

Catholic Social Services
Australia

Catholic Social Services Australia

Submission to:

The Department of Employment, Education and
Workplace Relations Issues Paper:

Employment Services – building on success

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Employment Services 2015: Achieving better outcomes for highly disadvantaged job seekers

Summary

This submission focusses on improving the pathway towards employment and participation in society for jobseekers with multiple and severe disadvantages. While the Job Services Australia (JSA) model increased the focus on achieving outcomes for this cohort compared to its Job Network predecessor, the pattern of poor outcomes for the large majority of these job seekers needs to be addressed in the re-designed model beyond 2015.

Nearly three quarters of highly disadvantaged jobseekers do not achieve an employment outcome under the current JSA model. For those who remain unemployed for more than three years, the level of JSA support is so small that it cannot be expected to achieve any positive impact. According to the Organisation for Economic Co-operation and Development (OECD), Stream 4 clients are more likely to leave the labour market than to move into employment.¹

The human cost, long-term wasted opportunity and broader societal impact which result from the current inadequate situation emphasise the need to move to an improved program design. A key element for the future JSA model is to use incentives which increase the capacity and flexibility for providers to implement the kinds of innovative, intensive case management which have been demonstrated to be essential for highly disadvantaged clients.

There is a corresponding need to re-frame the contractual relationship with providers. This would allow for public accountability needs to be fully met without the current substantial diversion of resources which currently results from excessive administrative compliance requirements. It would also generate significant savings which could be used by providers to strengthen the capacity of highly disadvantaged job seekers to participate in the labour market and in society more broadly. The life-long benefits for individuals and the quantum benefit over the medium term for the whole Australian community from such an enhancement would be substantial.

Catholic Social Services Australia (CSSA) makes two substantial recommendations for achieving better outcomes for highly disadvantaged job seekers:

Option 1: Build on strengths and achieve retention within the existing JSA system;

Option 2: Re-shape employment assistance as a complementary service for highly disadvantaged clients.

¹ Activating Jobseekers – How Australia does it. OECD 2012 p 25

About CSSA

CSSA welcomes the opportunity to comment on the Issues paper on Australia's employment services system beyond June 2015. This submission mainly addresses employment policy related to job seekers with serious and multiple disadvantages.

CSSA is the Catholic Church's peak national body for social services. It has a network of 64 member agencies (listed at Appendix 1) which employ around 12,000 people, providing community services to over one million Australians each year. For over 50 years it has assisted its member agencies to promote a fairer, more inclusive society that reflects and supports the dignity, equality and participation of all people.

Achieving better outcomes for the highly disadvantaged

For the majority of job seekers who do not have a background of significant disadvantage, the most cost effective way of achieving employment outcomes is to increase the intensity and effectiveness of a job search while providing low cost training (e.g. 1-3 day courses), reverse marketing and wage subsidies for those who are harder to place. This has proved to be relatively effective for job seekers who are "job-ready", with relevant experience and a number of key capacities.

Despite a substantial funding increase over recent years to assist highly disadvantaged clients, mainly in JSA Streams 3 and 4, the incentives to improve the long term employability remain inadequate. This is particularly evident for job seekers with chronic behavioural problems, mental illness, homelessness, substance abuse and other related issues. The two case studies in this submission provide an indication of the great diversity of human circumstances experienced by people in the JSA system. They are drawn from the CSSA network (from JSA and non-JSA providers) and highlight the need for greater flexibility by providers in the way they are able to match client needs with a range of other services.

The policy challenge of seeking to transition highly disadvantaged job seekers into employment is far from new. Successive Australian governments have grappled with it for over 20 years. In 1996, the then Employment Minister created a Community Support Program (CSP) to provide services "to address disadvantages that are acting as a barrier to employment²." This was based on recognition that failure to involve this cohort in the labour market and broader society could lead to increased levels of poverty, crime, health problems and disengagement from mainstream society³.

²The Hon Amanda Vanstone, *Reforming Employment Assistance: Helping Australians into Real Jobs*. Ministerial statement. Department of Employment, Education and Youth Affairs. August 1996.

³ Ibid.

