on engagement strategies that focus on building a connection with job seekers rather than solely punitive responses to non-compliance. The rights of service users should be to expect services which are relevant to their needs, and resourced at a level that gives them access to real assistance.

Discussion paper question: What role can employment services play in breaking entrenched or intergenerational unemployment?

1. Intermediate labour market pathways for highly disadvantaged job seekers

We support the BSL's 2011 request for the development of a new integrated employment pathway for highly disadvantaged job seekers as an alternative approach to the current Work Experience (BSL Line of Sight 2011).

An employment services system that can accommodate *The Line of Sight strategy* needs to include options for intermediate labour market pathways, such as social enterprise and paid work experience in other supported employment contexts.

For highly disadvantaged job seekers the economy does not generate sufficient job placement, work experience or on-the-job training opportunities. Realising that the economy will not create work experience/job starts for people without recent work experience many employment service providers have invested considerable amounts from their reserves in the creation of work related social enterprise activities. Some of these received Jobs Fund start-up capital, yet since this money was not renewed some have not been sustainable. Social enterprise sustainability and viability is not often a result of the commercial effectiveness of the business, yet is reliant on a range of innovative cross-subsidising strategies including philanthropic and outcome/training fee sharing.

Recently outcome guidelines for DES were changed to prevent repeated job placement and outcomes in related business entities (including social enterprise). We suggest this amendment has resulted once again is the system providing disincentive to providers to engage in creative and innovative ways to find work experience models that work where the economy does not otherwise create these opportunities.

We suggest the employment services system be reviewed to encourage providers to invest in creating work experience and ILM models with open employment as an anticipated and eventual outcome from the jobs they provide. Models which provide 13 and 26 week outcomes should be encouraged, not discouraged as they have recently been in DES.

The popularity of wage subsidies has recently provided additional evidence that these are an effective tool to encourage employers to give LTUs job starts and we are interested to see the destinations of the job seekers who have been provided with these incentives. Given their benefits in providing job seekers with work experience, we nevertheless encourage continued budgetary allocation on wage subsidies for all disadvantaged job seekers.

2. Place-based initiatives

Further investment in alternative models like the Centres for Work and Learning should be supported in areas with entrenched local disadvantages. The models provide alternative pathway models and achieve similar results to Stream 3 and 4 services outside of mainstream services.

E-focus supports the idea of quarantining a percentage of appropriation to extend other existing place-based initiatives including the Family Centred Employment Projects, and other demographically focused initiatives.

We suggest place-based measures be extended to all regions with SEIFA indicators in the lowest quintile; and or where it can be demonstrated that other extreme or specific pockets of disadvantage are emerging, such as in areas with burgeoning populations of recently arrived migrants. It is particularly important to target emerging populations to prevent entrenched or intergenerational unemployment.

We suggest these place-based measures should be initiated on a collaborative basis between local community organisations who can demonstrate strong local linkages and capability to manage and administer these programs.

We have not seen outcomes for the Priority Employment Area Initiative or Local Employment Coordinators initiative and are interested to learn of their impact. While our belief is that the FCEP offers a better model, we think these are worthwhile initiatives which complement the work of employment services.

Discussion paper question: How should the employment services system best meet the workforce needs of employers?

Since their establishment the Skills Councils have undertaken excellent work in helping to prioritise available funding expenditure for training. We suggest that further close cooperation between the Skills Councils and State Training Authorities to ensure incentives for training providers are available which enable them to align their service offering to skills in demand.

There are significant issues in alignment between JSA and training providers, mainly because there is no universal subsidy available to all disadvantaged job seekers.

For example the Victorian Training Guarantee is not available to JSA job seekers in possession of concession cards. The very same subsidies are available to unemployed people if they are not JSA registered. We understand similar barriers to training uptake exist in other states.

State Training Authorities appear to assume JSA providers have access to resources for training for all job seekers. While notionally this is true, as we have noticed in practice, JSA providers often consider the schedule of fees prescribed to be an actual indicator of resource available. They do not provide training investment for low streamed job seekers who do not attract either service or outcome fees.

How should payments for delivering employment services be structured to strategically build the skills and employability of job seekers, and deliver sustainable employment outcomes?

