



Submission to References Senate Standing Committee on Education, Employment and Workplace Relations on the DEEWR Tender process to award employment services contracts

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Introduction

BoysTown is a national youth service organisation with over 48 years experience in helping disadvantaged young people who are at risk of social exclusion. BoysTown's mission is '**to enable young people, especially those who are marginalised and without voice, to improve their quality of life**'. BoysTown works with young people who have been excluded from full participation in family life, community activity and the labor market due to family conflict, trauma, mental health, substance misuse issues, intergenerational unemployment and disrupted education.

BoysTown's capacity to deliver effective outcomes for highly disadvantaged youth is based on extensive experience, evidence-based research and its long standing commitment to working with marginalised young people.

BoysTown has over six years experience in providing Job Network, PSP and JPET services to disadvantaged young people. BoysTown provides individualised personal support, training and employment services for over 5,800 young people per year in communities which have been identified as among the most disadvantaged in Australia. These include: Logan City, Ipswich, Redlands and Inala in Queensland, Blacktown and Campbelltown in NSW, Elizabeth and Port Pirie in SA and the East Kimberley in remote WA. Employment related services are targeted to young people at risk of social exclusion, including: early school leavers; long term unemployed youth; Indigenous youth; young people from culturally and linguistically diverse (CALD) backgrounds; young offenders, ex-prisoners and people in detention centres, and young people in transition from the care of the state.

BoysTown also provides a range of other services for disadvantaged young people. BoysTown operates Kids Helpline (KHL), which provides a National 24/7 phone and internet counselling and support service for children and young people aged 5-25. Kids Helpline usually receives over 600,000 contacts from Australian children and young people in any one year. The service currently has the capacity to respond to about 60% of these contacts. Counselling is provided on a diversity of issues including: mental health issues, family and peer relationships, loneliness and isolation, difficulty coping with school or work, bullying, neglect, physical, sexual or emotional abuse, self harming behaviour, suicide ideation and drug or alcohol abuse.

BoysTown also manages Parentline which is a telephone counselling service for parents and carers in Queensland and the Northern Territory. BoysTown also delivers regionally-based parenting programs for young people as well as family refugees

In the recent tender round for employment services BoysTown was successful in all of its submissions. BoysTown subsequently presents this submission to the Senate Committee based on our direct experience as an operator in the field and as a participant in the tender process. This submission responds to seven of the nine terms of reference for the Senate Committee. Furthermore three recommendations are presented for the consideration of the Senate Committee.

Recommendations

Recommendation 1:

That DEEWR develop and implement a focused communication strategy in relation to current clients of the PSP and JPET programs to better inform them of the transitional arrangements and future operation of the new employment services.

Recommendation 2:

That DEEWR in consultation with employment service providers investigate the need for the introduction of a more intensive case managed system for the most disadvantaged job seekers (stream 5).

Recommendation 3:

That the Commonwealth Government consider a longer contractual period beyond the current three years in recognition of the considerable investment undertaken in the startup phase and lack of any residual value beyond contract.

Recommendation 4:

That the Commonwealth Government amends existing employment service contracts to include the automatic indexing of payments on an annual basis in line with CPI movements.

Issue (a):

'The conduct of the 2009 tendering process by the Department of Education, Employment and Workplace Relations to award Employment Services contracts'.

BoysTown has no concerns in regard to the tender design and the assessment process used for the determination of successful bids. Prior to the tender process BoysTown had developed an intervention model to reduce the social exclusion of marginalized young people based on contemporary evidence. The design of the tender allowed BoysTown to more fully embed and implement this intervention model across our employment related services. Furthermore the design of the tender recognized the importance of specialist providers. Prior to the tender process BoysTown was assured by the Minister that specialist youth providers would be recognized in the tender process, particularly for areas where there existed high youth unemployment. This commitment was confirmed by the outcomes of the tender round. BoysTown's was successful in areas where youth unemployment is two to three times the national average. Consequently in our view the design of the tender was conducive in meeting the needs of unemployed young people and allowed for best practice models in responding to social exclusion.

BoysTown has no information in relation to the evaluation of tenders against selection.

Issue (b):

‘The level of change of service providers and proportion of job seekers required to change providers, and the impacts of this disruption in communities with high levels of unemployment or facing significant increases in unemployment;’

Clients participating in PSP or JPET programs are by definition vulnerable people with complex needs. Consequently, any change in relation to the forms of assistance they receive will be perceived as being disruptive and initially is most likely to be viewed negatively. Amongst clients in BoysTown’s specialist programs there is anxiety concerning the impact of change and the possible implications for their program. This indicates the need for a focused communication strategy targeting the various client groups in the previous Job Network, PSP and JPET programs. This is a current issue that requires remedial action.

Recommendation 1:

That DEEWR develop and implement a focused communication strategy in relation to current clients of the PSP and JPET programs to better inform them of the transitional arrangements and future operation of the new employment services.