The next iteration of this approach was based on a 2001 assessment that the CSP “did not help enough people and that there is not enough funding for service providers to do their job”. As a result, highly disadvantaged job seekers were streamed out of mainstream employment services and a Personal Support Program (PSP) was introduced and provided more funding and more places than what was available under CSP⁴.

Subsequent analyses, including the current Issues Paper, demonstrate the policy challenge of assisting both the range of job ready job seekers and those disadvantaged job seekers, who require intensive support, sufficiently in the same program.

The previous Coalition government used the CSP and PSP models to address the complexity of assisting severely disadvantaged job seekers while the current Government has used the Employment Pathway Funding (EPF) as an attempt to *prepare clients for workforce participation, albeit in a very limited way*.

In seeking to achieve a major improvement in outcomes for this cohort under the next iteration of the JSA model, this policy focus on effective

‘Steph’

‘Steph’ is an ex-offender. She has severe limits to social support and often finds the easiest option is to re-engage with pre-incarceration peers. She doesn’t really want to go back to the old way of life but she is also finding it very difficult to put assertive boundaries in place.

She is struggling with her parenting skills. She is experiencing custody problems associated with the care of her children. But is working hard to deal with the multitude of relationships – both personal and professional – she needs to manage including with the Department of Community Services, the schools and teachers and her children’s friends’ parents. She is also having problems coping with the basic elements of parenting, such as nutrition and routine, as well as the more complex parenting demands.

She can find common daily life overwhelming. Tending to tasks such as planning meals, organising bills and even finding a place to live are challenging. She knows that her drug and alcohol addictions are a problem but she also faces the dilemma of finding the challenges of ‘outside’ life hard to cope with and the path to resources to reduce or stop substance abuse difficult to navigate.

She also suffers from a chronic lack of self-esteem and can find herself significantly anxious in certain situations such as being at the shops, on the road and in crowds. ‘Steph’ says she feels that people are looking at her negatively and she struggles to adjust to everyday occurrences that have changed during her incarceration – for example, self-service checkouts.

‘Steph’ has a lack of real-life, up-to-date employable skills but says she finds it very difficult to concentrate on work or study with all these other issues she is trying to cope with needing attention.

⁴ The Hon Tony Abbott, Speech notes for a Jobs Australian conference - Tackling the moral deficit, Melbourne 16 May 2001

preparation for job seekers needs to be central.

The Issues Paper acknowledges this point in a more understated form than many previous employment policy statements when it notes that:

“Many job seekers face barriers that are not directly related to skills or employment, and therefore require assistance beyond that provided at training and employment organisations.”

While highlighting the strong JSA program focus on the highly disadvantaged, the Issues Paper does not suggest modifications in the incentive structure that could produce better outcomes or major compliance savings. Nor does it adequately address the implications of the tightening labour market and steady expansion in the transfer of long-term income support recipients from non-activity tested payments onto Newstart and Youth Allowance.

For highly disadvantaged clients, the major change from the Job Network model to JSA was the abolition of PSP. They were moved into the mainstream employment services system with most being referred to the new Stream 4. The Issues Paper (p8) states that employment outcomes for this group have improved significantly. However, this comparison does not compare “apples with apples”. The program objectives under PSP to address pre-vocational barriers were markedly different from the current JSA program objective of seeking an immediate job placement. Also, PSP providers lacked access to the Jobseeker Account.

In the current JSA system, over 70 per cent of Stream 4 job seekers have received assistance through the EPF. While this indicates that most Stream 4 clients do receive assistance, the data suggests that, in keeping with JSA KPI's, much of this is oriented towards job search rather than overcoming underlying barriers. Moreover, a significant proportion of this EPF support is spent on services such as wage subsidies, reverse marketing, clothing and presentation, transport and licensing assistance. The average debit per client from the EPF is \$1,398 while the average number of transactions per client is 7.2.

Even though the JSA incentive structure is a considerable improvement on the Job Network model in targeting clients who are highly disadvantaged, the experience of the CSSA network is that providers are still unable to invest adequately in strengthening the core human capacity skills needed for them to be able to enter, or to remain in, the workforce for long.

Providers are also weighed down by administrative requirements. In 2012 the OECD noted that:

JSA providers often seemed focussed on assessment processes, participation reports, contact requests and suspended caseloads as much as assistance with curricula vitae, job seeker counselling, job vacancies and training (p21)

The scale of provider processing time spent on administrative compliance has been debated over many years. A comprehensive survey of providers sponsored by Jobs Australia assesses that it is as high as 50 per cent of total provider time⁵.

