

16 November 2001

Mr Mike Woods,
Presiding Commissioner
Productivity Commission
PO Box 80
Belconnen
ACT 2616

Dear Commissioner,

I am pleased to enclose a copy of Job Futures Ltd submission to your Inquiry into the Job Network and related issues. Thank you also for the recent opportunity for informal discussions with you concerning the scope of the agency.

Please do not hesitate to contact this office if our organisation can assist you further.

With kind regards.

Yours sincerely

ROBERT TICKNER
Chief Executive

SUBMISSION BY JOB FUTURES LTD TO THE PRODUCTIVITY COMMISSION
INQUIRY INTO THE JOB NETWORK AND RELATED ISSUES.

JOB *futures* is well placed to contribute to public debate on the Job Network as the organisation itself may never have come into existence but for the establishment of the Network. It is useful to outline the circumstances of its creation.

Background to JOB *futures*

Job Futures Ltd, ACN 080 037 538, (JOB *futures*) is Australia's largest not for profit employment services group. Combining national reach with local knowledge through its community based and local government operators, the JOB *futures* group is a major player in the delivery of employment services across Australia.

When the Federal Government privatised the Commonwealth Employment Service, twenty three not for profit community employment and training organisations from four States and the ACT - organisations with extensive experience in assisting jobseekers – decided to work together as JOB *futures*. They were determined to build a national capacity to continue delivering employment and training services to their local communities in a rapidly changing service delivery environment.

We now have 43 community based and local government operators, operating from 126 sites nationally, delivering recruitment, training and support services. As a major player in the Commonwealth's Job Network, we are contracted to provide Job Matching, Job Search Training and Intensive Assistance, and have access to a national database of tens of thousands of jobs.

We operate on the basis that strategic alliances between not-for-profit organisations are important in building stronger communities. Our members have up to 20 years experience in delivering employment services. The mix of our staff skills and experience across the private, public and community sectors are unequalled.

Who We Are

JOB *futures* is first and foremost a national network with local expertise. We are not a consortium but a Network of community based not for profit providers committed to common high standards of service delivery under our Job Network contract.

JOB *futures* was successful in achieving a larger share of business in Job Network 2 than in Job Network 1 and holds significant Job Network business across Australia except for the Northern Territory and South Australia. The national organisation Job Futures Ltd holds the contract with the Commonwealth and the business is then sub-contracted to member organisations who deliver these services through some 95 branches.

Principles on which this Submission is based.

JOB *futures* is a strong supporter of the concept of the Job Network and any comments or criticisms of the existing system which we may make in this submission should be seen in that context. We will, however, continue to argue the case for ongoing improvements to the

operation of the Network as does the Department of Employment Workplace Relations and Small Business itself.

We also wish it to be understood that as a national network of community based not for profit employment providers our members have a long and proud record of involvement in their communities and in working for social justice. They are and have always been more than simply commercial service providers. They seek to provide a focus on economic development and job generation in their services to the communities in which they operate. The Government also regards these values as worthy of recognition as they underpin much of the McClure Report which enjoys wide political support.

JOB *utures* has noted the advice of the Commission that submissions do not have to address all the terms of reference of the Inquiry or all those issues which are raised in the discussion paper. We have decided, in this submission, to focus on issues that reflect our considerable practical experience and that our network believes may not be adequately addressed in the submissions of other providers.

Need for openness and transparency in all aspects of the administration of the Job Network.

This is our foundation recommendation we would advocate the commission adopt.

While JOB *utures* has considerable regard for the administration of DEWRSB, we believe that it is important that the Productivity Commission unambiguously re-enforces the need for scrupulous openness and transparency in the administration of all aspects of the Job Network.

There is evidence on the public record touching on the administration of other Commonwealth Departments that there are some who are prepared to abuse positions of trust and the possession of sensitive information for private gain. One has to look no further than the "radiologists" and the Commonwealth Department of Health and Aged Care for confirmation.

The Job Network is a highly competitive business and, given the Department's announced intention to rollover contracts, the possession of inside information by a Job Network provider that would give a competitive advantage is unfair competition to all those providers who do not share this information. For this reason we would argue that the Department should adopt the slogan "If one knows all should know" in dealings with all Job Network members in relation to the consideration of all policy matters.

We have observed that the Department has shown support for the principle we advocate in its conduct in the aftermath of the recent Senate revelations concerning certain alleged abuses of the Job Network. We believe, however, that this is a principle that needs to be re-enforced at every opportunity. Should it subsequently be breached, the broad support given to the Job Network by providers will be shattered.

Key Performance Indicators and contract performance measurements need to be accessible to providers and be determined prior to the contract commencing and not be varied without extensive public debate and consultation and with six months advance notice given to all providers.

We regard this recommendation to be one which both the Commission and DEWRSB ought to embrace unconditionally. The Department and the Government have put in place a competitive framework under which the success of Job network providers will be judged against Key Performance Indicators set by DEWRSB.

To allow providers to achieve the performance that the Department seeks to secure they need to know what to achieve. The Job Network Performance Rating System, however, does not disclose important data developed by DEWRSB to identify the outcomes that should be achieved by Job Network providers in the differing ESAs. This data, developed by the South Australian Centre for Economic Studies in conjunction with the Department, includes a number of factors controlled for by regression- gender, age, Indigenous Australians, people with disabilities, people from non-English speaking backgrounds, sole parents, educational attainment, duration of unemployment, ABS unemployment rates and job growth, and Job seeker's time in assistance at a statistical local area level. These details are not disclosed to Job Network providers, leaving substantial uncertainty in planning for performance outcomes.

