



Response to the Discussion Paper on the Proposed Licensing System for the New Employment Services Model

A submission to the:
Department of Education, Skills and
Employment

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About yourtown

yourtown is a national organisation and registered charity that aims to tackle the issues affecting the lives of children and young people. Established in 1961, **yourtown's** mission is to enable young people, especially those who are marginalised and without voice, to improve their life outcomes. We are one of the largest providers of charitable youth services in Australia, employing over 700 staff across four states. We currently have 50 service centres in 36 locations across Queensland, New South Wales, South Australia and Tasmania. Our service locations are in areas of high socio-economic disadvantage and our services include:

- Kids Helpline, a national 24/7 telephone and on-line counselling and support service for 5 to 25 year olds with special capacity for young people with mental health issues
- Employment and educational programs (including social enterprises), which support young people to re-engage with education and/or employment, including programs for youthful offenders and Aboriginal and Torres Strait Islander specific services
- Accommodation responses to young parents with children who have a high likelihood of engagement with child protection systems, and to women and children seeking refuge from domestic and family violence
- Young Parent Programs offering case work, individual and group work support and child development programs for young parents and their children
- Parentline, a telephone and online counselling and support service for parents and carers
- Mental health services for children aged 0-11 years old, and their families, with moderate mental health needs
- Expressive Therapy interventions for young children and infants who have experienced trauma and abuse or been exposed to violence.

yourtown's work with unemployed young people

We have more than 20 years of experience helping young people who face significant barriers to finding and keeping a job. We currently deliver youth specialist jobactive services (under subcontract to MAX Employment) in 26 locations and Transition to Work in 12 locations across four states, as well as ParentsNext in the Port Pirie region of South Australia.

As a result of our experience and research with young people, we are currently piloting an innovative approach to addressing long-term youth unemployment in Elizabeth, South Australia, Caboolture in Queensland, and Burnie and Devonport in Tasmania called **your job your way**. The program targets young people aged 15-21 who have been unemployed for over 52 weeks, and are at high risk of social exclusion and permanent detachment from the labour market. The model includes the delivery of intensive, concurrent services and support to small active caseloads of around 25 young people by a dual support team of a qualified Pathways Coach and an Employment Mentor. This team works with the young person using a collaborative strengths-based, trauma-informed approach, coupled with targeted employer engagement and intensive 'in work' mentoring to 26 weeks.

We also run social enterprises that aim to tackle long-term youth unemployment and disadvantage by providing young people with paid work experience and training as a 'stepping stone' to open employment. Our social enterprises employ young people aged 15-25 years, who are not yet work-ready, and transitions them to sustainable employment through a combination of paid work, on the job training, and support to overcome personal barriers. In addition, we are the largest provider of labour market programs within Queensland through the Government's Skilling Queenslanders for Work (SQW) initiative. Since 2012, we have provided a range of SQW programs that assist young people experiencing unemployment and disadvantage to gain the confidence, skills and experience they need to successfully participate in the workforce. Our SQW model involves a dual support team of a youth worker and employment mentor, who are pro-social role models, building trust and rapport with participants as the basis for program engagement and positive outcomes. This includes post-placement support to help clients maintain employment.

Most of our face-to-face services specialise in working with young jobseekers who are at the highest risk of long-term unemployment, including: early school leavers; young Aboriginal and Torres Strait Islander peoples; young offenders/ex-prisoners; those from culturally or linguistically diverse backgrounds, and single parents from jobless families.

Introduction

yourtown welcomes the opportunity to respond to the Australian Government Department of Education, Skills and Employment's Discussion Paper on the proposed licensing system for the New Employment Services Model. We are a youth specialist provider of jobactive in 26 sites (subcontracting under MAX Employment) and Transition to Work in 12 sites across the nation. **yourtown's** pilot program, **your job your way**, for young people in long-term unemployment (that is, unemployed for more than 52 weeks) is co-located with its jobactive services. Currently 57,500 young people (15-24 years) across Australia are in long-term unemployment,¹ and **yourtown** is delivering employment services to 6% of these young people. Hence, we are well-placed to contribute our views on the proposed licensing system for the New Employment Services Model. Furthermore, **yourtown's** 22 years of delivering employment services (under the jobactive, Job Services Australia, and Job Network contracts) in some of the most disadvantaged metropolitan and regional areas across Australia means we have rich insight regarding youth unemployment in varying labour market conditions.