Even if the quantum is considerably less than this, the expansion in compliance demands on providers over the last decade has clearly diverted professional time and resources away from assisting clients to enter the workforce. The next JSA model should be designed to achieve a better balance between various accountability measures and a higher level of confidence in the leadership of JSA-approved providers. This would enable a major transfer of existing resources into core program objectives.

Maintaining a viable employer services industry

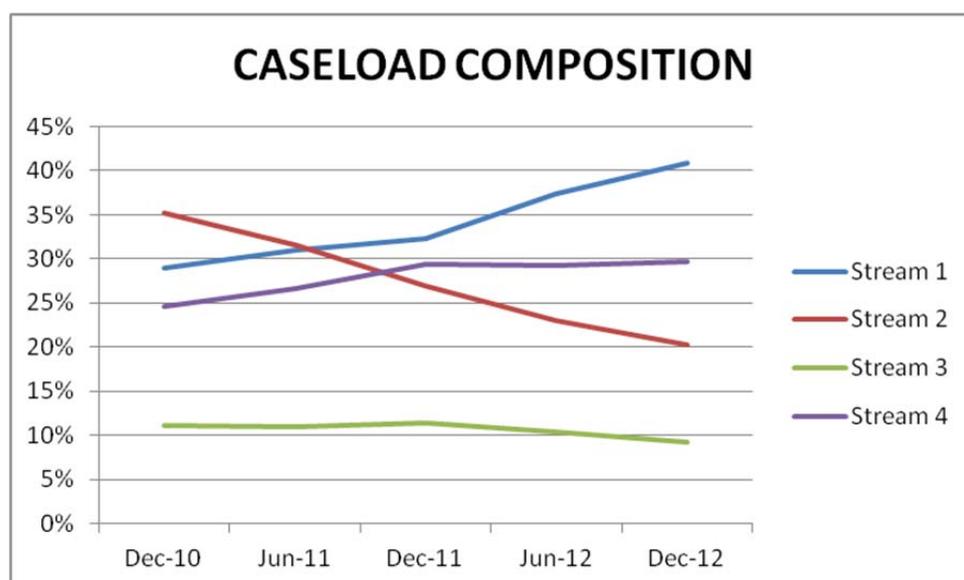
There are three external factors that have a significant impact on viability:

- Caseload composition shift (see Graph 1);
- Economic conditions;
- Static pricing

The first two factors results in an ongoing decline in revenue in real terms while the final factor results in a decline in price-adjusted terms.

Using data from a significant provider in SE Queensland (current caseload of 6,000 job seekers) Graph 1 shows the proportion of Stream 1 clients has increased from around 28 per cent in 2011 to 41 per cent in 2013. Whether this is a result of labour market conditions or revised streaming practices by the Department of Human Services (DHS) or a combination of both it has a significant impact on revenue potential.

Graph 1: Proportional increase of Stream 1 clients between December 2010 – December 2012

