

# Waverley Action for Youth Services Submission to Senate Inquiry not DEEWR Tender for Employment Services 2009-2012

**Submission Date: May 28<sup>th</sup>, 2009**

## Introduction

On 2 April 2009 WAYS Youth Services a community based not for profit organization and registered youth charity, learned it had not been refunded by the Australian Government Department of Education, Employment and Workplace Relations (DEEWR) to deliver employment services to young people. As from 1 July 2009, our specialist youth employment services, which we have operated with Commonwealth funding since 1992, will be totally de-funded. Moreover, the loss of employment services income will directly cause very significant cuts in the other services of WAYS. This de-funding of WAYS Youth Employment will immediately and adversely affect the welfare of thousands of local young people in the Eastern and Inner suburbs of Sydney.

By way of background, WAYS has been providing a wide range of services based on Minister O'Connor's "new" Idea, the one stop shop service model since 1979, coverage of an area from Botany Bay to Redfern to South Head. An area incorporating five local government areas. Under our current contracts WAYS Youth Employment and Training has been providing JPET, PSP and Job Network services to more than 800 young people, many of who are deemed to be some of the most disadvantaged young people in the area.

Specifically,

- **70%** were homeless at the time of referral to the JPET programme
- **61%** of those young people engaged with PSP programme are suffering from mental health issues
- **50%** of young people in job network programmes have numeracy and literacy issues due to a history of academic under-achievement
- **20%** of young people in our employment programmes identify as Aboriginal Torres Strait Islanders

These percentages are not unusual for organisation's providing employment services.

Today, WAYS is one of the most successful employment services agencies in the country at placing disadvantaged youth in work, education and training. Our employment services programmes have consistently ranked in the top **20%** of service providers in all of Australia. We have successfully matched with the best in the country and have nevertheless been discarded. WAYS has strong community partnerships and employer relationships all of which have been fostered over many years.

The rhetoric about the new look employment services has been that the changes to occur will address the needs of the 'most disadvantaged', and in particular the needs of young people. The official jobless rate has been reported as 5.2%; however, the unemployment rate for 15-24 year olds is running at around 24.8% and the latest figure released by Bob Birrell from Monash University reveal in some sections of that group, it is even higher for example for young women aged 20 to 24 years it is 28.8%. There is well publicized concern that a lack of government strategy will see this rate rise significantly. WAYS is one of the few youth employment specialists in Australia. What sense does the decision to de-fund a successful youth employment service make in light of this? What sense does it make to eliminate this expertise from the market? And further more, what sense does it make to **discard** these young people for whom, connection, consistency and being comfortable and safe are important, to new providers who do not have the relationships within the community. How is this congruent with the governments social inclusion agenda.

WAYS has made no secret about how it has used the employment services business model to subsidise the delivery of a range of other state and federally **under funded** programmes and initiatives that have met a range of current community concerns. Unlike many other community organizations which are wholly dependent on government grants, WAYS has taken the enterprising initiative to participate in the employment services programmes competing against commercial companies and thus been able to earn extra money to support its other vital services. The Federal Government's action to de-fund WAYS eliminates not only this initiative but has sealed the fate of a number of key services.

## The key implications for WAYS specifically have been:

- The dislocation of **827** young people registered at Centrelink and assigned to WAYS Youth Employment & Training, many of whom choose to come to WAYS because we are in touch with the kinds of services and assistance that young people need help to access to overcome the difficulties they face to achieving sustainable employment, education, and training options. This kind of

integrated service model and expertise takes years to build and is now no longer capable of delivering in the new framework. These young people are to be transferred to An American (Max Employment) and an English(A4e) welfare for profit generalist service and another generalist(MTC Work Solutions) a not for profit from outside the area. None of these services have links to the community, A4e and MTC work solutions have not yet opened offices in the ESA as at the deadline for this submission.

