

Leichhardt Community Youth Association  
ABN 2609 331 3033 ACN 002 646 773

**Submission  
to  
Productivity Commission**

**Independent Review  
of the  
Job Network**

**April 2002**



From

**LEICHHARDT COMMUNITY YOUTH ASSOCIATION  
T/A INNERSKILL**

Prepared by

**Jules Vandyke – CEO LCYA**

**Preface**

LCYA welcomes the Draft Report prepared by the Productivity Commission on the Job Network for the part it plays in the continuing dialogue on this radical reform to Employment Services.

I believe that the report represents the most in depth study of the Job Network released so far and notwithstanding any limitations, goes a long way to placing many of the more contentious issues on the table and for that it is most valuable.

**Organisation Profile**

Leichhardt Community Youth Association (LCYA) also welcomes the opportunity to put our submission forward under the review of the Independent Review Job Network.

LCYA is a not for profit organisation which has been delivering Employment, Training and Youth services, on behalf of Government for 24 years. The Chief Executive Officer has been with the organisation for 18 years and several members of the board in excess of twenty years. LCYA provides generalist Intensive Assistance services to a large number of job seekers and Job Matching under the Job Network from our single site located in the Inner West ESA in Sydney. We also conduct Youth Services, the core service being JPET.

The February 2002 Stars have been released at the ESA level and place InnerSkill as equal first for the Inner West ESA for our Intensive Assistance delivery with a Star Rating of 3.5.

InnerSkill, which is also a Registered Training Organisation, offers a comprehensive suite of services to our Intensive Assistance job seekers including accredited training delivered in house as well as the purchase of specialist training from other Registered Training Organisations. We provide high quality IT systems and on line training, travel assistance, a range of assessments, skills testing, job seeker incentives and more.

We operate under a mission to direct our services to the most disadvantaged people in our community and this is underpinned by a set of values which precludes us from ‘parking’ our intensive assistance job seekers.

## **Response to Draft Report**

In responding LCYA would like to comment on the following recommendations and requests for feedback:

### **3.1 Recommendation regarding the retention of the purchaser – provider model for employment services**

LCYA agrees with this recommendation.

### **5.3 Recommendation regarding that deconfidentialised data be made available for independent scrutiny by other researchers following their production**

LCYA strongly agrees with this recommendation. The lack of transparency around a number of key issues and the un-preparedness of the DEWR to release data and details regarding performance measurement method has been at the core of much of the unrest inherent in the Job Network. It has cast doubt over all research that has been conducted in addition to alienating providers on core performance and service delivery issues.

## **What services should Job Network Provide?**

### **7.3 Reducing the period of assistance in Intensive Assistance to six months.**

LCYA does *not* agree with this recommendation. As mentioned by the CEO previously in public forums relevant to the commission’s review we disagree with this recommendation.

Our main reason for resisting this is that we believe it is important that job seekers with multiple barriers to employment be afforded sufficient time to address these barriers with the assistance of their provider. This usually means a combination of a range of interventions that are often occurring concurrently and even so, may stretch over some months. We believe that both job seekers and providers need to be afforded the time necessary to complete their work.

Furthermore we fear that a six month duration of Intensive Assistance coupled with a rule that limits the number of time job seekers can be recipients of Intensive Assistance will inevitably lead to a 'scrap heap' for these more disadvantaged people. Once people are relegated to this position it is difficult to imagine them ever recovering.

It is equally important to realise that it is fine to measure outcomes and easy as well, it is not so easy to measure and define the reasons why on average 75% of Intensive Assistance clients do not achieve an interim outcome. We find it difficult to accept largely anecdotal evidence that there is wide spread ‘parking’ occurring in IA as we believe the evidence to be insufficient to determine this.

We are able to determine that for us a significant proportion of job seekers who do not obtain an outcomes are those who we believe park themselves and who resist all efforts including, breaching recommendations to participate in any meaningful way in Intensive Assistance interventions.

We further believe that a move to a six month duration for IA will inevitably lead to increased 'parking' from providers if indeed this is what is occurring. There will clearly be an increased imperative for the providers to get people moving and for many job seekers, in the absence of time to develop relationship via phone and letter, the only bastion left will be the breaching regime. As I have said this will in turn produce a lean, mean, breaching machine instead of quality service providers delivering their services. For those of us who are not parking it leaves us no room to move to work with the more recalcitrant, or severely disadvantaged job seekers for whom we are unable to achieve a result within a six month window period.

Furthermore we have concerns over the ability for the DEWR and Centrelink to be able to maintain referral rates in such a timing regime. This coupled with the limits on times people can be a recipient if IA could lead to a shortfall on the supply side which will again translate into instability.