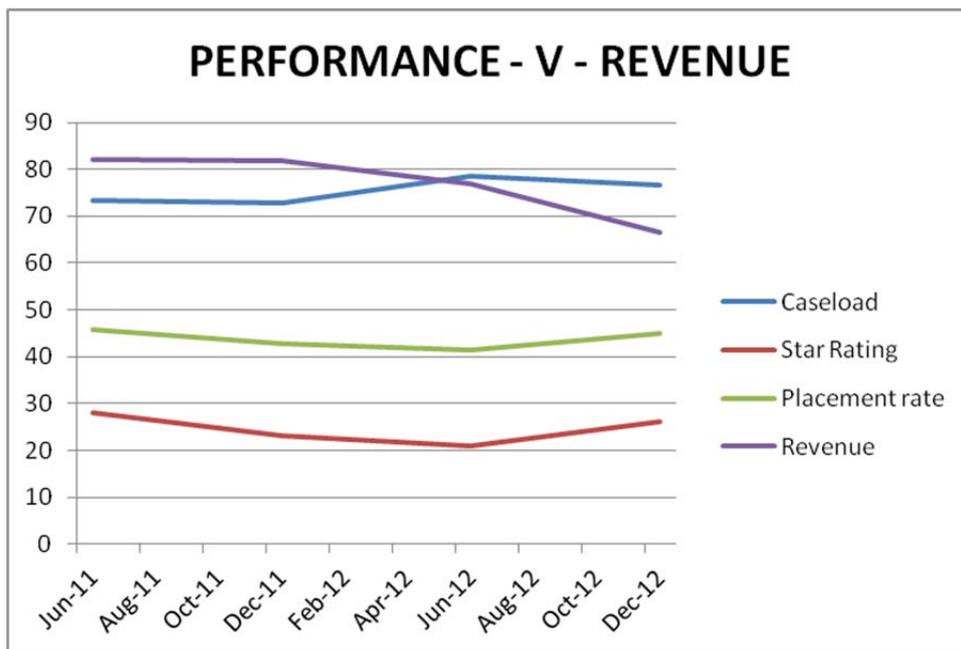


⁵ The evolution of the Jobs Services Australia system by the Nous Group (2013) p 1

Another key feature of Stream 1 clients in the current JSA system is many are Long Term Unemployed (LTU) or become LTU while in JSA, and remain in Stream 1. According to National Employment Services Australia, 20-30 per cent of Stream 1 clients are LTU. Where some sites have 30 per cent of job seekers in Stream 1, with little EPF and little financial reward for servicing and outcomes, providers struggle to break even.

Using (Stream 2-4 only) data from a Site delivering consistent Star 4 performance over the life of the contract demonstrates the results of the combined factors listed above. Revenue has shown a gradual decline in spite of relatively consistent performance.

Graph 2: Declining revenue from June 2011 – December 2012 despite relative consistency in star rating score



Notwithstanding that some JSA service providers appear to have adapted their broader business base to remain viable with this pricing model, these graphs raise a significant policy question about whether a moderate level of quality service delivery could be sustained over time for all Job Seeker Streams without modifying the existing JSA incentive structures.

Recommendations: CSSA recommends consideration of two specific options:

Option 1: Build on strengths and achieve retention within existing JSA system

Recommendation:

Provide better targeted and increased flexible funding to allow providers to support job seekers with multiple and severe barriers in employment.

Assistance designed to strengthen a job seeker's capacity to be able to participate in the workforce can include a range of support to improve skills, education, health, capacity to interact with other people and to overcome isolation. It can also involve direct assistance to address problems with alcohol, prescription medicines and illegal drugs, a history of criminal offending, difficulty with anger management, poor compliance with job search and mutual obligation requirements.

Although the EPF technically provides for funds to assist jobseekers address their non-vocational barriers to employment, the JSA fee structure, incentives and star rating system do not support this functionality of the EPF as well as it could. JSA income is tied to employment and pathways outcomes, so that the financial incentives are in outcomes, rather than services fees, providers will gear their services to those outcomes, rather than non-paying outcomes.

Where funding incentives allow for more flexible services and intensive case management, there are likely to be better outcomes for clients, including sustainable employment outcomes. The 2015 JSA model needs to be funded in such a way that providers are not penalised for focusing on developing skills (social, health, experience, training etc.) rather than achieving full employment outcomes. Better funding for pathways outcomes and social outcomes for highly disadvantaged clients must feature prominently in a re-design of JSA and providers should not be penalised in star ratings for slower speed to placement.

The 2015 JSA model should also bolster incentives for employment services providers to connect with people before they are discharged from hospital, mental health facilities, rehabilitation, prison or other related facilities.

Given the complex challenges facing many highly disadvantaged job seekers, it is also recommended that the new JSA model include expanded opportunities for job seeker placement in, and exposure to, the workforce. Those opportunities could involve casual, part-time or temporary jobs and work with them to develop skills through experience. This

may mean arranging unpaid work experience placements, employer subsidies or even direct job creation through a fully subsidised intermediate labour market model.

Working with job seekers post-placement can help them map out a path from insecure, intermittent work to secure, permanent work. It would involve working closely with employers to identify the skills and behaviours workers need for particular jobs and helping job seekers to develop these skills and identify and work on behaviours that could prevent them from keeping a job and advancing to more secure employment.

