

Submission to the Productivity Commission

Independent Review of Job Network

November 2001



Introduction

This submission is designed to bring to the attention of the Review Team issues regarding Job Network and the Indigenous Labour Market (ILM) in the Northern Territory. It does not offer a comprehensive assessment of the performance of Job Network in the Northern Territory, rather some implications for remote and Indigenous communities if the purchaser-provider model is extended to other areas of government service delivery.

The submission draws on the experiences of NTACC members and staff as well as a report into the Indigenous Labour Market prepared by the Northern Territory University (NTU) commissioned by NTACC.

(1) What are the main benefits of the policy framework underlying Job Network

Overall, Job Network is an improvement on the service offered by the Commonwealth Employment Service.

Employers in the NT report good satisfaction with Job Network services and appreciate the benefits of competition such as the greater range of choice and competitive services. Clients report a greater responsiveness among locally managed organisations that understand their needs.

Job Network outcomes are maximised by organisations which are able to respond to community needs and foster local ownership of solutions. Generally local organisations demonstrate a greater understanding of local needs, have a long-term commitment to the region and a demonstrated knowledge and understanding of local client groups and the issues which affect them.

For example, Julalikari Job Place and Tangentyere Job Shop provide Job Network services in the Barkly Region and Central Australia respectively. Service delivery has developed in response to the needs of the local Indigenous population and is based upon extensive local knowledge and commitment to the region and its people.

Where local Indigenous organisations have successfully tendered for Job Network business clients report appreciation at having a service designed for their needs. This includes personalised service and more flexible support and intervention including mentoring, personal development, skills training, travel assistance, and funding to address specific barriers that range from clothing and equipment, payment of fines and accommodation.

The Job Network tender process must not allow for larger commercial providers to dominate the market at the expense of locally owned not-for-profit organisations.

What are its main disadvantages?

In the Northern Territory there are significant regions and communities not covered by the Job Network. This makes an overall assessment of Job Network's performance in remote communities problematic.

While the geographical coverage of Job Network has improved since the first tender it is still not as comprehensive as the service previously provided by the CES. Providers have been awarded contracts for remote areas, the reality is that very little, if any, services are delivered away from urban areas.

According to DEWRSB, Job Network is designed for localities that have functional labour markets. This is a subjective assessment, made by government officials who may have little understanding of the ILM. It is simplistic at best to say that these communities do not have a functional labour market and therefore Job Network is not appropriate for them. At worst, it is a convenient excuse for failing to address this problem.

The commercialisation of employment services has favoured urbanised mainstream Australia, where there are larger populations, robust labour markets, and jobs to fill. In remote and outlying areas of the Northern Territory, where unemployment is highest and need, therefore, is greatest, Job Network services are often tokenistic or non-existent. This inverse relationship between need and service delivery must be considered by Government when adopting this model for other government service delivery.

Job Network does not provide adequate support for the development and maintenance of culturally appropriate support and incentives for Indigenous participants, for example:

There are no Job Network member services outside of the town boundaries of Katherine so if you live at Barunga, for example, you have no access to Job Network. We signed on three trainees at Barunga. We wanted to put them through Employment National because we've got a deal with them and we get a certain amount of money, so I decided to bring them into town to register so that they go to CentreLink. But, you can't even get them into CentreLink because it is not in the CentreLink contract so they won't assess them and refer them to service that region. CentreLink is trying to be flexible, though. Management is supportive, but can only go so far, as their own jobs are at great risk. Anything in between just falls out of the net.

Workshop Participant, ILM Report

Mainstream and official perceptions of what constitutes 'work' affects the reporting of Indigenous participation in the labour market. Rigid notions about 'work' and work-related roles dominate mainstream perceptions of Indigenous people. Indigenous people perform a variety of roles to satisfy needs through consumptive activities, individual cultural obligations and the physical necessities of production. Although many of the roles of being a provider, producer, and distributor add value to living conditions, they may not be considered legitimate 'work' as they only contribute to increases in economic, social, cultural, and environmental welfare without their efforts entering into market valuations.

