



*Response to the Exposure Draft of the
New Employment Services 2009–2012
Purchasing Arrangements*

Brotherhood of St Laurence

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Introduction

We congratulate the Australian Government on its commitment to consultation in reforming employment services and to listening to the advice of the broad range of stakeholders, including the Brotherhood of St Laurence, in finalising the new arrangements for the more effective delivery of employment services to Australian job seekers.

In particular we acknowledge the following significant changes included in the Exposure Draft:

- Innovation Fund: enabling organisations which do not tender for employment services to apply to be on the panel for this fund
- the inclusion of social outcomes as a component of the performance measurement framework for assistance to disadvantaged job seekers
- increased flexibility in use of the Employment Pathway Fund (EPF) for non-vocational items for Stream 4 participants
- improved access for young people to more immediate assistance from providers
- adjustment of Employment Service Areas to more closely align with natural labour markets, including the introduction of a central metropolitan ESA in Melbourne
- refinements to the proposed compliance system to ensure it is fairer and better targeted.

However, we still have some reservations about the proposed new employment services system in the Exposure Draft. We draw your attention to the following concerns and have made a number of policy suggestions in relation to these points.

1. Budget allocation to labour market assistance

As we mentioned in our earlier submissions on the reform directions (BSL 2008), the overall level of funding for active labour market assistance is still too low compared with international best practice. While the reforms rightly shift resources from short-term job search assistance to more intensive support for those with significant barriers, there is a strong risk that those with the *highest* barriers to employment will effectively end up ‘parked’ in Work Experience if a positive outcome is not achieved during their spell in Stream services.

The proposed payments structure fails to meet the principle of ensuring sufficient resources are available for those job seekers with multiple barriers and very poor job prospects in the open employment market. The extent of possible ‘parking’ in Work Experience will depend on several factors that are difficult to predict. A critical factor will be the effectiveness of processes through the revised JSCI and JCA in making a realistic and complete assessment of the barriers to work for highly disadvantaged income support recipients and their prospects of obtaining open employment.

It is also difficult to predict the degree to which the greater commitment made in the new system to more flexible training, support and access to other resources will result in earlier positive outcomes than in the current system. We are concerned that for those who end their time in stream services without gaining employment, indefinite work experience with limited resources is both inappropriate and inconsistent with a policy commitment to help the most disadvantaged job seekers.

Both Australian and overseas experience has shown that a proportion of income support recipients undertake multiple spells cycling through labour market program assistance, often interspersed with periods of incapacity, with little prospect of sustainable employment.

When the new service system comes into operation, the Brotherhood believes it will be important to monitor its performance in terms of outcomes achieved following particular interventions, or combinations of interventions. This research should include monitoring the outcomes from the Work Experience phase of the streams, as well as the types of Work Experience that are delivered. This will help providers and the government to more fully understand the potential for the most disadvantaged cohort of unemployed people to maximise their social and economic participation. Initial assessment of the proposed payments structure and model leads the BSL to conclude that the new arrangements underestimate the level and duration of support, including retention and advancement elements, necessary to achieve more substantive outcomes for highly disadvantaged job seekers.

The government's commitment to social inclusion is to be applauded; however this resolve needs to be translated into sufficient resourcing of Work Experience within an integrated service model to enable highly disadvantaged job seekers with poor job prospects to maximise their social and economic participation.

Recommendations:

- 1) The level of funding available to assist employment service clients entering Work Experience be increased, in recognition of the highly disadvantaged status of this group, through a doubling of service fees and EPF credits
- 2) A specific research study be developed to monitor and understand the assistance provided to highly disadvantaged income support recipients with multiple barriers, leading to more effective models of assistance within a social inclusion framework, based on best practice.

2. Employment services model

There are a number of specific concerns about elements of the proposed model of assistance outlined as follows:

2.1. *Employment Pathway Fund*

We support the increased access to resources through the new EPF for disadvantaged job seekers. We also welcome the increased flexibility in how it may be used by providers to address non-vocational barriers to employment pathways for highly disadvantaged participants.

However, we remain concerned that the EPF guidelines do not require service providers to use the resources for their clients according to their levels of disadvantage. We believe that there is a substantial risk that EPF funds may be disproportionately used to support less disadvantaged job seekers with a higher likelihood of achieving a paying outcome, resulting in a percentage of Stream 4 clients being unable to access a fair entitlement to EPF resources. Under the proposed arrangements, an incentive remains to use EPF for group activities to address either vocational or non-vocational barriers at lower unit cost rather than on higher cost individualised assistance or treatment for highly disadvantaged participants.

