



A submission to the Employment Services Review

'The Future of Employment Services in Australia: A Discussion Paper'

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Social inclusion seems to me to be about implementing social conscience in the work of government.

Senator Ursula Stephens
Parliamentary Secretary for Social Inclusion and the Voluntary Sector
Eureka Street, 30 November 2007.

Introduction

Anglicare Australia — representing the national network of care and social justice agencies of the Anglican Church in Australia — appreciates the opportunity to comment on the discussion paper, ‘The Future of Employment Services in Australia’. This relatively brief document builds on the arguments developed in our earlier submission of February 2008 to the Minister for Employment Participation on reconfiguring Australia’s employment services model (‘Without Prejudice’, attached). As Anglicare Australia is a peak body, and does not itself provide services, we shall concentrate on general policy rather than operational matters. Individual Anglicare agencies are better placed to deal with the latter, and network members may choose to make their own submissions.

Two general concerns underlie this paper. The first is the impact of the new employment services system on the Government’s social inclusion agenda, the aim of which is to have everyone ‘play a full role in Australian life, in economic, social, psychological and political terms’.¹ The second is what the system implies for the prospects of the most disadvantaged job seekers. The two are related insofar as one critical measure of the success of the social inclusion agenda is the extent to which the most disadvantaged members of society are helped to participate as full citizens in meaningful activity — a point reinforced in the Minister’s foreword (Discussion Paper, p. 2).

¹ Julia Gillard MP and Senator Penny Wong, ‘An Australian Social Inclusion agenda’, Election 2007.

The Government's ideal of integrating social and economic participation is one which Anglicare Australia shares. But we stress that it remains an *ideal*, which it may not always be possible to realise, especially in the case of those facing multiple barriers to participation of any kind. For such individuals, the appropriate supports and outcomes may not be the same as for the majority of job seekers. Since, from Anglicare's perspective, the community's responsibilities towards such people are primarily moral, we should be prepared to tailor programs to individual need, so far as practicable. In other words, social outcomes are as important as economic outcomes.

As the Parliamentary Secretary for Disabilities and Children's Services has said on several public occasions (in the context of the National Mental Health and Disability Employment Strategy), while paid employment is a fundamental objective, the purpose of social participation goes much deeper: to help all Australians become 'valued and engaged'. For some, he has suggested, an hour's study a week might be an important step. Because what we all need is a 'scheme of activity to hang on to', indeed 'a reason to get out of bed', wherever on 'the spectrum' of activity each individual can make the most effective contribution.

It is critical, therefore, to determine the manner in which the specific objectives of the new employment services model contribute to, and are integrated with, the other elements of the social inclusion agenda.

Regarding the structure of this submission: rather than deal sequentially with the formal discussion points listed in the document, we shall concentrate on major themes, buttressed by particular detailed observations. The links between overall policy and specific initiatives should become clear as we proceed.

A streamlined system

Anglicare Australia endorses the main thrust of the reforms, notably the additional assistance earmarked for the most disadvantaged; the emphasis on individualised support and pathways to employment; the move from a punitive to a more flexible and collaborative compliance

regime; the focus on skills development; reduced administrative requirements; and job seekers' greater choice and involvement in their own employment planning. In all these respects, the new system represents a significant improvement on the current model.

There are, however, several points which require clarification or elucidation before a full assessment can be made. The most obvious has to do with the number of streams; specifically, the difference between proposed streams 2 and 3. In our earlier submission, we suggested that job seekers who stand a serious chance of finding employment fall into three categories:

- Those who are ready, or almost ready, to participate in the mainstream job market and who require limited, if any, assistance.
- Difficult-to-place job seekers who require some form of intensive assistance to become work ready for the mainstream job market.
- Highly disadvantaged job seekers who, no matter how much assistance they receive, have little hope of being employed in the mainstream job market, but who might be employed outside it.

Leaving aside the last point about employment outside the mainstream market (to which we shall return) these distinctions are reflected in the proposed new system, but with the difference that difficult-to-place job seekers are divided into two groups, according to different levels of labour market disadvantage. It is not, however, clear what the differentiating criteria are to be, or what different kinds of support and intervention would be provided. The JSCI Review will, presumably, shed more light on the issue, but a more detailed generic guide would be most desirable at this stage. 'Difficult-to-place job seekers' comprise a wide variety of individuals, and cannot easily be placed along a continuum, let alone in discrete 'boxes'. Given the substantial funding difference between streams 2 and 3 — as well as the respective 'quotas' of job seekers affected (25 per cent and eight per cent) — this is a matter of some practical importance. It is also unclear how the respective indicative percentages have been arrived at. Given too the greater proportion of current job seekers who are highly disadvantaged and have experienced long-term unemployment than was the case when Job

Network was established a decade ago, currently at 29 per cent (Discussion Paper, p. 4), the indicative proportion of 'work ready' participants in Stream 1 compared with the most disadvantaged in Stream 4 (52 per cent to 15 per cent) seems intuitively odd.

