



# Response to Exposure Draft: Employment Services 2015 – 2020

Submitted to:  
Department of Employment  
August 2014

## About AMES

AMES is a Victorian Government Statutory Authority. AMES provides specialist services in settlement, education and training and employment to newly arrived refugees and migrants in their initial phase of settlement, and to longer term migrants who require support to gain employment. AMES provides services in Victoria, works with over 45,000 people a year and has over 60 years' experience.

The primary focus of AMES services is to transition refugees and migrants to successful settlement in Australia. Employment is central to this work.

AMES delivers specialist employment services for culturally and linguistically diverse job seekers, as a CALD Specialist Job Services Australia provider funded through the Department of Employment.

AMES also delivers the following programs and integrates employment preparation into many of these services and / or connects clients in these services with Employment Services providers.

- Humanitarian Settlement Services in all contract regions in Victoria on behalf of the Department of Social Services
- Adult Migrant English Program (AMEP) in seven of the eight contract regions in Victoria on behalf of the Department of Industry
- Skills for Education and Employment (SEE) program in 2 SDA in Victoria on behalf of the Department of Industry
- Asylum Seeker Support Programs (CD, CAS and ASAS) across Victoria on behalf of the Department of Immigration and Border Protection (DIBP)

AMES welcomes the opportunity to comment and provide feedback to the Department of Employment on the Exposure Draft for Employment Services 2015 – 2020 Purchasing Arrangements.

## Changes supported

AMES supports the proposed changes to the following areas and recognises the improvements that will result from these specific changes to Employment Services.

### *(i) Streams*

AMES supports the reduction from 4 to 3 Streams. Combining job seekers previously in Streams 2 and 3 recognises that these job seekers frequently have similar characteristics and barriers to employment and therefore should be allocated to one stream. This proposed allocation of job seekers to streams that represent job ready, moderate barriers and significant barriers is appropriate.

As in the previous contracts, accurate application of the JSCI will be critical in ensuring jobseekers are placed in the Stream that provides access to services which best address their individual employment needs.

### ***(ii) Less prescription in working with job seekers***

AMES supports the objective outlined in the Exposure Draft to reduce service prescription. Giving Employment Service providers discretion to determine the amount and type of service best suited to individual job seekers means resources can be directed to providing those services which result in job seekers being prepared for and placed in sustainable jobs. A less prescriptive model proposed also allows for responsiveness and innovation in service delivery.

AMES believes that moving away from a more transactional model focussed on process to a more active model focussed on employment outcomes will be beneficial in being able to provide the individualized support that can assist in providing job seekers that meet employer needs.

### ***(iii) Cutting red tape***

AMES supports the intention to cut red tape and remove unnecessary administrative and reporting tasks. Cutting red tape will free up resources for job placement work, including working closely with employers to better understand their needs and workforce requirements.

Any reduction in red tape that increases employers' willingness to engage with Employment Services and lodge vacancies with Employment Services providers will be positive for job seekers needing access to those jobs. AMES sees positive evidence of this already happening – for example, the reduced onus on employers to report and verify placements – and looks forward to further streamlining and improvements from the employers' perspective. AMES notes that over several contracts governments have stated an intention to reduce red tape and trusts that providers will see a material reduction in the next contract.

AMES sees an opportunity to reduce red tape by taking a risk management approach to compliance. Compliance could be streamlined by introducing a risk-based approach to the scheduling of provider audits so that high-performing providers who have a sound record in compliance are audited less frequently than providers where compliance issues have been identified. This approach targets providers that, through evidence of performance with respect to compliance, have been identified as presenting risks. Where providers have demonstrated through performance that they are compliant, a monitoring strategy based on this low risk assessment should be applied. This would remove requirements for high frequency auditing of all providers, including those who have demonstrated high standards with respect to compliance.

## **Issues for consideration**

In establishing the most effective model to increase workforce participation AMES raises the following issues for consideration.