We believe more could be done to align incentives for ES and Training providers for same skills and occupations. We support the OECD's recommendations in this regard that

- To engage disadvantaged JSA clients in training, more of the funds for jobseeker training should be managed by JSA providers, allowing them to either fund more training directly, or complement existing sources of funding to promote appropriate support for their clients and feedback to the provider about their attendance and progress (OECD 2012).

Discussion paper question: How can red tape be further reduced without compromising accountability for the expenditure of public funds?

Although it was introduced to provide higher quality and diversity of providers, the contested employment services market has been shown to have resulted in the unfortunate and unintended effect of making services more rigid, less accessible and not well suited to disadvantaged job seekers.

Consecutive inquiries have provided concern about the ways in which provider behaviour can be directed to provide perverse and unintended consequences. Neville (2011) investigated this behaviour and suggests gaming behaviour is a consequence of tighter levels of contract surveillance and lack of trust in the contracting relationships. Without fundamental reform of the systems design, we anticipate yet further evolutions of this gaming behaviour until a fundamental shift in the nature of contractor-provider relations can be effected.

Here we note the efforts of colleagues in the sector who have contracted independent research into the causes of the creep in compliance and systems dysfunctions (NOUS 2010, Jobs Australia 2010). We also note their more recent efforts at effecting conceptual change to shift fundamental thinking about the management of public-private relations and the paradigm of New Public Management.

With this history in mind, we wish to emphasise the concern that the current consultation avoid the trap of inadvertently introducing more measures to control and limit provider behaviour which have been the consequence of previous reform processes.

Case study

E-focus operates a Flexible Learning Centre (FLC) situated on the main shopping strip in Heidelberg, which receives learner referrals from many local Job Services Australia providers. In this case study, the Flexible Learning Centre was referred a male youth participant (19 years old) by a local JSA to undertake training so that he could fulfill his earn and learn participation requirement. The case study illustrates how in the process of building engagement and rapport the FLC was able to identify the learner had not been properly assessed or supported by their JSA provider. The FLC responded to the learners needs, and provided additional supports and were eventually successful in obtaining a job for the young man.

What happened?

FLC enrolled him in a pre-accredited ACFE course in Word 2007.

Throughout the training he was disruptive and he seemed to have behaviour management problems

The trainer patiently worked with the job seeker to obtain his confidence

Eventually the job seeker revealed he could not read or write – as the course was pre accredited there was no pre training review to test the participant's LLN.

The job seeker revealed he was a sole parent with custody of a 2 year old child, and that they had both experienced trauma.

What was wrong?

The JSCI had not picked up all the job seeker's barriers. The JSA had not undertaken a further assessment to identify his barriers to employment including his lack of literacy. The job seeker had also previously experienced difficulty learning in a structured environment yet he was referred to formal training again.

What we did?

The FLC trainer provided referral to other family support services to help the young man obtain child care and counselling for his trauma.

The FLC advised the JSA of inappropriate training placement and referred him to LLNP at NMIT. We permitted the learner to use FLC for online learning because he indicated he did not like structured training environments.

By leveraging our knowledge of the labour market through our DES services, we used our reverse marketer to find a job in a suitable trade related role.

Source 2 – Focus Group findings and analysis

While we have presented this material separately, the views of the focus group have informed our response above.

There were 10 participants in the focus group, recruited from a letter box drop and word of mouth for residents of West Heidelberg Housing estate. After an explanation of the government's consultation process and the reason for the focus group participants were asked to describe their own experience of using employment services which was followed by a group discussion. There was some discussion before and after each participant spoke throughout the session. Then participants were asked to describe how they thought employment services could be more responsive to their needs.

The findings from the focus group consistently reflected research that has been undertaken elsewhere. Despite the many and varied attempts to adjust policy and provider settings to produce better results for job seekers, the views we collected underscored how little appears to have changed from their perspective. This insight is perhaps profound because it indicates how quite sizeable administrative arrangements and changes to the market of providers, have actually been noticed by service users

Lack of continuity

Participants were concerned about the frequent changes of employment consultant they experienced. Since registering with a provider late last year, one participant said she had three new consultants. Participants found it difficult and embarrassing to have to repeat their story to new people and did not understand why there was no case note kept, or if there were why new consultants did not read their case file before talking to them.