Recommendations:

- 3) The conditions of use of the EPF should be strengthened to segment utilisation of resources by participant Stream.
- 4) Contract Clause 3G. 59.4 (c) should be amended to explicitly include dental and optical costs as eligible for reimbursement for Stream 4 participants.

2.2. *Work Experience*

In addition to the increased funding levels recommended above, we consider that indefinite work experience after completing 12–18 months is inappropriate and inconsistent with the principle of a service system that has a social inclusion imperative, considering the levels of disadvantage faced by this group of participants.

Recommendation:

- 5) Stream 4 participants should be assessed after completing 12 months work experience and either receive a further period of assistance in Stream 4, be referred to assistance through Disability Employment Network/Vocational Rehabilitation Services or be eligible for DSP.

3. Social outcomes

The Brotherhood strongly applauds the government’s recognition of the importance of social participation and outcomes for highly disadvantaged participants in the new arrangements. As we have indicated above, this job seeker cohort requires a far stronger focus on intermediate outcomes or achievements that are essential stepping stones on a longer term trajectory to sustainable employment outcomes, in order to:

- provide incentive for providers to address non-vocational barriers;
- reduce the risk of ‘parking’ of highly disadvantaged participants; and
- enable the social inclusion imperative to be implemented within the employment services system.

Under the proposed arrangements, there is a risk that providers will focus on employment outcomes and vocational interventions that maximise fee payment with too little regard to sustainable pathways for participants. While the new model provides an important incentive to support disadvantaged participants into work that was missing under PSP, there has been inadequate attention in the model to achieving social outcomes. This increases the likelihood of ‘parking’ of those with lower prospects to achieving an employment pathway.

While Stream 4 has a clear aim of assisting job seekers into work, it should also contribute to greater social participation through increased connection with others, capacity to deal with personal crises and ability to access services. This broader focus will have a positive impact on longer term economic participation.

The Exposure Draft foreshadows the implementation of an assessment of social outcomes for Stream 4 participants as part of the performance management system. While the Brotherhood acknowledges the challenges involved in introducing a social outcome measurement process for payment of fees to providers, we urge the government to design and trial a reliable and efficient social outcomes payment structure. We have already suggested a range of possible approaches for social outcomes measurement and fee structure. We would be pleased to collaborate on developmental work on this issue with the Department.

Recommendation:

- 6) A measurement tool of social outcomes be developed and trialled with a fee structure for implementation for Stream 4 participants who do not achieve employment outcomes.

4. Compliance

The Brotherhood acknowledges that the new compliance framework has taken on board the concerns expressed by stakeholders concerning the unfairness, poor targeting and ineffectiveness of the previous measures. We consider that the government has struck a reasonable balance in reframing the measures so as to encourage engagement and participation of job seekers.

We believe that only a small minority of income support recipients are ‘persistently and wilfully non-compliant’ necessitating the imposition of penalties. The great majority of vulnerable job seekers with barriers to participation require meaningful, individualised support with positive incentives to motivate their participation in activities relevant to their aspirations.

Service providers are best placed to understand barriers to participation and to apply their professional judgement to decide whether a participation report will be conducive to re-engagement in meaningful activities. We therefore support the shift to a more discretionary approach to reporting non-compliance.

We also strongly endorse the strengthening of the vulnerability and reasonable excuse provisions in the employment services system.

It will be important to monitor the extent of penalties imposed under the new compliance framework—in particular the impact of penalties through the ‘no show, no pay’ participation failure and the eight-week non-payment provision—to assess its potential hardship effects on individuals and families and its efficacy in reengagement and behavioural change of job seekers. The Brotherhood would be interested in collaboration with the Department in undertaking longitudinal research to better understand the impact of the new compliance provisions on job seeker behaviour and attitudes.

Recommendation:

- 7) A research study be developed to monitor and assess the impact and efficacy of the new compliance framework, especially in regard to highly disadvantaged participants.

5. Social Inclusion Framework

The Government has committed to the development of a social inclusion policy framework that will both seek to prevent and reduce the extent of social exclusion across our community. A key component of such an approach will be to apply a 'social inclusion lens' to policies for the provision of public services.

While the new employment services model does include some provisions to improve services' accessibility and responsiveness to vulnerable income support recipients, the Brotherhood urges an appraisal of the proposed model to ensure that both locationally disadvantaged and specific population groups at risk of exclusion will be able to fully participate in services. Examples include those experiencing homelessness, refugees and residents in high-density public housing estates.