Issue (d):

'The transaction costs of this level of provider turnover, the time taken to establish and 'bed-down' new employment services, and the likely impacts of this disruption on both new and existing clients seeking support during a period of rapidly rising unemployment;'

Successful tenderers for the new employment services currently have a very limited establishment time frame i.e three months. During this transition period organisations need to maintain existing business activities, plan and implement requirements for the new employment services as well as keeping informed of the governments rolling implementation plan for the new employment services. For example, government is currently redesigning the EA3000 information system and the job pathway plan which will be essential elements of the new services. This developmental work being undertaken by government has been continual during the establishment phase. Furthermore it has been necessary to commit considerable funds to pay for the establishment of the new services, such as securing and refurbishing office space and the recruitment and training of staff. The requirement that employment service operators need to commit substantial levels of funds in the establishment period increases the risk profile of the host organisation. This focused attention on the establishment of the new employment services has meant that other work priorities have not been addressed during this period which impacts on the overall efficiency of the organisation. Consequently it is our view that a longer establishment period would have been preferable, particularly given the ongoing developmental work being undertaken.

It should be noted that BoysTown believes that a critical factor in the success of the new employment serves will be the implementation of appropriate assessment process for young people in relation to their placement into streams one to four. BoysTown is placing priority on ensuring that staff are trained in appropriate assessment processes during this establishment period.

The References Senate Standing Committee on Education, Employment and Workplace Relations on the DEEWR Tender process to award employment services contracts.

Issue (e):

‘Communication by the department to successful and unsuccessful tenderers, the communications protocol employed during the probity period, and referrals to employment services by Centrelink during the transition period;’

BoysTown found that communication from DEEWR was timely and consistent with published time frames. BoysTown is aware that this may not have been the experience of all participants in the tender process.

Issue (f):

'The extent to which the Government has kept its promise that Personal Support Program, Job Placement Employment and Training and Community Work Coordinator providers would not be disadvantaged in the process, and the number of smaller 'specialist' employment service providers delivering more client-focused services still supported by the Employment Services program;'

As previously stated BoysTown has been a specialist provider of PSP and JPET services. BoysTown specifically provides PSP and JPET services to those young people at higher risk of social exclusion. In view of the successful outcomes from BoysTown submitted tenders, BoysTown will now be able to provide case managed services to young people in a wider range of locations. An additional eight new service points will now be provided to disadvantaged young people where integrated case management services focusing on employment outcomes can be accessed. Consequently, from BoysTown's perspective, this Governments commitment has been met in relation to PSP and JPET providers.

Issue (h):

‘the Employment Services Model, including whether it is sustainable in a climate of low employment growth and rising unemployment, and whether there is capacity to revise it in the face of changed economic circumstances;’

BoysTown believes that the employment services model is sustainable in a climate of low employment growth and rising unemployment. The employment services model focuses on developing the skills of the job seeker to suit the current market. Furthermore the employment services model also provides opportunity to work with employers to identify industry needs and to ensure that employment placement activities are consistent. The model provides funds for both activities. The other strength of the model is the employment pathways fund. At this time industries are restructuring to position themselves for any future surge in economic activity. This may well result in the need for new skills in the restructured labor market. The cost of retraining employment service clients to meet these new demands can be met through the employment pathways fund.

However, an area for further review is responses to the most disadvantaged young job seekers. Some young people due to their complex needs have abnormally high barriers to employment. In research currently being conducted with Griffith University, it has been found that some young people due to unresolved issues relating to mental health, anger, drug and alcohol abuse and trauma are socially isolated and have never worked. These young people require intensive case managed services beyond the current support available in stream four. Consequently, the Commonwealth Government may wish to consider the introduction of a fifth stream which would be characterized by funded individualized support plans at a more extensive level over a longer period of time than currently available in stream four.

Recommendation 2:

That DEEWR in consultation with employment service providers investigate the need for the introduction of a more intensive case managed system for the most disadvantaged job seekers (stream five).

Issue (i):

‘recommendations for the best way to maintain an appropriate level of continuity of service and ongoing sector viability while at the same time ensuring service quality and accountability and maximising the ancillary benefits for social inclusion through connection and integration with other services’.

As previously stated the providers of employment services carry all the risk and liabilities involved in operating these programs. These businesses are unusual in that the Commonwealth Government owns the referral pathways to the services as well as the IT systems and other critical information. The operator needs to invest heavily to establish the business and also carries all ongoing liabilities. The only intrinsic value of these businesses is in their right to operate. This ‘licence’ could be withdrawn by government at any time. At this point there is no residual value in the business. In fact there is no residual value in any of these businesses when their existing contracts expire. Consequently, in view of the high startup costs and the lack of any intrinsic value in these businesses past their contractual period it is proposed that government extend the life of the contract beyond the current three year term.

There is no position in the new contracts for the CPI Indexing of payments. Employment service operators are managing increased cost in service delivery due to rising salaries and rent as well as price increases in materials and consumables. Consequently contracts should be amended to include the automatic indexing of payments consistent with CPI movements on an annual basis.

Recommendation 3:

That the Commonwealth Government consider a longer contractual period beyond the current three years in recognition of the considerable investment undertaken in the startup phase and lack of any residual value beyond contract.

Recommendation 4:

That the Commonwealth Government amends existing employment service contracts to include the automatic indexing of payments on an annual basis in line with CPI movements.