

Skill Hire WA Pty Ltd

Comments to the Senate Inquiry to the appropriateness and effectiveness of the objectives, design, implementation and evaluation of jobactive.

Perth, WA.

Mr. Rob Stockdale (Executive Chair) & Mr. Richard Kiel (GM)
January 29th, 2019

Background

Skill Hire WA Pty Ltd was formed in Albany (southern WA) in 1995, delivering contracted programs to regional communities in southern WA. The three original owners are still engaged in the business:

- Mr Rob Stockdale is Executive Chair, and appears before you today.
- Mr Greg Stocks is a Director, and is currently Deputy Mayor of the City of Albany.
- Mr Tony Fitzpatrick works in Skill Hire as Corporate Manager of Risk & Compliance, and Government liaison.

Prior to the formation of Skill Hire, the three owners were individually and personally engaged in delivering contracted services to governments at all levels, including:

- Job Clubs
- Programs for at risk indigenous youth
- School re-engagement programs.
- Short-course training.
- Landcare Environment Action Programme (LEAP)

Since Skill Hire operations began, we have delivered the following employment and training programs:

- *Youth Connections*: working individually with school-aged indigenous people to maintain engagement with school, provide pathways to traineeships, and address personal issues such as drug use, homelessness, and legal problems.
- *New Apprenticeship Centre services*: providing support to employers, apprentices, training bodies and funding bodies.
- *Job Placement Employment and Training (JPET)*: provided a range of interventions to young people not in employment, training or education, their families and communities.
- *Indigenous Employment Programme*: Individual assistance to Indigenous people to overcome a range of personal and social barriers to achieve and maintain employment.
- *Jobs Pathway Programme*: working directly with young people in schools or training institutions to aid their transition to sustainable full time work.
- *Personal Support Programme*: delivering high levels of intensive care, support and counselling for individuals who face significant, chronic multiple barriers to employment, including homelessness, drug and alcohol issues, family violence, psychiatric and psychological conditions, illness, repeated incarceration, low motivation and self-esteem.

Skill Hire has delivered *jobactive* and its predecessor programs since 2009, and also provides:

- Industry Specific Mentoring for Australian Apprentices (ISMAA)
- Employment Skills and Training (EST)
- Transition to Work (TtW)

We operate a large construction Group Training Organisation (GTO) and two Registered Training Organisations (RTOs).

Coverage

Skill Hire is still primarily a company which serves remote, regional, and rural areas. We currently have regional operations in:

- Geraldton
- Albany
- Esperance
- Kalgoorlie
- Busselton
- Bunbury
- Northam

We have metropolitan operations in:

- Forrestfield
- Midland
- Joondalup
- Adelaide
- Melbourne

In the last 20 years we have set up branches and operations across regional Australia to deliver contracts, including in:

- Katanning
- Narrogin
- Broome
- Port Hedland
- Ernballa and Indulka communities in the Central Desert.

We are well-experienced in the changing economic environment in regional Western Australia, and since commencing operations have overserved the fundamental change in the labour markets and social fabric of the areas in which we operate.

Responses to the Terms of Reference to the Senate Enquiry

The appropriateness and effectiveness of the objectives, design, implementation and evaluation of jobactive, with specific reference to:

- d. the ability of jobactive to provide long-term solutions to joblessness, and to achieve social, economic and cultural outcomes that meet the needs and aspirations of unemployed workers;**

The configuration of the star ratings system encourages only short term actions. The current configuration of the star ratings system is fundamentally flawed, in that it's a trailing indicator on a short evaluation cycle. The methodology used to arrive at the ratings is adequately explained in the Performance Framework Guidelines, our position is that no matter how good the statistics, the trailing indicators used will never take enough account of micro-level variations in employment markets, populations, and economic variances in areas experiencing structural unemployment.

Nowhere is this more evident in sparsely-populated labour markets, the ones which Skill Hire predominantly services. The aggregation of data over large geographic areas inevitably masks the individual circumstances in each community.

Our contention is that star ratings, or any other form of rating system take account of not only outcomes, but levels of engagement, activities, and the increase that providers bring in the level of capacity and capability in the community itself. In such communities, fragmented and partial outcomes should also be weighted higher in arriving at ratings.