Establishing a panel

Should generalist and specialist organisations be included on the same panel? How else could the panel be used?

Generalist and specialist organisations should be included on the same panel, providing that specialist organisations are given the opportunity to make a business case to deliver services to their target cohort in areas where there is an identified need. They could then potentially become part of the sub-panel in that region with generalist providers.

In the Discussion Paper, it is suggested that having an established panel for employment services could allow the Australian Government the opportunity to use the panel for other programs in the future. Having generalist and specialist organisations on the same panel could provide a large database for Government to access which can then be filtered by specialist cohorts.

Providers could also connect with other organisations in the panel. It could potentially be a forum for organisations issued with a licence to share learnings and knowledge.

How long should the panel be in place for?

Ideally, the panel would be in place prior to the commencement of the contract to allow organisations sufficient time to adjust to the requirements of the new contract. A six-year duration of the panel would give providers time to establish their processes and attain a consistent performance level, as well as allow the Government to undertake the Licence Review and extension processes.

In what circumstances should a panel refresh occur?

A panel refresh could occur when significant changes occur in the unemployment demographic and labour market in an Employment Region. This refresh could ensure the panel has a comprehensive list of organisations that could meet the needs of a dynamic labour market with changing industry needs.

¹ Australian Bureau of Statistics (ABS). (2020). Table I: UM3 - Unemployed persons by Age and Duration of job search, January 1991 onwards. Retrieved 14 October, 2020. <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release>

Issuing contractual licences

How long should licences be issued for initially?

Ideally, licences would be issued for a minimum of five years. In our experience of working with unemployed young people in disadvantaged areas, it can take up to two or three years before performance is at a consistently high level. One of the concerns in the Discussion Paper about issuing licences for a longer period is that low performing providers could operate for longer in the market. However, factoring a Review at the three year mark of the contract would see low performing providers receive ongoing support to improve their performance.

Should organisations be allowed to service areas smaller than an Employment Region?

Employment Regions are large and have labour markets and demographic cohorts that are diverse. Organisations should be allowed to service areas smaller than an Employment Region so they can capitalise on any strong connections with job seeker cohorts, industry, employers, and community services to secure outcomes.

Should the number of licences be capped in each Employment Region? When should new licences be added to a region?

The number of licences issued in each Employment Region should be capped to ensure financial viability for providers.

New licences could be added when existing providers cannot meet an increased demand in services from significant changes in the labour market within Employment Regions. These changes may occur from factors such as new employment pipelines or significant population growth.

In what circumstances should short-term licences be issued?

Short-term licences could be issued in the event of unemployment surges from instances such as pandemics, natural disasters, or industry redundancies. These licences have the potential to be expensive so the opportunity would need to be financially viable, particularly if the provider is entering a new area. A more feasible option in the first instance would be to request current providers in the area to extend their services to meet increased demand. If this closed tender process does not produce a result, then other organisations on the sub-panel may become eligible for a short-term licence after assessing capacity to deliver and financial viability. If these options are not suitable, then an open tender process can be established.

Licence reviews

How many performance groupings should there be?

While the proposed performance groupings (high, moderate, low) appear straightforward, we query how these groupings would be implemented with job seekers who require intensive support. Further context is required regarding the allocation of performance groupings in light of the metrics used to assess performance.

How often should providers receive performance data? Should provider performance be publicly accessible?

Providers find monthly performance data useful for monitoring their inputs and outputs.