In considering our response InnerSkill has attempted to the best of our ability to reproduce the chart included as Figure 7.2 on page 7.21 of the commission's report, colloquially known as the 'Twin Peaks' diagram. We find the results very interesting and note that we believe they reflect our service delivery and our 'Anti parking' philosophy.

This chart has been included as Attachment 1 and is called ***Intensive Assistance Interim Outcomes – InnerSkill*** and should be taken as being ***Commercial in Confidence***.

Also included, as Attachment 2 is a series of charts showing Interim and Final outcomes for equity groups.

Included, as Attachment 3 is a sample of the levels of daily face to face job seeker contacts we experience at InnerSkill. They are photocopies of a sample of the sign in and out book kept at reception for OH&S purposes.

I was unable to extract job seeker contact data in any meaningful and concise way. I did check job seeker data for the a random sample of each month after commencement outcomes which produced no surprising results and merely reflected the work conducted by Case managers, Training staff, Placement staff and expenditure on job seekers that has lead to the job seeker gaining a sustainable job.

The vast majority of outcomes will be recorded by the DEWR as FOE or found own employment and again this merely reflects our strategy that is based on the philosophy that it is better to teach people to catch fish than it is to give them a piece of fish. We focus our efforts on improving job seekers own personal view, facilitating strategic targeting of skill development and career development and the development of life long learning skills. This inevitably leads to people finding a job that is best fit and allows them to sustain the outcome. InnerSkill

prides itself on the fact that we have a 75% strike rate for a job seeker with an interim outcome also reaching a final outcome.

We note the substantial dissimilarities between the InnerSkill results for interim outcomes and those gathered by DEWR for the providers overall. It is true that we are achieving a higher percentage of our outcomes earlier than the national picture reflects. This of course does bode well for us in an environment of 6 months duration for IA as we would still capture the vast majority of our interim outcomes. Even so, we still oppose a 6 month duration for the reasons stated above.

#### **7.4 Reinstating activity testing to be consistent with that for other labour market Programs**

LCYA agrees with this recommendation.

### **Job Seeker Choices**

#### **8.1 Enhancing information to allow Job Seekers to make an informed choice of Job Network provider**

LCYA agrees with this recommendation but would wish that this recommendation includes enhancing information *and processes* to allow better choice for job seekers. In this I refer to the ability for providers to address potential Intensive Assistance job seekers at Centrelink prior to the choice being made as this form of contact has real meaning for job seekers and providers. This is the only truly effective way of marketing our services to job seekers in a meaningful way. We recognise of course the inherent difficulties for Centrelink and the DEWR to facilitate this in a competitive neutrality environment.

#### **8.3 Recommendation regarding scope for job seekers to change their Intensive Assistance Provider**

LCYA agrees with this recommendation

### **Targeting**

#### **9.1 The commission recommends that a pilot be undertaken to test the benefits of the flexible implementation of the JSCI by Centrelink**

LCYA agrees with this recommendation and requests that such a pilot includes as part of terms of reference, a review of the business impact of such arrangements on all providers in the local ESA's. We state this as there seems to be a correlation between adjustments over time of the JSCI and an increase in the number of Level A clients on the caseloads. This begs questions on the impact of these subtle changes to providers financial operations and to the thought processes behind these changes.

**9.3 Commissions recommendation relating to charges for special needs assessments.**

LCYA agrees with this recommendation

**9.5 Recommendation regarding redirection of job seekers for those considered unlikely to generate an outcome**

In general we disagree with this recommendation because it could lead to providers finding a new way of 'creaming' and purging their case loads. We do believe the principles referred to here would however be appropriate if they referred to those job seekers who do not have the capacity to benefit from the Intensive Assistance

**Pricing**

**10.1 Recommending that Intensive Assistance prices be set administratively**

LCYA agrees with this recommendation with the proviso that the prices set are realistic in terms of producing some financial stability for providers as well as allowing sufficient funds to be available to ensure a quality service delivery for job seekers.

**10.2 If recommendation 7.1 is not implemented the commission recommends that Intensive Assistance providers should not be required to also supply job matching services**

LCYA agrees with this recommendation

**10.3 Commission recommending additional outcome payment categories for Intensive Assistance special needs groups as determined by JSCI**

LCYA agrees with this recommendation

**10.4 The Commission recommends that interim outcome payments for education outcomes be abandoned and replaced by a higher final payment when the course has been completed**

LCYA agrees with this recommendation

**10.5 The Commission recommends that primary interim outcome payments be split into two instalments made at the 7 and 13 week periods of a job.**

LCYA agrees with this recommendation. In saying this we are mindful of the additional administration costs of introducing this recommendation. This issue should be addressed in recommendations regarding compliance creep and the inherent costs of administrative changes of this nature.

**10.6 The Commission recommends that the existing 28 day cut-off for verification of outcomes be removed**

LCYA agrees with this recommendation.