- **25** staff (most of whom live locally) will be made redundant at a cost of **\$105,000** to the organisation. This cost will not only endanger our financial viability but will necessitate further service-cutting decisions being taken to ensure our ongoing viability and a continuation of our proud record of service to the young people, their families and the community
- **9** casual programme and administration staff will lose their employment
- **2** dedicated youth friendly, locations will be closed in Eastern Sydney at a cost of **\$26,000**
- **Outreach services to 2000 young people contacted each year** were **stopped** immediately, diminishing the alcohol and other drug and sexual health interventions designed to reduce the harm associated with 'binge drinking' and unsafe sex and the associated anti social behaviours
- **Reduction to the staffing of the WAYS** alternative school which is only **50%** funded by the Federal Government , this will result in a reduction of the number of young people able to be educated in this environment
- **1500 contacts made annually** with 'young people at risk' who participate in a range of diversionary activities e.g. basketball, and other health living as well as crime prevention programmes will be **reduced** significantly
- **Reduced** availability (30%) of family, drug & alcohol, counselling services to young people and families
- **Reduction** in the hrs of opening for our drop in Youth Centre from 5 days per week to 4 days a week a safe place for 'youth at risk'
- Closure of dedicated youth sexual health and proposed GP clinic for young people in the Randwick LGA

We have submitted this Submission as we see a Senate Inquiry as the only way to hopefully introduce some form of transparency into the tender process and that the Minister and his department are some how called to account for a Tender process that has resulted in 5000 specialist employment staff becoming unemployed, and significant impact on community services and charities such as ourselves right across Australia who dedicate their resources to helping the most disadvantaged members of our community and which has caused considerable distress and disruption to thousands of our most disadvantaged people.

Minister O' Connor stated in his media releases that the result of this great reformation in employment services was 116 contracts awarded to 141 providers with 72% current contractors getting business again (***The Australian 2 April 2009***). Misha Schubert (***The Melbourne Age, April 2 2009***) also says in fact **90** agencies missed out. She further states that **30** did not tender and the other **60** missed out. WAYS would argue that the 30 providers that did not Tender were in fact "written out" of the contract with the "bundling of programs into 1 Contract as they were predominantly providers of JPET, PSP and CWC services. This Tender was structured and worded in such a way that providers had to demonstrate capability to deliver services to what was 7 different programmes, many of whom saw themselves as therefore eliminated from continuing to deliver employment services from the start.

Of the **60** organisations that were de-funded WAYS will argue they were the smaller community services, charities and for profit organisations. Also apart from those organizations such as ourselves who were totally defunded many other community organizations and charities particularly the religious based charities were 'gutted'.

The Minister argued in the media that the Not for Profit sector would retain the same market share. One of the problems with this tender process is the lack of transparency. Only the Minister and DEEWR know exactly who got what and how much. From our observation it has been the community based and the charities that have been wiped out. The highlight made of Job Find and Sarino Russo as supposed "losers" ignores the reality that although they may have lost market share in some areas they have gained in others. Until the Minister and DEEWR show the data, it will be impossible to produce an actual picture that can be examined or refuted. But if the

calculations that were used for the Minister to state only 2% of employment services were overseas providers are anything to go by the figures concerning employment services awarded to the not for profit sector are questionable to say the least.

WAYS challenges Minister Brendan O'Connor that the combined contract share of A4e (UK), Reed (UK) and Max Employment (USA) the biggest single winner of the Tender process (***Sydney Morning Herald 8 April 2009***) far exceeds 2%. Apart from this 2% figure being just plain wrong with respect to contracts between DEEWR and the three overseas welfare for profits, we also believe that subcontracts between at least 2 of those organizations and other successful providers will mean this market share is even larger. For example, the business relationship between Reed and Campbell Page.

