

30 October 2001

Job Network Review
Productivity Commission
PO Box 80
BELCONNEN Act 2616

Dear Sir / Madam,

BAKAS Employment Solutions is pleased to provide the following submission to the Independent Review of Job Network by the Productivity Commission. The comments provided by BAKAS relate to the "Central Inquiry Issues" as detailed on Page 5 of the Issues Paper released by the Productivity Commission.

BAKAS Employment Solutions provides both Job Matching and Intensive Assistance services under Job Network in the Adelaide Labour Market Region. The company provides Intensive Assistance services to both Generalist and Specialist groups, the latter group being People with Disabilities.

Previously, BAKAS Employment Solutions provided Case Management services to Generalist and People with Disabilities groups under the former ESRA arrangements. Some of our comments in this submission will thus be from a comparative perspective.

BAKAS Employment Solutions provides this submission to the Inquiry mainly from the perspective of a provider of Intensive Assistance services to People with Disabilities.

We are happy to be contacted by the Commission as needed to further discuss our submission.

Yours sincerely

Joanne Bakas
General Manager
Bakas Employment Solutions

What are the main benefits of the policy framework underlying the Job Network? What are the main disadvantages?

Whilst we have no comment to make on the wider policy framework we do have some observations in regard to operational policy of the Job Network. One area relates to defining outcomes for People with Disabilities. Currently, clients in this group can apply for work reductions (ie number of hours per week) and still qualify for a Primary Outcome. Secondary Outcomes for this group do not qualify for any reductions (ie part-time courses) regardless of the fact that a level of disability may impact on a person's ability to undertake education or training.

Other issues include referral practices for Specialist Groups. Point in Time caseload, is we believe far more difficult to achieve and maintain for these groups relative to industry acceptable standards such as 85%. In regard to the policy underlying the Performance Framework BAKAS believes that the focus on outcomes in the star ratings does not allow for consideration of the greater disadvantage that some job seekers face and consequently the increased difficulties faced by specialist job Network providers.

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?

The Job Network Evaluation Stage 2 states that "Not all job seekers are benefiting equitably from Job Network assistance....Groups with consistently low outcome rates compared to others include older job seekers (aged 55- 64), those on unemployment allowances for more than two years, job seekers with less than year 10 education, indigenous job seekers and those with a disability" . (Stage 2 Evaluation Pg 5)

Furthermore, in relation to job seekers with a disability the Stage 2 Evaluation found this group had employment outcomes below average. The Evaluation suggested that such clients should be further examined to consider whether referral to the Community Support Program(CSP) was more appropriate. Also the Evaluation noted that access to disability employment services provided by the Department of Family and Community Services (DFACs) would impact on the take up of Job Network services and outcomes for this group. (Stage 2 Evaluation Pg 48-49).

BAKAS considers that the Case Management model is the correct one for employment interventions to this group. However, rather than move this client group around a number of programs (Job

Network, CSP and FACs services) it is felt more appropriate to deliver primarily employment services to this group through a modification of Intensive Assistance services for people with disabilities. Fee structures could include a parcel of funding relating directly to the disability needs of clients. For example, work modifications and assistive technologies.

BAKAS believes that the Job Network has the capability for more tailored intervention to job seekers. However, at this stage BAKAS is unable to discern any major differences in the case management practices of providers under Job Network and under the former ESRA arrangements as the focus has never appeared to be on the actual individual services provided.

DEWRSB has the tools in the form of Individual Support Action Plans and the Declaration of Intent by providers that could be monitored to gain a clearer picture of what interventions each provider is delivering to clients.

BAKAS also suggests that DEWRSB could consider comparing within each Labour Region individual Job Network providers payment fees in relation to their level of outcomes. This could be done by reporting on the position of each provider in relation to the average of outcomes per level of fees for the region or by a simple ranking of providers around this ratio. This would give DEWRSB and the industry a very clear picture of comparative value.

Another area of information that could be interesting to review is a consideration of the outcomes delivered in the Job Network by different business types, that is, public versus private organisations. The Job Network Stage 2 Evaluation reports that in regard to the Incentive Fee Structure, private organisations may have set their business case purely on the Up Front Payment with little concern for Outcome Fees and hence implicitly the level of service to job seekers. Therefore, monitoring the above mentioned measures would assist in determining such assertions are valid.

In regard to local-choice driven competition between multiple providers BAKAS believes further study needs to be taken on service delivery models. The maintenance of offices in Employment Service Areas (ESAs) adds to the cost structure of service delivery and in all but the largest metropolitan labour market are seen as unnecessary. An outreach office should be sufficient infrastructure in some ESAs.

How can Job Network be improved? In particular, what changes, if any, should be made to:

- **Tendering arrangements, including pricing and incentives for better outcomes?**

BAKAS believes the proposed extension of current contracts for high performing providers will provide a basis for further stability of the Job Network.

Further, BAKAS suggests that any level of business that is subsequently put out to tender should only be done so on a tender by invitation basis with pre-qualification criteria.

- **The performance measures and monitoring approaches that should be used?**

BAKAS believes that performance measures reflected in the Star ratings should be more closely related to a range of performance measurements that are monitored in Contractual arrangements. For example, contracted KPIs that also were the basis of tendered price based on expected service delivery.

Furthermore, it is not clear how the working of a caseload of a Special Interest group impacts on the performance measurement and monitoring of such providers in comparison to providers of these services to Generalist groups. Specialist providers must deal with:

- Non-automatic referrals;
- Greater dependence on assessment tools;
- Greater dependency on Centrelink staff; and
- Greater administrative requirements.

Over 80% of the Star ratings weighting is based on Outcomes and less reference to the “harder groups”, as clearly demonstrated by the Job Network 2 Evaluation Stage 2 , that Specialist Groups provide their services to.

Also in relation to this area we reiterate our view that the Government may consider greater use of employment outcomes to fees ratios in determining high performance providers.

BAKAS considers that the current monitoring process is on the whole adequate and supports the efficient working of the Job Network. However, as stated earlier more work could be done

in the areas of monitoring service provision to individual job seekers as well as the level of expenditure by providers on job seekers.

- **Co-ordination among the various Job Network players?**

Generally speaking the partnership between DEWRSB, Centrelink and Job Network providers is an area where there has been a marked improvement compared to the ESRA arrangements. Both DEWRSB and Centrelink have been responsive to the needs of providers in areas such as referrals, performance monitoring and contract administration. The level of consultation and information provided by DEWRSB has contributed to the stability of the Job Network. This is particularly evidenced by the substantial level of IT Infrastructure that DEWRSB utilizes.

There is some concern in the co-ordination of DEWRSB, DFACs and Centrelink in the provision of employment services and the Community Support Program for people with disabilities. Particular care needs to be taken with assessment tools, appropriate referrals and the increase complexity that these clients present for Centrelink staff.

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

BAKAS considers that all areas of Commonwealth Government services should be reviewed and evaluated for their suitability for the purchaser – provider model.

BAKAS considers that government expertise lies in the development of the policy framework, setting of performance requirements and monitoring of contractual arrangements. Actual service provision should be delivered by organisations that can demonstrably show expertise in the relative area of service.