- (i) Removal of specialist contracts
- (ii) Placement of CALD jobseekers
- (iii) Number of job applications per month
- (iv) Job seekers under 30
- (v) Work for the Dole
- (vi) Wage Subsidies

(vii) Job Seeker Compliance Framework

***(i) Removal of Specialist Contracts***

Given the high numbers of CALD background job seekers in some regions and the particular needs of these job seekers in the Australian labour market, AMES is concerned that there are no CALD specialist Employment Services contracts. CALD job seekers, particularly those who are newly arrived and have no experience in the Australian labour market often require targeted services. These job seekers are nevertheless very keen to find employment and specialist assistance is one way to ensure they gain work as soon as possible after arrival. While specialists will be able to operate as part of consortia in the proposed new arrangements, AMES considered opinion is that this will be less effective as newly arrived job seekers will be distributed across a number of providers many of whom will be unlikely to have this specialist expertise.

Specialist providers, be they CALD, Youth, Indigenous or other specialisations, frequently have a number of contracts to provide a range of services to a specific target group and accordingly, have capacity to provide an integrated package of support to job seekers, particularly those in Streams B and C.

Whilst job seeker services can be tailored within the new model, the removal of specific specialist contracts reduces the capacity to provide “wrap around” services for job seekers in the targeted and concentrated way that is possible through specialist provision.

For example, in addition to Employment Services, AMES holds service delivery contracts to provide Humanitarian Settlement Services (HSS) and English language training (AMEP) to refugees and migrants. AMES also provides Foundation Skills training through the Skills for Education and Employment (SEE) Program to primarily CALD background job seekers. As a CALD specialist Employment Services provider with a thorough working knowledge of these additional services and with internal referral systems in place, AMES has capacity to readily utilise all these services concurrently to provide an integrated package of support at the local level for CALD jobseekers.

In this way AMES can be more effective in providing services to CALD job seekers, particularly those in Streams B and C. For new arrivals this approach is particularly effective as they are learning to operate within a complex and unfamiliar service environment in Australia and coordination of services through one point reduces the risk of clients not gaining access to the appropriate services.

Specialist providers with multiple service delivery contracts can readily cross-refer at the local level to effectively target assistance and avoid duplication of services.

***(ii) Placement of CALD job seekers***

Correct placement into Streams is crucial to job seekers accessing the appropriate level and type of service which can transition them to sustainable employment.

Given the proposed removal of specialist contracts, it is even more critical that job seekers from migrant and refugee backgrounds who need more intense assistance are accurately identified and placed in the most appropriate Stream. AMES welcomes the inclusion of poor language and literacy skills as one determining characteristic of job seekers in Stream B. This inclusion coupled with the requirement to have reasonable language and literacy skills to be placed in Stream A should ensure that job seekers from migrant and refugee backgrounds for whom English language is a barrier to employment are placed in an appropriate stream.

The JSCI needs to include a sufficiently comprehensive range of indicators to ensure accurate placement in all cases. In previous responses to the Department AMES has raised issues about gaps in the JSCI that result in CALD job seekers being incorrectly placed. It is a notable omission that job seekers who arrive in Australia as part of the government's Humanitarian Program are not automatically classified as highly disadvantaged and therefore needing high levels of support.

For example, 47% of the current Stream 1 case load at AMES Employment Dandenong site are refugee and humanitarian entrants. The majority of these job seekers will have very low levels of English and no Australian work experience.

Revision of the JSCI score weighting is needed to more accurately identify refugee and migrant job seekers needing more intense assistance to find, and retain, employment. Indicators of a refugee job seeker's need for high levels of support include:

- Length of time in Australia (less than 5 years)
- English language proficiency (no or low levels of English)
- Visa category (Series 200 Visa)
- Refugee background (and associated lack of recent work experience)
- Time in detention (weighted as for newly released offenders)
- Mental health issues (particularly as a result of refugee experience)
- Levels of education and qualifications (interrupted or low education as a result of refugee experience and/or qualifications not recognised)
- Unstable accommodation (IMAs are particularly vulnerable)

Given the indication in the Exposure Draft with respect to language and literacy skills being a risk factor in assessing likelihood of gaining employment, it is critical that JSCI weightings applied to these factors are sufficient to result in placement in Stream B, and some cases in Stream C where poor language and literacy is combined with other factors. This will allow providers to deliver the appropriate level of service that supports getting these job seekers into work as quickly as possible.