In addition, the current ABS system of enumerating labour force data is also problematic due to the use of international standards and conventional economic frameworks which do not illuminate the complexity and unique characteristics of the ILM. For example the NTU research suggests that a sufficient number of Indigenous workers cannot be categorised adequately using the ABS occupational classification system.

All these mainstream and official perceptions impact upon the allocation of Job Network contracts because they undervalue the size and legitimacy of the ILM.

(2) What is the record of Job Network in improving the quality and cost effectiveness of assistance to the unemployed compared with previous arrangements? To what extent does it result in more sustainable employment outcomes. Has competition and choice been enhanced.

It is impossible to answer this question unless the Government is prepared to release comprehensive data on the performance of Job Network on a sub-region basis.

Anecdotally NTACC can report that:

- Employers in the NT report good satisfaction with Job Network services and appreciate the benefits of competition such as the greater range of choice and competitive services.
- Clients report greater responsiveness of locally managed organisations which understand their needs.

However, employers also want to be able to employ people who are work-ready and consider more resources ought to be invested in addressing the skills needs of particular regions and in ensuring job seekers have basic competencies.

(3) How can Job Network be improved?

Access and equity

It needs to be recognised that the nature and type of employment assistance required in remote areas is considerably different to that of mainstream Australia.

Commercial considerations alone must not determine the provision of employment services and adequate weightings are required to protect rural and remote area clients to ensure fairness, access, and equity, and see that community service obligations are met. Access and equity targets need to be integrated into Job Network contracts and additional incentive payments introduced.

Community Service Obligations must be an important aspect of any future privatisation of government service delivery. Unless Government recognises its obligation to provide employment services to remote communities the system will create a permanent under-class of people in regional and remote Australia who may never find work.

Participants in a recent consultation between the NTACC and JN providers commented that, although the JSCI was generally accurate. However, the process for secondary assessments often faced lengthy delays, due in the past to the absence of an occupational psychologist at some CentreLink locations.

The concept of work

There is a need to reconceptualise the concept of 'work', 'jobs' and 'employment' in general. There are a range of possibilities and styles of 'work' and 'jobs' that exists both within and outside western mainstream models.

DEWRSB must explore other means to illuminate the complexity and unique characteristics of the ILM and not simply rely on the ABS system of enumerating labour force data.

Labour mobility

Job Network does not facilitate labour mobility and the efficient operation of the Australian labour market.

This issue is of particular concern in the Northern Territory where skills shortages are substantial, more severe than in other regions of Australia, and spread across a wider range of occupations. Various impact assessments have been undertaken regarding skills shortages across Northern Australia. All assessments indicate the magnitude of the problem and the economic benefits in finding solutions.

Prior to the commencement of Job Network the Mobility Assistance Scheme was an important program in assisting employers to relocate skilled jobseekers to alleviate local skills shortages. The scheme provided financial assistance towards the cost of relocating jobseekers in occupations and professions of recognised shortage. The scheme was cashed out with the introduction of Job Network.

Under the current arrangements Job Network Providers are not encouraged to smooth over demand for skilled employees that cannot be sourced locally because there is no commercial incentive to fill vacancies from outside their catchment area.

This issue is particularly acute in the Northern Territory where the costs of relocating an individual or family are significant. These costs go well beyond the cost of living and the transport of individuals, families and households to the NT. Costs, such as the purchase of new school uniforms and text books, re-registration of vehicles and licences, and connection fees for utilities and services are often ignored.

Creating an environment which encourages Job Network to facilitate the mobility of jobseekers is vital to the efficiency of the labour market.

NTACC recommends the introduction of sliding scale incentive payments to Job Network Providers who fill vacancies for occupations and professions of recognised skills shortages in regional and remote areas.