Work experience

More detail is also needed about the proposed work experience stream. We have two reservations about the scheme as it stands. First, funding — in the form of service fees and the Employment Pathway Fund — appears to be significantly diminished and fixed, no matter what the work in question involves. This is likely to restrict providers' capacity to arrange for satisfactory placements, the purely material incentive being to organise affairs as cheaply as possible.

Allied to this is the fact that the nature of the work experience is vague, and its possible ramifications unexplored. Work for the Dole and Green Corps are to remain an 'integral part' of the new system (Discussion Paper, p. 13). While there is no doubt that many worthy community projects have been undertaken as part of these schemes, it is equally evident there is a stigma attached to them, especially Work for the Dole, with little useful training given.

Alternative work experience is possible (the Paper mentions paid work in an intermediate labour market or social enterprise) but, without adequate resources or direction, unlikely to eventuate. Clearly there is much potential here: for instance in projects developed under the \$41 million Innovation Fund. As the discussion paper notes (p. 19), 'Flexibility will be maximised to ensure innovation has the capacity to flourish.' This is encouraging, but will need to be made more precise as the system evolves; along with mechanisms for ensuring shared access to appropriate initiatives.

In the case of work experience secured in the for-profit sector, there is a possibility — long noted for all forms of subsidised or totally unpaid work experience — that established employees will be discarded as a cost-cutting measure. There will have to be rigorous and enforceable guidelines to safeguard against this.

One potential upshot of the work experience program for the most disadvantaged is that those the new system is specifically designed to aid could be in danger of being indefinitely 'parked' in work experience, with little prospect of gaining a job in the mainstream economy.

This need not happen. Theoretically, the new system allows considerable flexibility for providers to broker appropriate arrangements. It also rewards providers who have a good 'employer engagement strategy' (Discussion Paper, p. 15), such that a conscientious agency in a suitable location should be able to negotiate mutually beneficial agreements. But too many questions are being begged. What is needed is a policy structure, with proper funding, that does not leave outcomes to chance or local circumstances. Such a structure would deal comprehensively with, among other things, acceptable types of work experience; appropriate duration (and, if it is to be discontinued in individual cases, what would follow work experience for those still unemployed); conditions (including occupational health and safety, insurance and safeguards against the displacement of other workers); and levels of remuneration under different types of engagement (such as paid or unpaid, part-time or full-time, and which kinds of work are involved) both to job seekers and providers.

As argued in our earlier submission, there are two general ways in which an alternative to Work for the Dole/Green Corps for the most disadvantaged might be achieved. The first is some form of centrally-instigated demand management to create jobs which, in the current market, the private sector alone has no reason to create. Such interventions could range from community enterprises combining the efforts of government, local business and community groups to traditional Keynesian 'job creation' schemes. Ideally, they would be integrated with wider social and economic policy — as, for example, part of an overhaul of the nation's infrastructure.

The second is to encourage such people to join the voluntary sector, transferring from unemployment to some other (and more substantial) form of income support. In doing this, they would have an opportunity to participate in society, in an economically significant way, even if they are not included in the national accounts as part of the paid workforce — or else

are formally classified as public sector employees. Both public servants and welfare recipients receive social transfer payments.²

In short, the emphasis on preventing job seekers becoming long-term unemployed is admirable. But it is the long-term unemployed themselves who need the most support. It would be most unfortunate if the fiscal objective of saving \$350 million should be at the expense of some of the most disadvantaged in our community.

Specialist providers, partnerships and consortia

Under the new system providers have to deliver the full suite of employment services, either by themselves or in partnership or alliance with others. In particular: ‘The Government wants to ensure that, in the transition to the new model, the expertise of specialist providers is retained. This may occur through specialist providers tendering for work, or by specialist providers forming partnerships and alliances with more generalist providers’ (Discussion Paper, p. 27).

This proposal sits well with the overall aim of providing job seekers with a streamlined and comprehensive service. There are, however, two issues that have to be resolved before it can be fully endorsed.

In the first place, many specialist providers — notably those currently engaged with the PSP and JPET programs — are specialists for a good reason. Among other possibilities: the deliberately nurtured expertise of their personnel, the organisation’s constitution or mission, or their geographical location. That is to say, there is also good reason they may not wish or be able to expand, or form an alliance, to provide the full suite of services at very short notice — purely for the sake of meeting tender requirements. Any partnership resulting from a pragmatic decision to gain funding would resemble a shotgun wedding and almost certainly be on very unequal terms. This does not bode well for the quality of the ensuing service.