It is worth noting that the CALD indicators<sup>1</sup> used by the Department of Social Services (DSS) have recently been extended to take account of date of arrival in Australia and visa category (in addition to the existing Country of Birth and Language Spoken at Home indicators). The addition of these indicators recognises that they are significant in terms of level and type of service required to match clients' circumstances across the range of programs covered by the DSS.

### *(iii) Number of job applications per month*

#### **More effective approach to achieve objective**

AMES recommends that the requirement to apply for 40 jobs per month is not the most effective way to get job seekers into employment. Whilst AMES supports the requirement for job seekers to be actively looking for work an unintended consequence is that job seekers will randomly apply for jobs regardless of the suitability of those jobs or the likelihood of success, in order to meet the target.

---

<sup>1</sup> Australian Government Department of Social Services, The DSS Data Exchange Protocols August 2014.

For clients engaged in Work for the Dole activities of 25 hours per week this is particularly unrealistic as time taken to apply for 40 jobs where sufficient time is invested in putting the best application forward will not be available.

Job seekers with limited language and literacy skills will particularly find this a challenge. This will result in many sub-standard and therefore non-competitive applications being submitted.

AMES recommends that a more targeted approach of applying for jobs that match the level of skill and capacity of the job seeker is more effective. This approach will be more likely to maintain the motivation of job seekers and focus them on identifying jobs that match their capabilities. In AMES experience this approach is also more likely to result in a sustainable employment outcome for the job seeker.

### **Employers**

From the employer perspective the requirement for job seekers to apply for 40 jobs each month runs the risk of damaging relationships with employers by wasting their time on screening large numbers of applications from applicants who are unlikely to have the right capabilities and interest in undertaking the positions advertised. Employers are currently not high users of JSA (7%<sup>2</sup>) and this is likely to further erode confidence in looking to Employment Services providers to fill vacancies.

Business groups are concerned the change will have employers inundated with poorly targeted applications; the Australian Chamber of Commerce and Industry, Business Council of Australia, and the Council of Small Business of Australia have all expressed concern about the new quota.

### **Labour markets**

The Exposure Draft acknowledges employers as the “generators of jobs” Any requirements for a requisite number of job applications per month must be seen in the context of available jobs and rates of unemployment in local labour markets. For there to be sufficient vacancies to apply for, businesses and industries need to be buoyant and expanding. For example, in regions where there is a downturn in employment, due to industries or businesses shutting down there may not be 40 appropriate new jobs advertised each month for which job seekers can apply and /or which match an individual job seeker’s skills.

It is also worth noting that Small and Medium Sized Enterprises (SMEs) are significant employers providing over 70%<sup>3</sup> of employment in Australia. Small businesses are particularly vulnerable to down turns in local economies.

AMES recommends that, in the context of a less prescriptive service model, the number of job applications for each job seeker should be incorporated into the individual’s Job Plan. This is the key document outlining agreed activities which will assist the Job seeker become work ready and gain suitable employment “taking into account local labour market and employers’ needs.” Employment Service providers have the expertise to know the optimum number of job applications in the context of the individual’s Job Plan and the local labour market to best achieve the government’s objective of getting people into work.

---

<sup>2</sup> Australian Government Department of Education, Employment and Workplace Relations, 2013. Employment Services – building on success, Issues Paper

<sup>3</sup> ABS Cat. No. 8155.0 – Australian Industry

#### *(iv) Job seekers under 30*

ABS data shows a high level of unemployment (13.1%)<sup>4</sup> amongst 15 – 24 year olds across Australia. Variation occurs within the states with youth unemployment significantly higher in some regional and metropolitan areas compared to others. For example, 17.5% in Hume, including Goulburn Valley, Wodonga, Wangaratta, (the highest youth unemployment in Victoria), 14.8% in Melbourne - North West, 13.6% in Melbourne - West and 9.2% in Ballarat.<sup>5</sup>

Specific issues related to young people will be well documented by other providers who have particular expertise with disadvantaged youth. For example, job seekers in this category are often from highly disadvantaged families characterised by intergenerational unemployment. These families have very limited financial and social resources to support adults in their family who are under 30.