We acknowledge the range of measures that will maximise the participation of job seekers at risk of exclusion. These include the increased resourcing of highly disadvantaged participants in Stream 4; the softening of the compliance framework; changes to vulnerability indicators and reasonable excuse provisions; the remote area resources; the reduced work experience activity hours for those with family responsibilities.

However, we urge consideration of a more comprehensive approach that takes into account specific groups, as well as drives provider behaviour through stronger contractual requirements. The following illustrate the need for this approach:

- Refugees and vulnerable new migrants: this population group are at far greater risk of social exclusion and poor pathways to finding sustainable work. It is essential that this group's prior experiences (for example, torture and trauma) are fully considered at all stages of their assessment and participation in employment services. Thus, the Reasonable Excuse provisions should list refugee status as a specified factor.
- Homelessness: whilst there is specific mention and acknowledgement of homelessness in the new model (for example, as a vulnerability indicator), there is a strong imperative to ensure better integration of employment services and homeless services. This requires proactive 'drivers' of practice, such as specific tender selection criteria requiring providers to negotiate and commit to collaborative arrangements in their local community (see Attachment on proposals for an integrative reform package).

Recommendation:

- 8) The new employment services framework, contractual requirements and associated guidelines should be assessed by application of a social inclusion lens to ensure that the new arrangements have sufficiently robust provisions to drive provider behaviour that maximises the economic participation of those most at risk of social exclusion, with a high priority placed on integration with homeless services.

Attachment

Reform of employment services and homeless services

1. The Commonwealth Government is in the process of reforming both the employment service system (ESS) and the homeless service system (HSS).
2. It is estimated that each year 40,000 18–35 year old jobs seekers make use of homeless services. The vast majority remain unemployed after being assisted by homeless services.
3. For these people there is an essential interdependence between employment and homelessness assistance. Without a home and stable living circumstances it's difficult to undertake training and get a job. However, without the reasonable prospect of progressing through training to get a job, it is often difficult to secure adequate housing and build confidence about one's future.
4. In recognition of this interdependence a minority of providers in the HSS are currently the providers of JPET and PSP. However, to this point attempts on behalf of homelessness systems providers to formally partner with employment service providers have met with little success.
5. The challenge for both reform processes is to drive integration between both service systems. A further challenge is to do this without undermining the integrity of each reform process.
6. The Employment Services Exposure Draft attempts to address these challenges by enabling organisations to specialise in the area of homelessness, improving access to the innovation fund, and flagging the intention to examine ways to recognise, with payments, social outcomes for homeless job seekers in stream four. However, these measures will not be enough to drive the level of service integration required to reform both service sectors.
7. Given the culture and past performance of both sectors, it is naïve to think that the requirement for organisations to 'demonstrate' through documentation of descriptive material, how they will deliver innovative services to highly disadvantaged job seekers (Exposure Draft, p.73), will bring about the reform sought.
8. If we are to apply a social inclusion lens to the shaping of employment services in the period when the government is setting clear targets for reducing the level of homelessness nationally, then a much stronger imperative is needed through the tender process to drive collaboration and integration in practice.

To this end, the following package of measures is put forward.

Firstly, through the process of contracting employment services:

1. Organisations providing employment services be required to have a written agreement with homeless service providers within the ESA in which they are tendering. That agreement should stipulate arrangements for joint case management of homeless job seekers, how those arrangements are to be resourced, and any arrangements for sharing outcome payments.
2. The appropriate peak organisations in each sector be funded to jointly develop a model 'integrated service agreement' and to provide advice to their member organisations concerning its implementation.

Secondly, through the White Paper on Homelessness:

- 1 Organisations providing homeless services be funded to establish 1000 (roughly 10 per ESA) advanced practitioner positions specialising in integrated service delivery with employment service providers. Eligible practitioners will have completed an externally assessed accreditation tied to national competency standards. These will be in place by July 1st 2009.
- 2 The appropriate peak organisations within the homelessness services sector be funded to provide an advice service to their member organisations concerning the implementation of this integrated approach for an 18 month period commencing January 2009.

Thirdly, through ongoing collaboration between both sectors/departments:

1. The development of measurable social outcomes for homeless job seekers in stream four, that can be used to trigger employment services payments.
2. The development of an appropriate tool can be completed within two months and subsequently trialed within the existing JPET and PSP programs. This would enable a social outcomes payment system to commence in the 2009/10 year.