In many cases success may depend on the quality of the match between the job seeker's skills and preferences and the opportunities available in a particular workplace or industry. It may be easier to reach the destination if the provider and job seeker start out on the right path. With a stronger emphasis on strengthening the capabilities of these job seekers, rather than speed of placement, there is also likely to be longer job retention in the workforce.

'Bob'

'Bob' is a 40 year old male and was placed in 'out of home care' at seven years of age due to sexual abuse by his mother. He also alleges physical abuse in foster care and was diagnosed with behavioural issues as a child.

He has misused cannabis and alcohol since his mid-teens and has also had episodes during which he used amphetamines.

He has had a string of minor assault, drunk and disorderly and traffic convictions but with no incarceration.

'Bob' married for a second time and is currently in a stable relationship that has lasted over eight years. He has three children and is working hard at his relationship and parenting skills by being involved in various relationship and parenting courses.

His work history is patchy but he has worked in a number of casual positions. According to the CSSA network member providing non-JSA service assistance to 'Bob', his periodic work history has been punctuated by mental health crises and substance abuse episodes. He can present well and can be well for periods. However, he has struggled to achieve consistent stability and reduction of symptoms and tolerance for stressful situations.

He has been repeatedly breached under the JSA system due to his inability to complete job skill preparation courses.

Option 2. Re-shape employment assistance as a complementary service for Highly Disadvantaged clients

Recommendations:

- 1) Provide targeted funding to specialist agencies outside JSA to provide employment assistance as a complementary service.
- 2) Allow job seekers with multiple and severe barriers to exit JSA so that they are able to receive employment-related services as part of a comprehensive package of tailored assistance to address their pre-vocational/non-vocational barriers.
- 3) There is potential to build on the new Personal Helpers and Mentors (PHaMs) employment services model where providers of complementary services receive funding to engage their clients with Job Services Australia.

The current Government terminated the PSP because it was found not to produce satisfactory employment outcomes. However, as noted earlier, the creation of the PSP was based on a clear recognition by the former government that significant investment in wrap-around services is essential to address the severe barriers facing many job seekers in this cohort. Since the termination of the PSP, the JSA model has been limited by its relative inflexibility in enabling JSA providers to provide the types of intensive assistance needed to achieve much better employment outcomes. It is not surprising that the design of the EPF has been inadequate to achieve these outcomes for most of these job seekers.

One option would be to **treat employment services as a complementary service** to mental health, homelessness, drug and alcohol or other services rather than vice versa. The initial evaluation results of a small pilot program called 'Journey to Social Inclusion' (J2SI) run by a CSSA member agency, Sacred Heart Mission, has indicated that intensive case management with substantial flexibility for the provider can achieve exceptional outcomes⁶.

This small project, which ran from 2009-12, was the first of its kind in Australia. It demonstrated that a person with severe disadvantages can make a permanent transition out of homelessness through intensive, individually-tailored support that addresses the underlying causes of the person's homelessness. Employment was one of the project objectives.

Using effective case management and clinical supervision, the Sacred Heart Mission project achieved positive outcomes. The intensity of services delivered does come with a

⁶ Sacred Heart Mission project conducted from 2009-2012. The evaluation involved RMIT University and the Melbourne Institute of Applied Economic and Social Research. www.sacredheartmission.org

higher price per individual than under JSA but there are still many lessons to be learnt from the emerging findings of the J2SI program and some of its design principles can be transferred to other program models for working with people with multiple levels of disadvantage.

The **Individual Placement and Support (IPS) model** is another example of a successful approach that integrates employment services into a mental health context ⁷. Viewing employment as part of mental health treatment, evaluations of the model suggest that 60 per cent or more of IPS clients obtain employment.⁸

Relying on supported work rather than pre-vocational assistance, the model has a number of essential features:

Supported employment places clients in competitive jobs without extended preparation and provides on the job support from trained “job coaches” or employment specialists. The core principles of supported employment are that (a) the goal is competitive employment in work settings integrated into a community's economy, (b) clients are expected to obtain jobs directly, rather than after lengthy pre-employment training, (c) rehabilitation is an integral component of treatment of mental health rather than a separate service, (d) services are based on client's preferences and choices, (e) assessment is continuous and based on real work experiences, and (f) follow on support is continued indefinitely.⁹

In considering such an option, it would be important to avoid a situation where those agencies which are delivering services to employment provider agencies do not become a place where the most challenging job seekers are relegated to without appropriate funding and therefore service. If clients move to specialist agencies, they must move with full funding.