Without any income support it will be extremely difficult to prepare applications, present in a professional way for jobs and travel to job interviews.

Many newly arrived refugees and certainly IMAs in this age group will have no family support at all.

AMES also notes that extending the age for youth to 30 is out of line with other definitions of youth (e.g. ABS) and places many in this category outside eligibility for existing Youth specific training programs and support services (usually 15 – 24 year olds).

#### *(v) Work for the Dole*

AMES acknowledges that work experience is a very effective way of preparing job seekers for employment. The optimum outcomes are when the work experience is in a job seeker's intended area of work, where the work is motivating and productive from the job seeker's perspective and where it leads to a real job. AMES experience is that a number of CALD job seekers have been offered employment following a well-targeted work experience placement. Well targeted Work for the Dole projects have potential to deliver these benefits.

AMES is concerned that Work for the Dole places made available by not for profits and similar agencies may not be effective in moving jobseekers into a real job, (either because they don't match the jobseekers intended employment and / or don't provide the experience that leads to a real job); or because Work for the Dole places don't match available jobs. (e.g. if there are jobs available in Transport and Logistics but no Work for the Dole opportunities in this industry).

AMES has two further concerns regarding the Work for the Dole arrangements, specifically about the reliance on Host Organisations in not for profit and charities sector for the efficacy of this initiative.

The volume of Work for the Dole placements that will be needed to cater for job seekers with Mutual Obligation requirements is very significant. AMES is concerned that not for profits, charities and similar agencies may not have the capacity to generate the very large number of suitable placements that will be required on an on-going basis to meet this demand, especially in regional areas.

Secondly, not for profit organisations, charities and other agencies listed as potential Work for the Dole hosts operate within limited budgets. For example, these organisations typically utilise

---

<sup>4</sup> ABS Cat. No. 6202.0 - Labour Force Australia

<sup>5</sup> ABS. 6291.0.55.001 - Labour Force, Australia, in Brotherhood of St Laurence, *Australian Youth Unemployment Snapshot 2014*.

significant numbers of volunteers to deliver services and / or carry out roles within the organisation. Given that placements will be for up to 6 months and must provide jobseekers with “work –like experiences” it is possible that not for profit organisations, charities and similar agencies will utilise job seekers to carry out roles rather than create additional jobs that Employment Services clients could realistically apply for. AMES recommends close monitoring of Work for the Dole placements to ensure that the large number of placements required for job seekers is not resulting in an unintended consequence of displacement in entry level jobs and paid work opportunities.

The Government will need to monitor if sufficient number and type of Work for the Dole places are consistently available to achieve the desired outcomes.

#### ***(vi) Wage Subsidies***

AMES supports the tightening of wage subsidies and the consistent approach to allowable amounts. However, within these new requirements, the use of wage subsidies needs to be considered as a tool to increase participation and encourage employers to take on less job-ready job seekers.

AMES therefore recommends that, within the allowable amounts, that there be increased flexibility as to when these wage subsidies and relocation allowances can be used. In line with the intention to reduce prescription for Employment Providers, the use of wage subsidies should be applied as part of a judgement of providers as to the effectiveness of early use of wage subsidies for job seekers who are considered to be at high risk of long term unemployment. Where the use of a wage subsidy or a relocation allowance can assist as an early intervention strategy in circumventing long term unemployment there should be discretion to offer a subsidy and get the job seeker into a job as quickly as possible.

#### ***(vii) Job Seeker Compliance Framework***

AMES supports active participation of job seekers and recognises the consequent need for sanctions in instances of non-compliance that already apply in the existing JSA contract. The Exposure Draft foreshadows that the Job Seeker Compliance Framework will be strengthened to ensure that job seekers are more actively supported to work with their Employment Provider and meet their mutual obligation requirements.

It will be important to understand how this will differ from the current role and to ensure that any changes do not undermine the effectiveness of the primary role of Employment Providers in building the trust of job seekers and supporting them to gain employment.