

# ***Joondalup Youth Support Services (Inc.)***

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Committee Secretary  
Senate Education, Employment and Workplace Relations Committee  
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To Whom It May Concern:

**RE: Senate inquiry into the recent tender for Job Services Australia (Employment Services 2009-12)**

I would like to start by thanking you for the opportunity to provide feedback on the recent tender for Job Services Australia and your willingness to gain feedback from the community regarding the process.

Joondalup Youth Support Service (JYSS) delivers a range of services to at risk young people in the northern metropolitan region of WA. Those services include housing for homeless youth, Connections; an alternative education program, drug education programs, mentoring, and emergency relief and has successfully delivered JPET since the pilot, for over 16 years. In our model of services all components are connected and interlinked. JYSS has had the ability to deliver a streamlined and wrap around approach for young people and their families. Each component is dependant on other components to deliver the whole needs response. JYSS will be significantly impacted by the loss of the JPET program both financially and in our ability to provide a whole of Government approach to assisting and supporting homeless and at risk of homelessness young people.

For various reasons which will be outlined in this submission, JYSS did not submit a tender for Job Services Australia or named as a sub-contractor with any other agency. In the lead up to the tender JYSS investigated sub-contracting arrangements, however we were unsuccessful with providers in our region. However JYSS was named as partner agency in MercyCare's tender, who unfortunately was not successful.

As JYSS did not submit a tender the following information provided relates to; ***(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;***

The CEO of JYSS met with the Minister for Employment Participation, The Hon Brendan O'Connor MP on 2<sup>nd</sup> Aug 2008 and wrote to the Minister on the 28<sup>th</sup> August 2008, providing feedback on the exposure tender draft, outlining the issues listed below. Therefore this is not the first time JYSS has raised the impact of ceasing funding of JPET on not for profit specialist providers.

JYSS strongly advocated that new Employment Services, including stream 4 services as a replacement for JPET will not improve the service and will have a detrimental effect on those young people who traditionally would have accessed the service and the specialist youth community groups that are currently delivering JPET. In an effort to bundle together assistance for disadvantaged jobseekers and employers, providers will be required to split their focus across the two main stakeholders. Due to the split in focus and other reasons listed below, we feel the New Job Services Australia will be lacking as a

service to replace JPET. JPET is a pre-employment program not an employment program. The JPET Program was designed to be a pre-employment program which provided young people with transitional assistance to help them overcome barriers in their lives and re-engage them with education, training, and employment, assistance with specialist needs relevant to their barriers or further study. We have attempted to list below our concerns and why we feel the new Job Services Australia will not be as successful as JPET and why specialist providers were highly disadvantaged in the tender.

### **The Program Model**

1. We would like to acknowledge that some concessions were made from the exposure draft tender documents to the tender documents for specialist providers to tender in their own right for a particular target group however due to the new model we felt specialist providers found this task extremely difficult. The barriers for specialist providers to tender include;
  - A fee for services model requires an initial injection of funds from the services provider. To setup in the new system a new provider will need to employ staff and have an office presence before the commencement of the new program and before any payment from DEEWR is received. This will be extremely difficult for small and specialist providers who simply do not have the capital / surplus to inject into this possibly risky new business venture.
  - The mission and values of many specialist providers is to work with those most disadvantaged in our community, having businesses and stream 1 and 2 clients does not fit within many agencies mission and not a direction agencies want to take. What has made so many specialist providers so successful is that they have concentrated their efforts therefore acquired the skills, experience and knowledge to work with specific client groups.
  - The new model will require a provider to deliver a multitude of services, work experience, work for the dole, job matching, career guidance, post placement supports and the initial counselling and support to overcome the social barriers. Many of these components across the four streams would need to be subcontracted out leading the specialist provider to be a funder resulting in more administration and financial management. In addition specialist providers do not have the expertise or experience in employment services therefore will be less competitive.
2. Many JPET providers, as specialist agency for disadvantaged youth and homeless youth, have never assisted and supported business as a primary client. To be a competitive tenderer and deliver the new service, providers must provide strong evidence to their links to business and their ability to meet their needs. In the tender draft and selection criteria, to be a successful service provider considerable staffing resources will have to be allocated to marketing and job matching to meet the business needs. We feel the allocation of these resources will be deducted from the Youth workers ability to provide adequate case management and support to overcome the social barriers.
3. With a focus on payment for economic outcomes specialist providers that primarily deliver streams 3 and 4 will still need to set up job matching, vacancy gathers etc, connections and contacts with employers etc, to get the placement outcomes for this group. That will require additional staff outside the 'case managers' and will be an additional expense. They will still be competing in the market with those providers with streams 1 - 4 and will have less skilled clients to offer to employers to build up the relationship needed to ensure that the employers will then take clients from the stream 3 and 4 pool.
4. We feel staff will have to manage much higher case loads. Current caseloads for JPET staff are 45 - 50 clients per 1.0EFT. In the new system you will need to accept clients from all 4 streams, we estimate that one worker shall have to case manage between 85 -95 clients in streams 2, 3 and 4. Higher case loads will be created as job seekers, who need time to address issues and are not ready to move into sustainable outcomes, are retained while additional clients are commenced to gain service fee payments.
5. The new model attempts to include small and specialist providers by allowing partnerships and in particular, sub-contracting arrangements. However once business has been allocated to the

lead agencies there appears to be little safe guards to ensure the lead agencies pass on clients to the sub-contracts or agencies they claim they work in partnership with.