Provider performance should be publicly accessible so that job seekers can make informed choices about which provider to select. Ideally, the rating system would be available to the public in a user-friendly and comprehensible format. In addition, performance data that is publicly accessible allows for healthy competition between providers and ensures organisations are held accountable for their performance.

When should the first Licence Review occur? Should the first Licence Review be any different to later reviews? How frequently should Licence Reviews occur?

yourtown's experience of starting a new contract is in accordance with the Department's evidence in the Discussion Paper that providers may need up to 12 months to become familiar with policy settings and establish effective services processes. However in our experience it can take up to two or three years before momentum is gained and sustained significant progress is achieved when working with young people in areas characterised by elevated unemployment rates, low formal education, and high socio-economic disadvantage. The first Licence Review should occur 12 months after the commencement of the contract, however, the focus should be on the provider's processes, such as engagement of job seekers and development of networks, rather than on placements and outcomes performance. This would ensure that providers have established strong foundations for addressing the complex barriers of job seekers. Subsequent annual Licence Reviews could then focus on performance, as well as continuous improvement and future planning.

Specialist licences

Should cohort specialists only be referred job seekers from their target cohort?

In our experience, target cohorts benefit more in an employment services model where cohort specialists are only referred job seekers from their target group. Specialist providers understand their target cohort because they have recruited, trained and resourced with a specific staffing profile designed for their speciality. Providing services to job seekers outside of the target cohort could be detrimental because it is a distraction outside of the provider's scope of training and resources, as was the case in the Job Services contract.

Which cohort types should have specialists?

As youth specialist providers in employment services, **yourtown** understands that young people are at a significant disadvantage in the labour market and require targeted assistance. The youth unemployment rate has historically been higher than the overall unemployment rate, and today stands at 14.3% (August 2020), which is more than double the national (6.8%) overall unemployment rate.²

Young people in long-term unemployment are particularly at risk of being left behind during the economic recovery from COVID-19. The number of long-term unemployed young people has risen from 48,600 in August 2019 to 57,500 in August 2020.¹ During the recovery from the Global Financial Crisis in the 2000's, the long-term youth unemployment rate in Australia increased from 0.9% in 2007 to 2.4% in 2015. The long-term youth unemployment rate increased further during COVID-19 to 2.7%, almost double the 1.4% overall (15-64 years) long-term unemployment rate.

Young people who usually would be in short-term unemployment before finding work are now at risk of falling into long-term unemployment. Notably, the incidence of long-term youth unemployment (i.e. the proportion of unemployed youth who are unemployed for more than 52 weeks) doubled from 9% in 2007 to 18% in 2015 after the Global Financial Crisis. During COVID-19, the long-term youth unemployment incidence increased further and reached its highest point of 20% in August 2020.¹

The 'scarring' effects during and after downturns in the Australian labour market have a strong impact on unemployed young people. From 2008-2018, young people aged 15-24 years experienced a 1.6% decrease per year in their disposable income and young people aged 25-34

² ABS. (2020). *Labour Force, Australia: Headline estimates of employment, unemployment, underemployment, participation and hours worked from the monthly Labour Force Survey*. ABS, Australian Government. Retrieved 14 October, 2020. <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/aug-2020>

years had a 0.7% decline per year in their disposable income. Other age groups experienced at least 2% growth per year in their income.³

The elevated levels of long-term unemployment and its scarring effects indicate that young people need specialist providers in the New Employment Services Model. **yourtown** supports the notion that young people require specialist providers. While noting that job seekers can belong to more than one target group, we recognise that in the youth cohort there will be a range of needs and it is our view that anyone seeking a licence will need to demonstrate their capability to meet those various needs.

What factors should determine where specialists are located?

Government is best placed to name priority areas for target cohorts. However, providers should be permitted to submit a business case for specialisation to inform viability and be based on concentration and needs of target cohorts, local labour market factors, connections to community services, and regional industry knowledge.

How should the new model interact with complementary programs (e.g. Transition to Work, Work for the Dole)?