Participants also spoke of reluctance to disclose personal information at Job Capacity Assessments, and to providers when they had new employment consultants.

Lack of communication between providers/Centrelink

Similarly participants did not understand why Centrelink and employment service providers did not share information and that they had to repeat often sensitive information to both providers. Participants were aware of privacy constraints on government departments sharing information but suggested that job seekers could give Centrelink permission to share their information with employment service providers.

Activity for the sake of activity

Participants spoke strongly against the amount of job search reporting they were required to do. Participants reported needing to document having applied for 6 and 10 jobs per fortnight as being excessive and how this became their focus, rather than undertaking meaningful job preparation activities or focusing on finding a job in a particular area of preference. Job search activity did not reflect the number of jobs available and it seemed a waste of time.

Lack of customisation

There was strong agreement amongst the participants that employment consultants appeared not very well trained and that services were not being tailored to suit the individual's circumstances. The group suggested that better filtering of job seekers based on their needs was required. Factors such as previous qualifications, and preferences were poorly accommodated in the system, and that providers had little interest in adapting service provision to individual needs or preferences.

Fear of compliance

Participants spoke of how fear of being breached underpinned their behaviour, and that they did not feel empowered to complain, even when the breach was a mistake of the provider. One participant spoke of how although she had stood up for herself, she knew that many others did not.

One participant described the experience of her son who had a disability who should be on DSP but is on Newstart, who had frequently been breached because he had difficulties with literacy and communication. He was couch surfing, and was having difficulty finding permanent accommodation and employment.

Issues for parenting payment transferees

Two participants had been transferred from Parenting Payment to NewStart and had been having weekly appointments with their provider. One participant felt she was being pressured by her provider and had been enrolled in a Cert II Community Services, when she actually wanted to do reception work. Participants spoke of the excessive number of appointments they had to attend.

Issues for mature age job seekers

Three of the participants spoke of having experienced age related discrimination. They described how they found it patronising to be sent to job club/job search activity when they had already strong job search capability. They spoke of how they had been advised to dumb down their CVs and were pressured into applying for jobs that were below their qualification level. They felt employment service agencies did not do enough to job match or reverse market them and preferred to find jobs for younger participants only. One participant had recently undertaken RSA (Responsible Service of Alcohol) with a group of young learners, and felt she would not get a job after it because the young people would be preferred).

Low rate of Newstart

Participants spoke of how the low rate of Newstart and the accompanying hassle meant they took low paid and insecure jobs and were reluctant to re-claim Newstart because of the humiliation they experienced having to retell their stories to new people all the time. They were also reluctant to connect with employment services because of the hassle associated with their Newstart claim, the duplication of effort with Centrelink and Employment Services activity requirement reporting. One participant described how she felt compelled to work in the low paid job even though her qualification levels were higher, she could not access the right kind of assistance through employment services to help her get a better job, and that she had been left out on her own.

Participant's mental health

One participant was clearly upset when she spoke of the impact unemployment was having on her self-esteem and confidence. The group spoke of how being long term unemployed or underemployed had impacted on their mental health, with some experiencing distress as they described this. They said providers were generally unaware their emotional well-being.

System knowledge and choice

Some participants showed a high level of understanding of JSA streaming system, and many had been for Job Capacity Assessments, and understood this was where the benchmark work hours had been set. Participants spoke of how they felt that if they knew more about their entitlements in the system they would get better use of them. The participants said there should be transparency about streams and funding provided to each to each job seeker. Further, that providers should give job seekers flyers telling them exactly what services they are entitled to Job seekers felt that job seekers should get more choice about what they can do, in paper form not just online, including fact sheet about services and EPF, and info on how to change provider.

Job seeker advocacy

Many participants spoke of being disempowered by the system and having no knowledge of their rights or expectations. They suggested there should be a job seeker advocate at each employment service agency, or someone they could go to with questions about the services they were getting or when they were not happy with what they were being told. Participants complained existing complaint procedures were hard to access and they did not want to negatively affect their relationship with the provider.

Acknowledgement: Submission compiled by George Giuliani CEO and Simone Casey, Research and Development Manager.

Key documents and reading

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