WAYS hopes that the Senate Inquiry will look as deeply as possible into the sub-contracting arrangements that were very much seen as a requirement of this Tender process and the only real option for smaller organisations to have some certainty of being able to continue to deliver employment services. We believe that by only looking at the relationships between some successful providers through subcontracting will the true nature of market share and the true winners of this process will be revealed and the real loss and impact that has occurred in the charity sector. Our response is as follows:

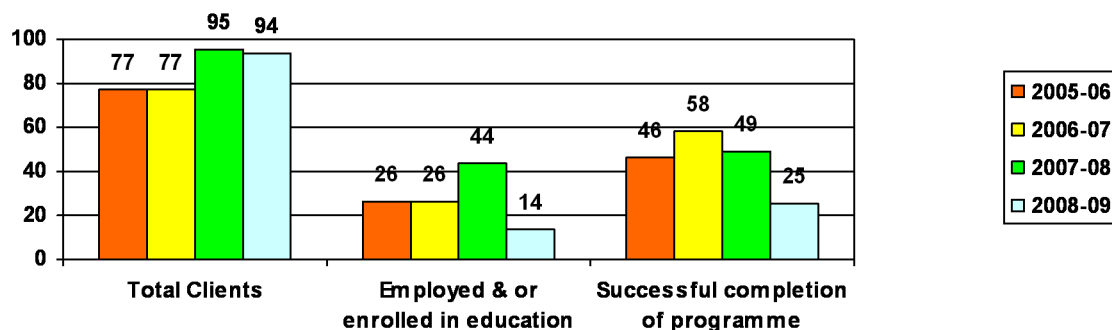
a) **The conduct of the 2009 tendering process by the Department of Education, Employment and Workplace Relations to award Employment Services contracts with particular attention to:**

i) **The design on the tender, including the weighting given to past performance and the weighting given to the "value for money" delivered by previous and new service provider.**

The key difficulty with this area from our point of view appears to have been the difference between actual performance information supplied and the assessment of this resulting in the final percentage given in the feedback, we can only assume that means that **actual performance** carried no weight. WAYS is the number one performer in the ESA for placements for Job Network, and employment outcomes in PSP and one of the top JPET providers in Australia does not seem to have carried any weight.

The following are a series of tables produced from DEEWR's own reports demonstrating our performance which in the end did not amount to much with DEEWR deliberations:

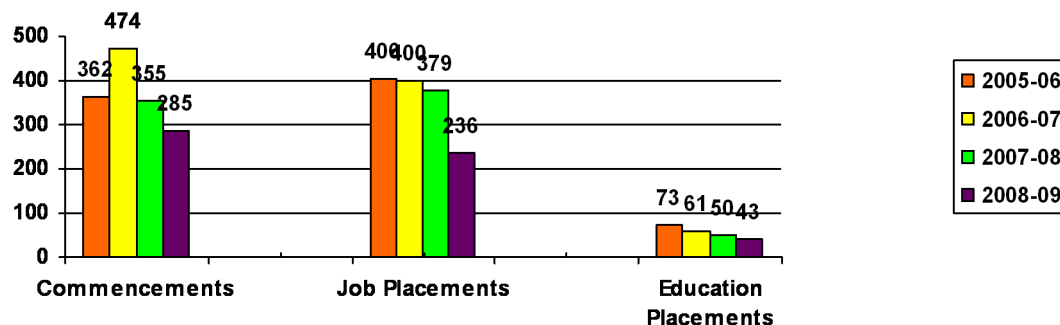
#### **PSP performance (NB data for 2008-2009 YTD end of March 09)**



Outcome	Org performance	ESA	LMR
13 week economic outcomes	1 of 1	1 of 9	6 of 64
26 week economic outcomes	1 of 1	1 of 9	5 of 64
Proportion of Economic Placements to commencements	1 of 1	1 of 9	14 of 64

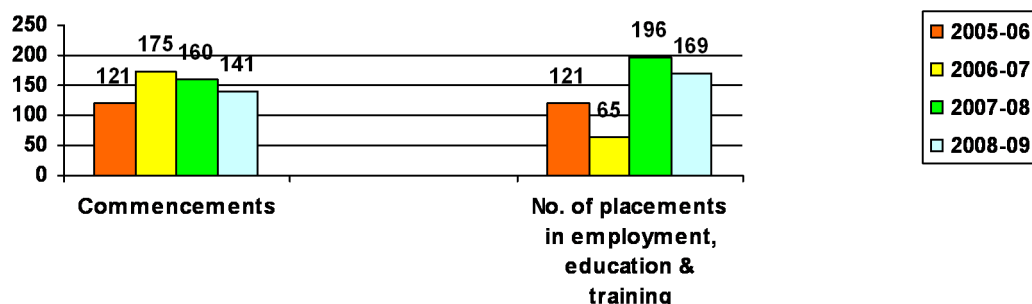
## Job Network performance

(NB: data 2008-2009 YTD end of March 09)