It is important for the New Employment Services Model to interact with programs that are complementary to finding employment for job seekers. In our experience, Work for the Dole can fulfil this purpose when administration levels are lessened, delivery of the program is flexible, and job seekers gain skill development in a meaningful work situation.

Youth specialist providers in the New Employment Services Model and Transition to Work providers should exist symbiotically, where the job seeker's needs determine the service that is appropriate for them. This works well when jobactive providers refer eligible Stream C clients to Transition to Work because they recognise that these job seekers can benefit from the intensive pre-employment support, and yet some jobactive providers are reluctant to refer Stream C job seekers to Transition to Work. The Stream C job seekers who would be referred to Transition to Work are those who have addressed their non-vocational barriers. If these more severe barriers have been addressed, then the jobactive provider would prefer to keep working with the job seekers because they have a strong chance of placing these job seekers in employment and receiving the outcome payment.

Transition to Work has an end date for servicing job seekers. While some young people who have reached the end of their 18 months servicing in Transition to Work may not be in full-time employment, they would have increased work readiness due to receiving intensive pre-employment support. Based on our experience, it would be beneficial for these young people to return to a youth specialist provider in the New Employment Services Model that continues to provide targeted support while accounting for their increased work readiness.

yourtown's research and experience with young people in long-term unemployment indicates that their situations are multifaceted and that they respond well to tailored and flexible support.⁴ They are also more responsive to a service delivery model that is grounded in engagement rather than compliance. The intensive support delivered in Transition to Work would be well-suited to this cohort. Currently young people are referred to jobactive or Transition to Work by the Department of Human Services based on their Job Seeker Classification Instrument assessment results. It is recommended that young people in long-term unemployment should be referred to Transition to Work. Young people who become long-term unemployed while in jobactive should automatically be transferred to Transition to Work to access intensive pre-employment support. It is our experience that working with long-term unemployed young people is an area of specialisation requiring more intensive work enabled by lower caseloads.

³ Productivity Commission (2020). Why did young people's incomes decline? Productivity Commission Research Paper.

⁴ **yourtown your job your way** final evaluation report will be released December 2020

The initial assessment of job seekers should determine which program would best suit their needs. However in our experience delivering employment services, disadvantaged young people often do not disclose their barriers during this assessment process and are then allocated servicing that does not address the complexity and severity of their needs. A lack of robustness in assessment processes in deciding where job seekers are allocated and the level of servicing they receive can severely impact the attainment of employment outcomes and ultimately the employment trajectory of job seekers. We strongly recommend that Government consider further investment in a more sophisticated assessment process to better identify barriers. We consider this could yield significant returns to Government in the medium- and long-term.

How should workforce specialists operate?

It is proposed in the Discussion Paper that workforce specialists would focus on responding to workforce demand by identifying workforce opportunities, sourcing vacancies, and assisting with screening, shortlisting and preparation of job seekers. We suggest that these functions are already core service components of providers assisting job seekers on their caseload. Providers going into the New Employment Services Model should already have links with employers and be continually developing industry links in dynamic labour markets. We query how outcome fees would be distributed when providers are delivering ongoing support for job seekers thereby increasing their employability but then workforce specialists may obtain the placements for job seekers.

Market share

How should market share operate? How should tolerance work? Should a portion of market share remain unallocated?

yourtown sees the value of defining market share as the proportion of the current caseload, subject to tolerance within 20 per cent. We appreciate that the other option of defining market share as the portion of business (job seeker referrals) in a region over a certain period of time would provide surety of the flow of business for providers. However, when market share is the proportion of the current caseload, providers would be incentivised to achieve outcomes for job seekers in order to increase access to new referrals. In this scenario, providers would be clear on the requirements for them to receive new business. In comparison, more clarity is needed around the proposed management of the alternative option of allocating a minimum market and leaving a portion in each region unallocated.

Red tape reduction

How can the licencing system help cut red tape?

Administration work during reviews could potentially be reduced for providers who are consistent high performers. The focus for the Department would then be on monitoring and supporting providers in the low performance group.