Tendering arrangements, including pricing and incentive for better outcomes

JN members are concerned at the application of the current star ratings system. One provider, with a contract for providing the bulk of a labour needed to meet a harvest contract, had placed 1400 people into employment and had a 2-1/2 star rating. Another, working particularly with Indigenous people, had placed 140 people had had a 4-1/2 star rating.

The star rating system has relevance in terms of future tendering requirements. JN providers that are considered to have an acceptable star rating would not need to go to competitive tendering for the next contract. However, in the NT environment, it was unlikely many, if any providers would achieve an acceptable rating.

It is therefore unfair to apply the star rating system uniformly across Australia. It is necessary to recognise the impact of local conditions and the state of economic activity in particular regions in determining ratings. For example, in a region such as Tennant Creek, which has a net drop in available jobs (due to the cessation of mining, in particular), it is impossible for providers to match outcomes achieved by providers situated in heavily populated areas.

JN providers are concerned that the previous requirement to prepare tenders was unduly burdensome.

Performance measures and monitoring

Significant sums of public money are invested in providing Job Network services. However the delivery of services and the outcomes using this money are not transparent. There is a lack of accountability, particularly with relation to the ability to access information about short and long term outcomes. Obviously, the size of the market and the number of providers is a limiting factor when issues of disclosure of outcomes are raised.

As an example, the NTACC is aware through information provided on a confidential basis that Job Network outcomes in Alice Springs are extremely poor, particularly with respect to Indigenous job seekers. Because this information has been provided on a confidential basis it is difficult to pursue the matter to determine the full extent and nature of the problems. This works against involving the community, business and Government in working together to address the problems that are clearly indicated by the poor performance data.

Coordination among the various Job Network Players.

This varies between centres. In some centres 'turf' and information about Job Network provider activities are jealously guarded while in others, Job Network members meet regularly and work cooperatively to find solutions to mutual problems.

Area Consultative Committees have been asked by the Government to facilitate better coordination amongst Job Network providers. Opportunities to bring together all providers in the Northern Territory are limited and consequently this activity has been less successful than in other regions.

Responsibility for ACCs has recently been transferred to the Department of Transport and Regional Services. DEWRSB will need to find other means to facilitate this coordination in the future.

(4) Where, and in what form, should the purchaser-provider model be extended to other areas of Commonwealth Government service delivery?

Existing NT purchaser/provider models

There is a wider range of purchaser/provider models in place across a wide range of government service delivery, for example:

- Galwin'ku community is funded by Territory Health Services to run its own health service. It is contracted on a triennial basis to achieve defined outcomes with funding flow dependent upon whether agreed outcomes were met. Review reporting was half-yearly or quarterly and the triennial funding allowed continuity in developing programs.
- In some communities Centrelink services are provided by community organisations (such as Port Keats and Maningrida). Experience suggests it is important services are delivered by a fully trained officer. When Centrelink's own officers had serviced Maningrida their knowledge of available entitlements had resulted in an extra \$2-\$3 M being captured by the community. Many organisations have also stated that they do not receive adequate recompense for delivering Centrelink services. For example, in the past month, Kardu Numida Council Inc, which delivers community government council services at Port Keats (Wadeye), has ceased providing Centrelink services because it says the service fee does not cover its costs.

Further investigation of these models by the review team is recommended.

Difficulties in implementing the purchaser/provider model

Commercial considerations alone must not determine the provision of government services and adequate weightings are required to protect rural and remote area clients to ensure fairness, access, and equity, and see that community service obligations are met. Access and equity targets need to be integrated into any commercialisation of Government Service Delivery.

Suggestions for extension of the purchaser/provider model

The centralisation of decision making within key Commonwealth agencies and the withdrawal of services from regional communities impedes local autonomy, capacity and growth. While each agency's actions are often rational and efficient, the cumulative and collective effects have had a lasting impact upon the social and economic structures of our communities. Centralisation of decision making leads to decisions that are made from a central perspective that are often not responsive to specific local conditions.