Criteria	Bondi Junction	Maroubra
Caseload numbers	353	318
Job Placements	2 of 12 in ESA	1 of 12 in ESA
Education placements	1 of 12 in ESA	8 of 12
Placement of Highly Disadvantaged & Indigenous	1 of 12 in ESA	8 of 12 in ESA

## JPET performance (NB: data for 2008-2009 YTD end of March 09)



- ii) **Evaluation of the tenders submitted against the selection criteria, including the relationship between recent service performance evaluations in various existing programs (such as provider star ratings), selection criteria and tendering outcomes;**

WAYS was given feedback at the official debriefing that indicated that actual performance and evaluations appeared to carry no weight as testament to our capability and ability to deliver services within the new framework. One point of concern evident from the debriefing session was the department's strenuous attempts to tell us nothing, which further confirmed concerns about the lack of due diligence that DEEWR has carried out on some of the successful providers and the claims they have made. It would seem they have taken them at their word. DEEWR has not properly investigated and assessed the claims made in some of the tenders, particularly regards contact, knowledge and service capability with community and disadvantaged groups, which the Minister in his promotion tours prior to the Tender, was so adamant was an essential criteria. For example, MTC Work Solutions has no relationship with WAYS, a major provider of services to young people across Eastern Sydney.

Can the Department explain why 4 and 5 star providers were not successful and why 2 star

providers were? Clear evidence of this enigma can be found in the Inner City Sydney ESA. Furthermore, the star rating system is being retained as a performance tool. What confidence can providers place on a tool that seems to have been discarded during the tender assessment process.

iii) **The extent to which the recommendations of the 2002 Productivity Commission report into employment services have been enacted;**

It would seem that the decision to conduct a tender process at all, has not taken into consideration the very real issues that confront the smaller organisations who have been successful providers of one type of employment service eg JPET or PSP. In this tender process for organisations to be able to be real contenders had to be able to commit resources and to complete a tender for the new framework. I would think we would want to know how many organisations have actually been eliminated as a consequence of the cumbersome nature and size of the tender that prevented many from deciding to tender, and how many who did not and were not able to enter into sub contracting relationships because of the issues to do with unfair, financially unviable subcontracting terms and conditions.

What ever happened to accrediting providers?

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;**

We would welcome an account of how the Department of Education, Employment and Workplace Relations is going to assess this and would look forward to an opportunity to participate in any research or investigation process.

We have detailed in our introduction an overview of the impact of the decision on WAYS Youth Services, clients and staff. This account cannot truly account for the professional and personal distress created for clients, parents and staff and neither can it demonstrate the full impact or cost of disrupting vulnerable young people who have been in some instances long term and therapeutic relationships with personnel from our organisation. Further more, the DEEWR Contract Managers who have essentially been in regular contact up until March 17<sup>th</sup>, have essentially displayed no concern, compassion or even interest in how as an organisation or our clients have been coping since March 17<sup>th</sup>.

c) **Any differences between the recommendations of the Tender Assessment Panel and the announcement by the Minister for Employment Participation of successful tenders on 2nd April;**

We welcome this question. Our belief is and it can only be a belief, because the Department has been unwilling to share any information about the decision making processes to date, that being a small provider we were seen as an **easy sacrifice** to make opportunity for the English Welfare for Profit organization A4e entrée into the Australian market.

Furthermore, we also have concerns that as the leader of the Opposition, Mr Malcolm Turnbull MP and his wife are strong supporters of WAYS, both of whom constantly help raise funds for WAYS and in particular our school for disconnected young people, we may have paid the price for this closeness although we are and have always been bipartisan. You may think this a rather paranoid approach, however, we know in another Federal funding opportunity, that although our submission was successful with the Department of Health & Ageing when it got to the Ministers office, it was rejected, and we have it on good authority this was due to the location of our head office being in the heart of 'Turnbull' country.