Time and cost could be minimised if digital technology is used more when contacting job seekers. Digital platforms such as text message, email, and/or app notification (rather than by mail) could be utilised when official correspondence is sent to job seekers.

What would assist smaller organisations to enter the provider market?

In the jobactive contract, providers service the whole Employment Regions which is not possible for some organisations without having to enter into partnership or consortium arrangements with larger organisations. Being able to service smaller areas within Employment Regions would allow organisations of all sizes to enter the provider market. Organisations should then demonstrate their capability to perform in these areas. When they commence operating in the provider market, a guaranteed market share could support their financial viability.

Performance Framework and cyber security

What measures could be included in the Provider Performance Framework? What features in the Provider Performance Framework would support the classification of high, medium and low performance?

The examples of performance measures provided in the Discussion Paper are suitable for the Provider Performance Framework. Along with achieving employment outcomes for job seekers, **yourtown** values the measure of progressing job seekers towards employment. A program theory could capture the short-, medium- and long-term milestones underlying the measure of progressing job seekers towards employment.

yourtown also agrees with the suggestion that achieving results for disadvantaged cohorts could be included as a measure in the Provider Performance Framework. Given the complexity of issues experienced by young people in long-term unemployment, we would be hoping that the ongoing and intensive support required to assist this group would be taken into account when measuring the achievement of results for disadvantaged cohorts. Two key features in **yourtown's your job your way** program successfully supporting long-term unemployment into jobs are the small caseload and the dual support team of an Employment Mentor and a Pathways Coach.⁴

With 22 years of experience delivering employment services, we understand the importance of having real-time performance data to guide our operations. Benchmarking sets a target that we can work towards and allows us to track progress at any given time and adjust our operations accordingly.

How can the department ensure job seekers and employers are receiving quality service?

In the Discussion Paper, it is proposed to include a Quality Assurance Framework as part of the provider performance framework, measuring provider governance, service improvement and job seeker and employer servicing through quality accreditation such as ISO 9001. **yourtown** suggests that Quality Assurance Framework and ISO 9001 should be used in conjunction with a range of measures, such as real-time feedback from job seekers and employers, to determine if clients are receiving quality service and to enable a culture of continuous improvement

How can providers' cyber security be improved in the new model?

Due to the potential complexity and large number of controls in a customisation of the ISO 27001 standard, it may be worthwhile staggering the controls that providers are appraised against throughout a three year auditing cycle, rather than requiring providers to meet all controls at each audit. For example, in Year 1 providers could be audited against the basic ISO 27001, in Year 2 they can be audited against a set of new controls in the customised ISO 27001 standard, and in Year 3 they can be audited against the remaining new controls.

Currently providers are not required to have fraud controls in place. One potential improvement in the new model would be for providers to have internal controls for detecting fraudulent behaviour rather than being alerted to suspicious behaviour by the Government.

Next steps

What would ensure an effective transition from jobactive to the new model? What lessons can be learnt from previous program transitions?

Ideally, the draft licensing would be made available as soon as possible. Also, when tendering it would be helpful to have unlimited attachments to provide supporting documentation.

yourtown's experience with new contracts is that providers require sufficient time to establish effective service processes. Additional time is then needed when providing intensive support for young people in areas characterised by elevated unemployment rates, low formal education, and high socio-economic disadvantage. Altogether, these factors indicate that a prolonged period may occur at the start of the contract before outcomes are achieved.

Sufficient lead-in time would enable staff to become proficient in the technology systems, particularly the systems which undergo major overhauls. This in turn can assist staff to conduct quality intake assessments of job seekers, where using the technology systems is a seamless part of the assessment process rather than a hindrance. In addition, the lead-in time give job seekers optimal time to adjust to the change in models.

If a jobactive provider (or subcontractor) is issued a licence in the same area, then their caseload of job seekers should remain with them, providing it is within market share tolerance. This would enable continuity of service for job seekers.