The small communities in the areas we serve generally have very high unemployment, high **under**employment, negative growth, and high levels of indigenous unemployment. With little economic activity the requirement for jobseekers to apply for 20 or more jobs a fortnight is a fruitless exercise. In situations like this, it is more appropriate to reward providers to preference activities that increase jobseekers' personal capacity using labour market programs for extended periods of training, personal development, and personal abilities (such as earning a driver's license).

- f. the adequacy and appropriateness of activities undertaken within the Annual Activity Requirement phase, including Work for the Dole, training, studying and volunteering programs and their effect on employment outcomes;**

Our experience shows that a targeted approach to purchased employment and labour market programs has been and continues to be successful. We have seen strong results in the youth-targeted Transition to Work (TtW) program, and we are an enthusiastic tenderer for the Career Transition Assistance (CTA) program, which is targeted to jobseekers aged over 45.

The focused approach of these programs allows for specialisation, and encourages enterprise and experimentation which is easily propagated amongst sites delivering those services.

We currently deliver Employability Skills Training (EST), which is a core component of the Youth Jobs PaTH initiative.

The design of this program is quite successful. It is long-form, (75 hours over three weeks), training-based, and we tailor the vocational training part of the program to specific industries – our specialties are the

construction industry and café operations. We have recently run EST programs where participants were placed directly into operations positions at the new Perth Stadium.

The long form of EST gives our trainers and mentors an opportunity to interact with participants over an extended period – issues and challenges which may not immediately be obvious to jobactive Case Managers during the course of a 30 minute appointment will become evident over three weeks, giving us an opportunity to address them.

We support longer-form interventions, TtW, CTA, and EST for that reason. It enables us to gain a complete understanding of a jobseeker's situation, and the training components makes the activity much more meaningful for the jobseeker, and delivers useful skills to the jobseeker and labour market.

We do have a point to raise with the current iteration of EST. As we are an EST provider, the guidelines currently state that we cannot refer our own jobseekers to our own EST. This is anomalous to other programs where such referrals are common. This reduces the number of tools we have available to us to work with jobseekers in our jobactive sites. There are other EST providers in this region, however the inherent inflexibility of third-party scheduling limits the usefulness and responsiveness of using this tool.

Innovation in Labour Market Programs. The current Annual Activity Requirements (AARs) and Work for the Dole (WFD) may be effective in ensuring that mutual obligations are met, however we believe that more innovations in this area can yield longer-term or even permanent jobseeker capability and employment, and community outcomes.

For an example, many WFD projects are based on repairing, renovating, or maintaining facilities such as parks, community gardens, or club buildings. Some AAR activities are educationally-based, jobseekers enrol in online courses paid for by the provider's Employment Fund.

We see a **combination** of these two approaches expanded to public infrastructure as a way to provide jobseekers with long-term work habits, nationally recognised qualifications, at the same time as contributing to communities.

This requires a longer-term view, up to years, integrated with government and community groups at all levels.

An example could be the construction of a new sporting complex in a regional town. Typically this is funded by the local council and State government. Under our suggested model, DJSB and jobactive providers, along with state and local governments would:

- partner with contracted builders to train jobseekers to become construction staff under the supervision of qualified workers
- when construction is complete, sports complex staff will be jobseekers trained and certified as recreation workers,
- administration staff will be jobseekers undertaking an administration traineeship through part of their AAR obligations.

We see local demand for these arrangements in the following areas:

- Aged care
- Disability care
- School assistants
- Horticulture
- Conservation
- Indigenous heritage conservation

These training activities could be formed as “jobactive traineeships” in order to present the solution as a joint initiative of the DJSB and other stakeholders.

These programs are obviously going to require high levels of coordination, and take a longer-term approach. However, it is this level of program that will:

- create skilled, qualified workers,
- place them in stable job
- circulate more money in a community.

Under the current Deed, with the focus on short term outcomes, this type of program is difficult to execute.