Can the Department throw any light on the rumour, that Mission Australia threatened to withdraw their support for the ABC child care rescue package unless it was given business share in Western Sydney.

- 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;**

The following says it all: "How can it be in the interest of unemployed Australians or the sector to be shutting down services and opening new ones in the midst of the greatest employment crisis in the decade" (Frank Quinlan Catholic Social Services 4 - 5 April SMH)

In our case the issue is not just transaction costs. One of the key issues is the fact that for WAYS 95% of the employment team has been employed at WAYS Youth Services for more than 30 months. This is an outstanding record in the employment services industry that has been plagued with retention issues. Our staff have chosen to work with **our** organisation, **our** mission and in a **specialist** youth service environment. This is testament to the work of **our** organisation, **our** mission, and **our** ability to engage with the staff in a way that makes the work meaningful for them. It was truly an insult and an insensitive to hear Minister O'Connor state "**he hoped**" and in fact said "**we need**" those staff in unsuccessful organisations to stay in the sector.

Furthermore, the Minister's hope that of the **5000** workers made unemployed from the de-funded providers happily wandering off and signing up with the victors was unlikely in the community and charity sector. Best summed up by Frank Quinlan, CEO Catholic Community Services, when he likened it to the Liberal Party staffers becoming Labour Party staffers overnight after the last federal elections. People who have made it a vocation of helping people in the welfare sector to then switch and start working for a company that makes profits from people being unemployed and disadvantaged and then sends those profits overseas is highly unlikely.

A4e and MTC Work Solutions are the new providers for Eastern Sydney, joining Max Employment the only existing provider who was refunded. This means within our ESA there is only one provider from the original five providers. Furthermore, there is **no** youth specialist, **no** Indigenous service, **no** disabilities specialist now that job seekers are able to choose from. We would be interested in the Department having a real understanding of the costs associated with this level of turnover. Furthermore, as a major provider of services to young people within Eastern Sydney neither of these organisations has a direct relationship with our organisation and enquiries within both the youth and community sector as a whole indicate they do not have connections with other service providers either. We were under the impression that providers had to demonstrate relationship and capacity in the local community. How will the Department cost the loss of '**good will**', **community profile** and reputation for an organisation like WAYS Youth Services who has been building its capability and relationships for 30 years.

The impact and disruption on the unemployed in our region is massive and already evident in the chaos of the transition arrangements. For many of our clients, although they have had letters sent to them about their new providers, they are reporting to us that they have lost them, have moved house, don't have credit on their phones and we the existing provider were only given information about clients and new providers when we asked our contract managers for the information. The expectation that we will pick up the pieces with no extra resources, and no information about where the new providers are to be located, while at the same time needing to attend to a major retrenchment process is another transaction cost not paid.

We ask the Senate Inquiry not to accept DEEWR's or the ASU or NESAs statements about how successful this process has been. The ASU and NESA have operated primarily as a recruitment agency for Minister O'Connor in this process. In fact NESA has been paid by DEEWR for this

service. We would ask that costings and verification is sought from an independent source.

**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;**

As a long term contractor of the government, the rhetoric throughout the consultation concerning the employment services, made much of the partnership that exists between the government and the community in the process of delivering programmes to help the unemployed, the fact that we were not chosen to continue to deliver programmes was one thing but to receive absolutely no communication was *cruel, heartless* and *frankly* unnecessary. In short the message was "if you haven't heard from us you did not get anything so start packing, we have found someone else".

The bull about the negotiation process still occurring between March 17<sup>th</sup> and March 31<sup>st</sup>, was merely an attempt by DEEWR to keep the de-funding of sixty organisations out of the press. The lack of care toward us and others in the sector as the departments "community partners" has been **merciless**.

As an organisation we have done our best to work with a system and a department which at times has been judgmental, punitive, and pedantic with no real regard for the complexities of what is necessary to work with marginalized and disadvantaged members of our community. The feudal nature of the relationship with DEEWR truly continued through this time, despite even the Minister's best efforts to create confidence in the sector through his consultations with the employment services. The recent outcome about the tender process merely confirms that nothing has changed about 'relationship'.

