

30 April, 2002

Professor Mike Woods
Job Network Inquiry
Productivity Commission
PO Box 80
Belconnen ACT 2616

Dear Professor Woods,

UnitingCare Australia welcomes the opportunity to offer some brief comments on the Commission's Draft Report relating to its Independent Review of the Job Network. UnitingCare Australia is committed to improving the Job Network system for all job seekers.

UnitingCare Australia

UnitingCare Australia is the national body for the Australia wide network of Uniting Church agencies dedicated to providing support and services to individuals, families and communities. Through UnitingCare network, the Uniting Church is the largest provider of community services in Australia, providing services to over one million Australians each year. UnitingCare Australia works to ensure the effective framing, funding, and delivery of programs to meet the needs of those in our community who require help and support.

The Uniting Church has had a commitment to the provision of high quality community services for many decades. The Church is a recognised leader in the introduction of new and innovative services in areas such as ageing and aged care, employment, families, children, youth, and disability. The work of UnitingCare agencies is based on an ethos of honouring the dignity of all people, working toward the social good in community, restoring human relationships, and advocating for those most disadvantaged in our society. UnitingCare agencies are committed to working towards justice, equity and participation for all Australians. The UnitingCare network includes a number of significant providers of Job Network Services.

Purpose of employment programs

UnitingCare Australia considers that unemployment programs should seek to provide genuinely equal opportunities for all people seeking labour market assistance. This implies that people with higher barriers to employment – particularly those with severe or multiple barriers – will need extra assistance to be reconnected to the labour market. We recognise that in some instances this may result in some costs or disadvantage (relative to uniform treatment) to unemployed people who are already closely connected to the labour market.

From this perspective we consider policies such as wage subsidies to be useful because they favour the longer term unemployed and help maintain their labour market attachment, which is desirable both on social justice grounds and for labour market efficiency.

Overall performance of the Job Network system

The Job Network system has some real strengths. In particular, it provides a framework for engaging the community in working with and assisting unemployed people. It has also achieved substantial cost savings for the Commonwealth Government.

The full potential benefits of a partnership approach have not yet been realised, however. Cost saving appear to have been given priority over improving services to – and outcomes

for – unemployed people. Frameworks and incentives remain bureaucratic and often implicitly encourage adversarial approaches. The UnitingCare network provides many examples of strong service culture and genuine concern for clients. Unfortunately, at times these appear to be despite the Job Network structures, rather than because of them.

A particular concern is that the Job Network has not been successful in reducing the number of long-term unemployed people, with numbers remaining static at approximately 385,000 for the last six years, despite sustained economic growth.

We are confident that a better resourced Job Network, with a stronger partnership ethos and greater stakeholder engagement, could result in greatly improved 'service experiences' and employment outcomes for the people we serve.

Abolishing job matching services (Recommendation 7.1)

UnitingCare Australia does not support the recommendation that basic job matching services be abolished for non-disadvantaged job-seekers. This is a low cost service with relatively high returns to individuals and the wider community.

Reduction of Intensive Assistance to Six Months (Recommendation 7.3)

UnitingCare Australia opposes the recommendation that the period of Intensive Assistance be reduced to six months. Two particular concerns are that the more disadvantaged job-seekers need time to build up trust and a working relationship with a particular provider, and that the reduced period of assistance would be likely to result in much higher levels of 'breaches'. We – like the Independent Review of Breaches and Penalties in the Social Security System – consider most breaches to be both unfair and counterproductive, undermining the effectiveness of the wider Job Network.

The underlying problem is not the period of assistance, Rather it is the incentives to providers and the lack of recognition of the differences in effort required to achieve comparable outcomes for different classes of job seeker. It is well known that the current payment structure can be seen as encouraging providers to 'park' people with lower chances of benefiting from assistance, and thus little chance of generating an 'outcome payment'. Outcomes could also be improved by differential payments or resourcing for different classes of job seekers, recognising that different groups of people will require different levels and different types of assistance and support.

Star Rating System

A related issue is that the current star rating system reinforces the financial incentives provided by the outcome payment system. UnitingCare providers, like many values based providers, consistently choose to work with the most disadvantaged groups of clients, for whom employment outcomes are most difficult to achieve – despite the financial incentives to ignore these people. We consider the star rating system should take account of the different effort required to achieve employment outcomes, or should be based on a wider range of outcomes (that are themselves steps towards achieving employment outcomes).

Provision of information to job seekers

UnitingCare Australia considers that Centrelink should provide better information and assistance to job seekers, including in relation to job seekers selecting a Job Network provider. Currently, job seekers who do not choose a service provider at their initial Centrelink interview are randomly assigned to a service provider. Most job seekers are focused on the details of their payments at this interview, and many are not aware of the importance of ensuring a good match with a service provider. It would thus be valuable for Centrelink officers to spend some additional time to explain and assist with this part of the process. Like most things, starting out on the right foot can save considerable time and

trouble later on for the provider, and increase the quality of service and outcome for the client.

Job Seeker Classification

UnitingCare Australia also considers that the JSCI should generally be implemented more flexibly and carefully, with follow up questions to clarify anything that is not clear. There are still too many instances of persons only given 30 minute interviews in this crucial part of the Job Network process. Providers resist having job-seekers re-assessed because of the time involved, and so job seekers have to suffer the consequences of inaccurate assessments. Often job-seekers do not understand the purposes of the assessment, and feel that they have to 'perform well' in order to receive payments or improve their chances of getting the most appropriate provider and support. There needs to be expert evaluation of job seekers to determine what level of assistance is required, not a short interview with set questions and little flexibility.

Thank-you again for this opportunity to provide input to the review. We would be very happy to arrange additional material from, or meetings with, members of the UnitingCare network providing Job Network services, or clients accessing those services, should this be of interest. We can also provide further information on specific issues relating to the practical operation of the Job Network, and opportunities to improve outcomes for job seekers and other stakeholders. I can be contacted on phone 02 6290 2160, mobile 0408 402 222, fax 02 6290 2163, or email on lin@nat.unitingcare.com.au.

Yours sincerely

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UnitingCare Australia