² See pp. 24-29 of ‘Without Prejudice’.

In the second place — and greatly reinforcing this first difficulty — it is unclear what the legal status and operational viability of such partnerships would be. At a Senate Estimates hearing of the Standing Committee on Community Affairs of 3 June 2008, this question was raised in the context of consortia arrangements with family relationship centres. Representatives of the Department of Families, Housing, Community Services and Indigenous Affairs confirmed, among other things, that:³

- the department does ‘not dictate to the consortia what legal arrangements they might have between the members of the consortia’;
- an MOU ‘is seen as sufficient indication of intent without putting the consortia members to the potentially quite significant legal expense of hiring lawyers to work out a more complex legal arrangement’;
- the department contracts only with the lead agency;
- any dispute within the consortium is not directly a matter for the department which ‘does not dictate to consortia how they organize their legal arrangements within the consortia itself’ [sic].

This clearly puts non-lead agencies in a difficult legal, financial and operational position. Consortia may easily fall apart; there is no direct contract between non-lead agencies and government; and, when difficulties or differences arise, there is no established procedure to ensure an equitable outcome. Pressed on this, a departmental representative at the hearing said, ‘We have a series of legal considerations that have to be worked through and some advice that we need to prepare around those for considerations beyond current funding agreements and we are in the process of developing that thinking.’

³ Commonwealth of Australia, Proof Committee Hansard, Senate Standing Committee on Community Affairs, Estimates, (Budget Estimates), Tuesday, 3 June 2008, CA 103-4.

Given such an unacceptable state of affairs, it is iniquitous that specialist agencies should be pushed into seeking partnerships at short notice solely to obtain funding they have previously merited on the basis of their recognised expertise. At the very least, a much longer time-frame should be adopted, and government itself prepare adequate ground-rules for its own contracts.

Education and training

The new system includes many welcome incentives for providers to encourage skills development and training, including transitions to apprenticeships. The principle of ‘matching the needs of job seekers with the labour requirements of employers’ (Discussion Paper, p, 15) is self-evidently basic to any effective employment service model. But there remains a question as to how far this principle should determine the detail of support, especially in the early stages.

The Paper asserts, for instance (p. 6), that ‘Any training that does take place must not be for its own sake, but must address the needs of employers’. This may be too rigid, especially in the case of the more disadvantaged. Education and training are not only intrinsically worthwhile, but help personal as well as vocational development — an intangible factor that can be crucial in securing employment. As the Paper itself notes (p. 6), ‘employment outcomes increase with education level’. The Employment Pathway Fund is to be used for a broad range of support, including non-vocational interventions and mentoring. ‘Assistance will not be required to be “directly” tied to a specific job, but will still be required to contribute to the job seeker obtaining employment.’ (Discussion Paper, p. 14.) And in the case of remote job seekers, the Paper advocates (p. 10) a ‘broader definition of outcomes to encourage further education’.

The particular difficulty for many of the long-term unemployed is that the skills of which there is a shortage — those actually needed by employers — tend to be relatively high-level or specialist. Currently, the jobs which the most disadvantaged have any realistic hope of getting are low-skilled; and their needs are primarily cultural or psychological. Engagement in further

education of any kind is one means by which such individuals may build up the necessary self-confidence and increase their general employability.

The point is reinforced in the paper's discussion of participation requirements for parents (p. 18) where one option to be considered by the upcoming taskforce is that 'participation requirements can better take account of participation that includes a combination of work, study and volunteering activities'. It seems only reasonable that a similar flexibility should be extended to the education and training rights of the long-term unemployed.

Again, it is necessary to remember that social outcomes are no less important than economic ones; that social inclusion is a more extensive phenomenon than simply gainful employment in the mainstream economy.

The 'work first' syndrome

The current system 'skew(s) provider behaviour towards obtaining short-term jobs rather than equipping job seekers with the skills they need to obtain sustainable employment' (Discussion Paper, p. 6). By contrast, the new system is intended to provide tailored assistance to match individual job seekers' abilities with employers' needs, in order to secure long-term employment. There are, however, indications that the 'work first' culture of the current system may be retained, even if only by default.