Over the years DEEWR has become a 'super department' and somehow ended up with a number of welfare and community programmes to administer. The outcome of the tender calls into question its conduct which essentially amounts to a 'gutting of the community and welfare sector'.

WAYS has no confidence that its policies, and personnel have the necessary empathy and understanding needed in administering such programmes. We would even be as bold to call for programmes that care for the most vulnerable should go back to FaCSIA and Health and Ageing. However, for clients assisted greatly in the past by JPET and Indigenous Employment there is not much to give back.

**f) The extent to which the Government has kept its promise that Personal Support Program (PSP), Job Placement Employment & Training (JPET) and Community Work Coordinator (CWC) 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;**

The option and choice of a specialist provider for young people has been eliminated from 90% of Sydney through this Tender process. Many of the clients of WAYS are adolescents and young adults with high and complex needs who are now required to be assisted by adult services. Can the Department explain why they have decided to go against the evidence that says young people are best assisted in services that are dedicated to their needs specifically. They are a specialist population with specialist needs.

As noted earlier, of the 60 services totally de-funded we believe many of them are PSP and JPET providers. We believe many of the PSP providers are too scared to be too critical of their de funding because many of them are Disability Service providers and the Tender process for those services (DEN) is about to start.

JPET providers have particularly been wiped out in our area alone 3 out of the 4 JPET providers

in the 3 Eastern Sydney ESA have not got contracts .ie St George Youth Services, OASIS Youth Services and ourselves. The Minister has stated that in fact there has been new youth specialist providers who have won business or old ones who have expanded their business. A recent media article (***Job Network Workers Rally over Cuts, ABC News 8 April***) to the contrary claims that of the 100 employment services targeting youth at risk only 33 remain. This Tender process has therefore wiped out 67 youth employment services nationwide. We would suggest that most of these were delivering JPET services.

**g) The particular impact on Indigenous Employment Services providers and Indigenous-focussed Employment Services providers;**

What more can be said, Over the last 5 years DEEWR has completely wiped ALL Indigenous Employment Services providers from the Eastern Suburbs and Inner Sydney ESA's. These areas have the highest concentration of indigenous job seekers in a metropolitan region. This slow erosion essentially results in an outcome which means that the indigenous people cannot choose to work with an organisation dedicated to their specific cultural needs, and neither can an employment provider develop a way of working that is fully immersed in the culture and the community without the dominant culture taking precedence.

WAYS Youth Services has 20% of it's client group who identify as indigenous. We had developed strong links with families, individuals and communities to work successfully with this group. It takes years to build the confidence of the indigenous community. DEEWR obviously feel that the two overseas providers and the generalist not for profit have something special to bring to the plight of Indigenous employment. Hopefully this Senate Inquiry will allow DEEWR to breach commercial in confidence to tell us what that something is that will give indigenous unemployed people a better service.

**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; and**

So far we have only the Minister's assurances that the model is sustainable in the changed climate. We look forward to hearing the data that can substantiate the claim. We know in our own ESA currently, that job vacancies have dropped by 50% in the last 2 months. We know from NSW Business Chamber that applications for entry level positions are being received from candidates who would not under more favourable conditions apply for these positions. This means that the disadvantaged are further disadvantaged at this time.

**i) Recommendations for the best way in which 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.**

- A full review and reassessment of the tender process and do it again where mistakes were made.
- A full review and reassessment of the tender decisions made in the Eastern Sydney, Inner Sydney and Sutherland/St George ESA's and if as we believe WAYS has been wronged refund our service.
- Transparency about how decisions were made.
- A full list of employment providers is made available including the sub contracting relationships so a complete picture of who is engaged in the delivery of services is known.
- The 2002 Productivity Commission recommendations are revisited and serious consideration is given to how services are purchased and the value of accrediting providers so that small organisations are not disadvantaged by competitive tendering due to lack of resources.
- A full audit of the impact on 67 youth employment services de-funded as a part of this process.

Thankyou for the opportunity to convey our disquiet, our questions and our view about the



Employment Services Tender 2009-2012.

Russell King  
**CEO**