Another alternative is to build on the approach of the new **Personal Helpers and Mentors (PHaMs) employment services model** where providers of complementary services receive funding to help participants overcome personal barriers to finding and keeping a job and offer personal support to access employment services.

PHaMs is funded by the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA). The program is designed to help people with severe mental illness overcome social isolation. While the majority of PHaMs clients are more likely to engage with disability employment services than JSA, the general model may be

⁷ Links to:

- [The IPS Supported Employment Center at Dartmouth College](#)
- [University of Kansas information on IPS and other evidence-based practices](#)
- [Case Western Reserve University Center for Evidence-Based Practices information on IPS](#)
- [IPS at the Thresholds mental health agency](#)

⁸ Gary Bond, Robert Drake, Deborah Becker, Generalizability of the Individual Placement and Support (IPS) model of supported employment outside the US. *World of Psychiatry* 2012 Feb;11(1):32-9.

⁹ Ruth E Crowther, Max Marshall, Gary R Bond, Peter Huxley 'Helping people with severe mental illness to obtain work: systematic review' *BMJ*. 2001 January 27; 322(7280): 204–208.

applicable to other client groups such as those receiving homelessness or drug and alcohol rehabilitation services.

Finally, a more integrated approach linking services for chronic mental health, homelessness and drug and alcohol misuse could be expected to achieve better outcomes for clients if they could access employment services before clients are discharged from hospital, mental health facilities, rehabilitation, prison or related facilities. As with the PhAMs program described above, if clients move to specialist agencies, they should move with full funding support.

Appendix 1

Catholic Social Services Australia Membership at 22 March 2013

BoysTown
Catholic Community Services
Catherine House Inc.
CatholicCare Hunter-Manning
CatholicCare Canberra & Goulburn
CatholicCare, Diocese of Broken Bay
CatholicCare, Archdiocese of Melbourne
CatholicCare NT
CatholicCare Social Services - Diocese of Parramatta
CatholicCare Sydney
CatholicCare Wollongong
Catholic Marriage and Fertility Services (Perth)
Catholic Society for Marriage Education
Centacare Ballina (St Francis Xavier's Parish)
Centacare Bathurst
Centacare Brisbane
Centacare Catholic Diocese of Ballarat Inc
Centacare Catholic Family Services Adelaide
Centacare Catholic Family Services Country SA
Centacare Catholic Family Services Townsville
Centacare South West NSW
Centacare Cairns
Centacare Geraldton
Centacare Gippsland (Sale)
Centacare Kimberley
Centacare New England North West
Centacare Port Macquarie
Centacare Rockhampton
Centacare Sandhurst (Bendigo)
Centacare Tasmania
Centacare Toowoomba
Centacare Wilcannia-Forbes
Centrecare Inc. Perth
Conference of Leaders of Religious Institutes in NSW

Catholic Social Services Australia Membership at 22 March 2013

Daughters of Charity of St Vincent de Paul

Dunlea Centre, Australia's Original Boys' Town

Good Grief

Jesuit Social Services

MacKillop Family Services

Marist Youth Care

Marriage Education Program Inc.

MaroniteCare

Mary Aikenhead Ministries

Marymead Child and Family Centre

MercyCare

North West Queensland Indigenous Catholic Social Services

Mercy Family Services (Qld)

Personal Advocacy Services

Rosemount Good Shepherd Youth & Family Services

Sacred Heart Mission St Kilda

Sisters of Charity of Australia

Sisters of Mercy Brisbane CLT

Institute of Sisters of Mercy of Australia and Papua New Guinea

Sisters of Mercy Parramatta

Sisters of Saint Joseph of the Sacred Heart NSW CLT

Mary MacKillop Care SA Ltd - Ain Karim

Sisters of the Good Samaritan

South Australia Province of the Sisters of St Joseph

St Anthony's Family Care

St Francis Social Services

St John of God Health Care - Social Outreach and Advocacy

St Josephs Cowper Inc

St Patrick's Community Support Centre (Fremantle)

Sts Peter & Paul Centacare