Two examples illustrate this. Discussion point 7 (p. 17) asks, in part: 'Should job seekers with recognised qualifications or skills be permitted to restrict their job search to their chosen field for a period?' This does not fit well with the first part of the same discussion point — 'Should activity test requirements be made more flexible and responsive to job seekers' needs?' — or the general stress on individualised support. Clearly, by 'recognised qualifications or skills' we are not to understand esoteric credentials, but qualifications or skills for which there is an established, viable demand. The implication of the question is that job seekers, as at present, should accept *any* job they can do, rather than one which is, in the ordinary sense, suitable for their capabilities and experience and therefore conducive to sustainable attachment to the workforce. As the paper notes (p. 22), 'the Government believes that everyone who can work

should work'. Logically, this leads to the accusation that those who refuse employment which does not match their skill level are 'job snobs'.

The section on performance management (p. 20) canvasses the possibility of benchmarking to replace the Star Ratings system. 'Under such a [benchmarking] system, providers would know in advance how many job seekers they have to place in work in order to ensure a satisfactory rating.' Perversely, this could easily encourage the very practice (of obtaining short-term jobs) which the new model formally seeks to deter. (The alternative that is considered — to have different benchmarks taking account of the make-up of individual providers' case load or the nature of their labour market — would both greatly increase the administrative burden [another target of the reform] and defeat the whole point of benchmarking, which is to use a general comparative set of criteria.)

What both examples demonstrate is that the theoretical flexibility and individualised assistance of the new system could be undermined by the practical exigencies of gaining an(y) employment outcome at the earliest possible opportunity.

Miscellaneous

There are several other individual issues which will need to be addressed as the new model develops. Among the more important are the following:

1. The significant impact illness can have on job seekers' ability to meet activity requirements — or, conversely, the impact that meeting activity requirements can have on individuals' seeking appropriate treatment — may be underestimated. This is clear in the case of specialist services where those on income support may find it financially very difficult to meet ordinary referral payments. (Health cards do not obviate the need to pay specialists in full.)

On a more routine level, while it is understandable that medical certificates should be requested to verify illness (Discussion Paper, p. 23), a consultation with a GP may in some cases prove financially challenging for people on income support. Many rural and

regional centres do not have bulk billing services, even for people with health cards. One alternative would be to allow those who have missed a day's (or days') activity to make up the time lost.

2. Regarding discussion point 13 (p. 25) on whether both Centrelink and employment service providers should be required to contact job seekers about Participation Reports, the current reporting and compliance system, as the Paper notes, does so require them, 'consistent with principles of natural justice'. It would be a somewhat retrograde step to now ignore those principles.
3. The \$11 allocated to the Employment Pathway Fund in Stream 1 is nugatory. Give the average hourly cost of office time it is difficult to see what useful service this could provide, even as a subsidy. Either the amount should be made serious, or the \$11 added to the Job Placement or general service fees.

Conclusion

The new employment services model is distinctly more sensitive, flexible and collaborative than the current system. It seeks to better integrate the interests of employers and job seekers, with a greater emphasis on training and reduced administrative inconvenience. At the same time, there is a certain haste about the process, and certain fairly central aspects of the model require amplification: in particular, the rationale behind having four, rather than three streams; the criteria by which placements (through the JSCI) will be decided; the nature of work experience, outside of Work for the Dole and Green Corps; the role of specialist providers and their mooted need for expansion or partnerships; and the narrow focus of education and training initiatives.

With regard to our two underlying concerns, the twin objectives of the social inclusion agenda — social and economic participation — are very unevenly served. It is, of course, unsurprising that an *employment* services model should focus on economic participation; but even here, there is a danger that too narrow an interpretation of such participation may emerge, and that

the new system in practice may not depart significantly from current arrangements. This is especially worrying with regard to the 'work first' syndrome.

Our reservation about work experience centres on the risk that many of the most disadvantaged will find themselves 'parked' indefinitely in this stream, with limited funding and no prospect of more meaningful engagement, either socially or economically.

We also, however, are confident that there is sufficient time and good will in both government, business and the community sector to anticipate this and other risks, to arrive at a working model which will indeed achieve the worthy goals the Government has set.

About Anglicare Australia

Anglicare Australia is a nationwide network of locally based Anglican organisations serving the needs of their communities.

From Groote Eylandt, NT to Kingston, Tasmania, from Bondi to Bunbury, Anglicare member agencies are committed to caring for people in need and seeking social justice for all.

Anglicare agencies work in close cooperation with other community organisations and some receive funding from Federal, State and Local Governments to provide a wide range of services. These include:

- residential and community aged care
- foster care, Out-of-Home Care, adoption and child care
- family relationship support programs
- support for people with disabilities
- financial counselling and low/no interest loans
- family support and relationship counselling
- treatment for drug and alcohol dependence
- family violence
- youth programs

- emergency relief
- employment services
- community housing and emergency accommodation for homeless people
- community development through building communities of hope
- working with Aboriginal and Islander Australians
- assistance to refugees and migrants
- social research and advocacy