**Industry dynamics**

**11.1 The Commission recommends that competitive tendering be abandoned as the method for provider entry and contract renewal in the Job Network: It should be replaced by a licensing system that allows:**

- **Free entry at any time to any supplier that meets the DEWR's accreditations standards; and**
- **Automatic license renewal, subject to a requirement that providers achieve a certain performance standard**

LCYA recognises the benefit of the licensing system for its ability to save expensive competitive tendering processes. We would all certainly benefit from the savings in stress on staff and management during these extremely drawn out processes, which transfers into loss of productivity and creates instability for all stakeholders.

Having said that we believe that your reference to a quasi market is really exactly what it is and that attempting to apply commercial business processes to this quasi market is a difficult fit.

LCYA does not believe that the Job Network does or ever could function as a fully commercial industry. We believe a licensing system open to free entry could lead to a larger number of providers than the quasi market can sustain. This in turn can lead to an increase in the very practices that the commission has referred to as parking etc of job seekers as private providers seek to increase profits and not for profit providers strive to survive. Further more we think it could prove difficult for the DEWR to conduct adequate quality and contract management control in such a fluid market.

We believe there are two glaring differences between the Job Network type of market and a truly commercial operation, the type of which is normally licensed in this way.

1. In a commercial trading environment you have the ability to choose the product that you wish to sell. Similarly you are usually able to choose the quality of the product you wish to sell. You may choose to sell, or in this case value – add, to a state of the art item or not. This poses many questions in terms of the difference in the quality of the final product and of course in Job Network we are talking about human services and value adding to peoples lives. It would not seem possible under these circumstances to expect providers not to ‘park’ their job seekers at the same time as requiring them, for their very survival potentially, to adopt the fully commercial business and marketing practices necessary to operate within a fluid licensing system. In this case the obvious losers would be the job seekers.

2. In a normal commercial trading environment you are usually marketing a product that people want or at the very least need. In a Job Network licensing arrangement we would be required to vigorously market our services to job seekers. Well it is already apparent that many job seekers, at least the ones who appear to 'park' themselves, don't really want our services even though we could make a judgement that they really need them. This is clearly reflected in the high numbers of job seekers who are reluctant to participate fully in Intensive Assistance.

On the other hand, we are also marketing our services to employers, not just in terms of Job Matching, but also in the sense that we are preparing job seekers for them to employ. Interestingly, employers are equally as reluctant to receive the fruits of our labour as they continue to be quite discerning when it comes to employing a wide range of long term unemployed people. This could mean many wasted dollars on attempted Marketing, particularly to job seekers, who traditionally don't exercise their right to choose very much and many who would rather not choose at all.

Marketing degree of difficulty - extremely high  
Level of effectiveness of marketing -highly questionable.

Bearing these issues in mind we fear that a licensing system would simply add another level of instability for job seekers, providers and government, when we all need to buckle down and let it all run for a while at the same time as maintaining incentives and capacity for providers to seek innovative ways of improving the impact of their service delivery.

In the end we believe that the process the DEWR has put forward for contract roll over, that is the making of 'offers to treat' for performing providers, is a more appropriate option. Whilst limiting the size and nature of the tendering process this method goes a long way to achieving a balance between the need to gain performance loss and cost savings and the need to build a sustainable Employment Services industry. One that can be managed to and eventually relied upon to produce quality services.

## **11.2 Recommendation related to removal of case load limits**

We believe that in the absence of a licensing system that case load limits should be maintained. Currently it is this that ties DEWR and Centrelink to a service agreement necessary to ensure viability for providers, currently they have set their commitment to the 85 % mark and this would no longer be the case if case load limits were removed.

## **11.4 Relating to the retention of the star rating model**

LCYA agrees with this recommendation.



### **11.5 Relating to publishing Star ratings at ESA level and reliability**

LCYA agrees with this recommendation

### **11.6 Relating to weighting of star ratings for interim education and training outcomes**

LCYA agrees with this recommendation

### **11.7 The Commission recommends that the full details of the star rating model are made publicly available, including any assessments made of its technical validity**

LCYA fully agrees with this recommendation

### **12.2 Related to contract variations and negotiations**

LCYA believes that negotiations around contract variations should be negotiated with the providers. Industry Associations do not represent all the Job Network members and anyway the contracts are between the commonwealth and the providers not between the Commonwealth and the industry associations.

We do of course believe that providers should be compensated for any significant additional administrative or compliance burdens placed on them by the Department.

### **12.3**

LCYA agrees with this recommendation

### **15.3 Recommending freedom to look beyond Centrelink for services.**

LCYA does not agree with this recommendation. We believe that Centrelink should be maintained as the gateway for Job Network services.