The withdrawal of staff from regional centres has a flow-on effect in local communities. Apart from the obvious effect on those communities' populations, regions have lost significant intellectual capital and skills with the departure of people who would normally make significant contributions to all aspects of community life. The loss of local knowledge and the context within which decisions about regions should be made means that decisions are generally made elsewhere, without local knowledge or context.

Consequently delivery often fails because programs are generalised for mainstream Australia with national criteria set which are irrelevant, difficult to implement and which do not meet the needs of the Northern Territory. Even when government recognises communities are best placed to identify their own opportunities for growth, they strive to maintain control of the process – stifling the very initiative they seek to foster.

NTACC advocates that Government delegate and devolve decision-making to ensure that it is more responsive, efficient and accountable to regional communities. The purchaser provider model provides the opportunity for cost effective delivery of government services by local organisations which demonstrate a greater understanding of local needs, have a long-term commitment to the region and a demonstrated knowledge and understanding of local client groups and the issues which affect them.

Areas for further investigation include:

1. Establishment of one stop shops for Government service delivery. Particularly in small regional and remote communities which have suffered from the withdrawal of services on-the-ground (such as the closure of DEWRSB and DETYA regional offices) or whom have never had these services at all. A single **capable** officer based in a region and using internet facilities should be able to serve several departments. These positions could be contracted or out-posted to local organisations.

2. Continued commercialisation of Centrelink services, but with greater recognition of the costs of delivering these services in remote locations.
3. The delivery of Indigenous Employment Programs, the only employment function retained by DEWRSB. However, the cost of service delivery in remote areas, by the very nature of the labour market, is likely to be high, probably higher than using Government employees to deliver the service. The issues which would arise from further outsourcing are likely to include establishing reasonable performance indicators and contract monitoring. Anecdotal information is that the CES delivered a greater range of services to remote area communities. Experience with the current Job Network tender indicates that it is likely private providers will 'cherry pick' IEP functions in the relatively easy urban centres and pay less attention to remote areas. This is an almost inevitable outcome from any attempt to outsource Government services to high cost areas.

NTACC notes the opportunities to deliver the above services with the assistance of the Government's Regional Transaction Centre Program.

It is also important that policy makers consider the capacity of community based organisations to manage the delivery of government services in remote and Indigenous communities. Many community government councils manage a wide range of functions not normally associated with the role of a local government authority (refer to Attachment A). They are often the only organisation capable of delivering such services and do so to ensure the service is available to the community.

It is not uncommon for relatively small, inadequately resourced councils to be managing a very wide range of functions and funding contracts at any one time. This can create significant strain on local resources and should be taken into account when considering any extension of the purchaser/provider model.

END

ATTACHMENT A

Indicative Community Government Council Functions

DESCRIPTION

Administration
WASTE – Garbage/Sanitation/Sewerage
Essential Services
Roads Maintenance
Aerodrome
Training
STEPS Program
Arts & Crafts
Community Aged Care
Child Care
Men’s Centre
Community Housing Program
Community Health
Community Bus
Visitors Accommodation
Community Night Patrol
CDEP – Wages
CDEP Recurrent
ATSIC Bracs Grant
ATSIC Night Patrol
ATSIC CHIP Infrastructure
Resource Centre Operational
Staff Amenities
Community Church Funds
Community Savings Fund
Community Relief Fund
Community Recreation Fund
Community Sports Fund
Sport & Recreation
Community Incubator Fund
Garage
Constructions
Wildlife
Store
Sandstone

GRANT PROJECTS

Community Infrastructure Grant 2001/02
Community Water Upgrade
Artist in Residence
Community Laundry Upgrade
JET Infrastructure Upgrade
Health & Sports Expo
Healthy Lifestyle Program
Family & Community Services Grant
Dept Sport & Recreation Grant
Softball Grant
Community Training Centre
Roads To Recovery
IHMS Housing Repair & Maintenance
Dept Sport & Rec Ablution Block