As a long-term Registered Training Organisation, we obviously have a vested interest in increasing the level of training undertaken, however, we also have significant experience in training, qualifying, and placing a diverse range of jobseekers. We rarely see people who have a nationally-recognised qualification in areas such as construction, hospitality, or logistics who are unemployed for more than a few days at a time.

g. the impacts and consequences of the job seeker compliance framework;

Move the compliance function away from the jobactive providers, and into the DHS. It’s difficult to build a constructive and trusting relationship with jobseekers when their Employment Consultant is placed in a position where they have to breach jobseekers for non-compliance, especially where the instigating events are considered unreasonable (such as the 20 jobs per fortnight in small towns). By far it is easier to obtain outcomes when ECs and jobseekers are working cooperatively, rather than working against each other.

i. the funding of jobactive, including the adequacy of the ‘outcome driven’ funding model, and the adequacy of this funding model to address barriers to employment;

Earlier intervention where indicated. We acknowledge that many jobseekers will quickly secure new positions with little or no assistance from jobactive providers, and paying providers for those outcomes is not a good use of public money. However, the current 13 week period between registration and the commencement of the “case management” phase outcomes is more than enough time for counter-productive behaviours and habits to set in if a jobseeker is unsuccessful in achieving their own employment. This is particularly evident in young jobseekers.

Our position is that the period between registration and the case management phase should be varied depending on the particular characteristics of the jobseeker, and the characteristics of the labour market in which they live.

- *Jobseeker characteristics.* There are common sets of characteristics which correlate with the likelihood of a jobseeker not achieving an employment outcome within 13 weeks of registration; such as:
 - Low education levels
 - Unemployment in the household in which they live
 - Being an indigenous person
 - Low literacy and numeracy
 - Mental illness, diagnosed or undiagnosed

- *Labour market characteristics.* Many regional and remote labour markets are small, in long periods of transition, and heavily influenced by external events, such as:
 - changes in minerals and metal prices,
 - declining markets for primary produce, and
 - economic downturns leading to fewer tourists.
- *Intervention options are fewer.* In smaller regional and remote labour markets, there are fewer options to:
 - Access vocational training
 - Access mental health support
 - Access remedial education

These factors are well-known, and relatively easy to quantify. Our contention is to use them to inform the Job Seeker Classification Instrument (JSCI) or a similar classification instrument in order to start the “case management” phase much sooner – immediately if indicated.

k. any other related matters.

Compliance operational loads. Running ISO9001-2015 and the Quality Assurance Framework side by side results in a lot of overlap and duplicated effort. Both processes are expensive, a cost which is magnified for small providers.

Further, after our most recent (Feb 2018) Quality Assurance Framework (QAF) audit our auditors supplied our information to the Department as required by the guidelines. However, the Departmental staff rejected many of the findings of the auditors, and required more evidence. Our contention is that if the Department is not satisfied with the quality of the authorised auditing firms, and does not accept their findings, then the auditing firm should be removed from the register of authorised auditors. Our QAF Certificate was delayed by many months due to this, multiplying the workload for our compliance staff.

Simplify ESS. (The jobactive IT system). ESS is a complex and large IT program. Many providers have overlaid a simpler user interface on it to reduce the processing burden that provider’s staff have to deal with. However, coding and maintaining such an interface is an expensive exercise, one which only very larger providers can afford to do. This places smaller providers at a disadvantage in terms of productivity and compliance.

Where possible, avoid mid-contract changes. Mid-contract changes such as the recent withdrawal of Wage Subsidy funding (previously uncapped and supplied by the Dept., now supplied from the provider’s own Employment Fund which is capped and fixed) impacts our ability to plan and budget, and affects long-term arrangements with employers.

Further, it appears some DHS staff (possibly temporary staff) are under-trained with regards to the Targeted Compliance Framework and are giving incorrect information to jobseekers who have had their payments suspended. This makes a volatile and emotional situation for the jobseeker even worse, and again sets the jobseeker against their jobactive provider.

Reallocation process. An unfortunate series of events led to a difficult situation late last year as a result of the reallocation process. The delay in the performance ratings and reallocation in 2017 compounded into a further delay in the announcement of the 2018 reallocation process, which regretfully was announced immediately before Christmas. This must have been a very difficult time for providers who lost capacity so close the holiday.

Ideally, reallocation processes should be completed as soon as practical to reduce distress and uncertainty for providers and their staff.

Capability Assessments. Capability Assessments (CA) are becoming more frequent. The Capability Assessment is a procedure which is required to be carried out by senior staff (usually a Branch Manager) to document the reclassification of jobseekers. While necessary, they are time consuming and jobactive providers are not compensated for them, which creates a disincentive to actually perform them. We suggest that a cost recovery payment is made to providers for each CA undertaken, or the process be moved into the DHS. The second option will also provide an extra level of probity and impartiality to the activity.

End.

We are happy to take questions now, or at any stage.