While generally providers judge their performance against others on an ESA basis, utilising the Department's comparative data, the last star ratings showed that some providers with high comparative ESA results achieved few stars while some with poor comparative ESA results achieved high star ratings.

This underlines the importance of providers knowing the full details of the performance model against which they will be judged.

We note that the Department has indicated that it has a policy (which we understand at the day of writing has not yet been adopted by government) that the current Job Network contracts will be rolled over for 70% of providers. *JOB futures* endorses this policy and believes that its implementation will not have an adverse impact on competition while at the same time providing a necessary measure of stability to the Job Network.

Our support for the policy is, however, conditional upon the "rules of the game" being made known to all participants well in advance. In that context we believe that, as a minimum, the details must be made public at least six months before the cut off date at which performance will be judged. While the last date established as the cut off date at which performance was judged was set at 31 August 2001, the Key Performance Indicators against which performance was to be judged were released on 20 September, nearly three weeks after the cut off date.

It is farcical to determine the rules of the game after the game is over. If the Department wants to maximise competition and high performance among Job Network members, the performance indicators need to be available at the beginning of the contract. It must tell all job network participants well in advance what the principles are on which we will be judged.

Independent Monitoring of the Job Network

We note that this proposal was the subject of party political differences over the past 12 months but in our submission that should not be the case.

It is highly unlikely that the calls for independent monitoring will cease and if concerns are not able to be investigated by an impartial and arms length authority they are likely to manifest themselves in political attacks on the Job Network and its providers in the Parliament.

The last such attack resulted in a period of considerable uncertainty and instability in the wider Job Network and in the Department itself. We consider that an independent monitoring authority would greatly diminish the likelihood of any such attacks and lead to a greater measure of cross party support for the Job Network. This would be a welcome development.

The development of independent monitoring of the Job Network will, in addition, allow DEWRSB to give greater effect to its aim of building partnerships with Job Network providers.

Lack of Statistical Information on the performance of key aspects of the Job Network

We wish to give two examples of what we consider to be the need for a considerable upgrading of the published research undertaken by government and its agencies concerning key aspects of the operation of the Job Network.

Our first example concerns the lack of public information itself about the percentage of job seekers who exercise their right of choice and select the Job Network member they wish to help them find a job. There is a strongly held belief within the Job Network (apparently shared by the Commission as reflected in the paper released to encourage submissions to this Inquiry) that only a tiny minority of IA job seekers self select and that Centrelink automatically refers the grant majority of Job seekers to Job Network providers on a random basis. There is however at least some historical evidence that this is not the case and it raises important research questions, which must be answered, if the public and the commission are to form any accurate view on this important aspect of the exercise of choice within the Job Network.

In 1999 DEWRSB undertook a survey entitled "Job Seeker satisfaction with Job Network members survey" which revealed that over 70 % of IA clients (jobseekers) chose a provider and 57 % did so on the basis of "provider attributes". The study is reported in the *Job Network Evaluation Stage 1* published by DEWRSB and is also referred to in the recent report of the OECD entitled *Innovations in Labour Market Policies-The Australian Way*. Unfortunately, we are not aware of any published follow up survey. Subsequent discussions with DEWRSB officers has indicated that the actual level of choice exercised by Job Seekers is around 30% although no data has been made available to Job Network providers in this regard.

A second example highlights the paucity of detailed published Job Network research. We understand that it is not reliably known how a longer term placement contributes to the longer term employment prospects of a job seeker compared with a shorter term placement. Based on anecdotal evidence we think that a longer term placement is more beneficial and indeed the recent changes in the Job Network performance measurements would seem to be based on this assumption. This however is not the point, as we believe that to the greatest extent possible public policy should be based on extensive independent and published research.

We hope that an independent monitoring authority to be established in collaboration with DEWRSB and Job Network members could redress this deficiency.

A “One Stop Shop” for job seekers and employers

To date the Job Network has proceeded on the basis of providers being awarded separate contracts for Intensive Assistance, Job Search Training and Job Matching.

This format of contracting services has resulted in providers being allocated in many areas small Job Search Training contracts and accompanying small contracts for Job Matching. The result is confusion for many job seekers, and a lack of flexibility and choice in the services that can be delivered.

This contracting format also results in extraordinary challenges to the viability of organisations that do not hold Intensive Assistance contracts.

It is for this reason that we advocate that Job Network providers be “One Stop Shops” with the full range of services available to job seekers.

Quality of Job Network Services is an important objective

While *JOB futures* endorses the view that the best measure of the quality of a Job Network Service are the job outcomes for job seekers the quality of service is also an important factor that deserves greater attention.

It is clear that opportunities exist within the Job Network for providers to take significantly differing approaches to delivering services. While this is a positive aspect of Job Network, a stronger commitment to the assurance of quality either through more concerted action by the Department or stronger incentives for providers would be welcome.

Better linking the Job Network to labour market planning and training

The Job Network does not operate in a labour market vacuum and the job opportunities for job seekers will in large part depend upon the broader economic and policy framework within which the Job Network operates.

Job Network has a strong focus on assisting job seekers who are within the income support system. Its links to welfare are well developed. The focus of Job Network on addressing labour market skills shortages, training needs and industry and occupational changes, on the other hand, are not well developed.

JOB futures recognises that these issues may be difficult to address, but the cost of the Job Network not focusing to a greater extent on the broader economic needs of the country is a significant lost opportunity.

Some elements of reform in this area could include reviewing the availability and content of market information currently on hand and ensuring that it is relevant to the Job Network and introducing incentives for actions that meet specific economic demands (such as placements in training in areas of particular demand).