- Since the JPET program has moved to DEEWR the role of the youth workers has changed to a small degree, workers now have responsibilities to ensure clients adhere to Centerlink compliance via PR reporting. However under the new model we feel the workers will have a much higher responsibility to report non-compliance. The workers will have to report non-compliance, and if a client fails to engage in the program this will jeopardise the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> 13 week service fees. Currently in JPET the Youth Workers provide a strong support role for clients, one that is built on clients self determination and trust, and evaluations on JPET have determined this is very successful and engaging. We feel that under the new model workers will have a dual role, one of Centerlink compliance and support worker. We feel they are not conducive to building a strong youth worker / client relationship to overcome the social barriers and foster social inclusion.

### The Funding Model

JYSS biggest concern with the New Job Services Australia is the model of funding and the culture / ethos in which the services will be delivered. We understand fee for services payment method has been in place for the Job Network since conception however JPET has always been a fixed resource funding model. There are many advantages not only to the provider but also the community in the resource funding model but most importantly the community as a whole. JPET providers have been able to gain considerable community support and partnerships as the culture is one of community services, not as a competitive business model. The model, procedures and culture individual providers develop must take into account financial viability, this will impact the decisions made on the ground between workers and clients.

- It appears that the up front payment levels for stream 4 clients is an increase on the current JPET funding per client, stream 4 service fee \$2,736. The level of funds currently supplied for a JPET client equates to \$1,415 per client.

The table below is the service fee funding we estimate will be received for stream 4 clients as providers will not receive the full payment of \$2,736 for every client registered.

As indicated in the table, the average service fee per client we estimate to be \$1,262. The percentage forecast for each 13 week period has been calculated on our historical data for JPET clients. Therefore we feel the payment structure per client has been reduced by 11%. The current arrangements under JPET requires a provider to work with a client over 12months, to receive the full payment for client in stream 4 will require 18 months service, therefore in real terms further reducing the fee payment. It could be argued that in addition to the service fees providers will also receive placement and outcome payments. However those funds will be utilised to provide support, marketing and assistance to the business clients.

<b>Stream 4 \$2,736 per client 100 clients</b>	<b>Service Fee After Adjustment</b>	<b>% Of Service Fee at Each Stage</b>	<b>Number of Clients</b>	<b>Payments</b>
1st 13 Weeks	\$ 587.00	100%	100	\$ 58700
2nd 13 weeks	\$ 512.00	60%	60	\$ 30720
3rd 13 weeks	\$ 409.00	40%	40	\$ 16360
4th 13 weeks	\$ 411.00	30%	30	\$ 12330
5th 13 weeks	\$ 402.00	10%	10	\$ 4020
6th 13 weeks	\$ 415.00	10%	10	\$ 4150
<b>TOTAL</b>				<b>\$126,280</b>
<b>Funds per client</b>				<b>\$1,262</b>

- The complexity of the new payment model we feel will create huge administration burdens on tracking, evidence building and recording. In the event a specialist provider is awarded new

business they will still need to setup and maintain a very complex financial accounting system to ensure payments are invoiced and received

3. The payment structure of the new model is fee for service with greatest payment rewards in employment outcomes. Social outcomes will be used as a performance measure however we feel this is not a strong enough incentive to ensure those with the highest need receive adequate services to address their social barriers. We feel the services will be delivered in a very profit making culture. Providers will be driven to seek placements to ensure they receive outcome payments fees, this will be the driving force as it will ensure financial viability. Achieving social outcomes will not be high priority if they have no financial reward.
4. We feel the proposed fee for services model will create an environment of competition between providers, which is the culture in the current Job Network. The current model of payment for JPET, fixed resource funding, creates an environment of collaboration and partnerships. We feel the fee for service model will result in providers being more concerned about retaining and/or increasing their business share rather than building supporting relationships with young homeless people in order to meet their needs. Therefore if a provider wished to conduct its business on economics and retaining / increasing its business levels, they will spend the majority of their resources and time on the clientele that are more job ready. Even though the new system will have 4 levels, within those levels there will still be significant differences between clients, there will be clients with fewer barriers and have some stability and are job ready. Providers who focus their energy to deliver services to clients with multiple social barriers are less likely to achieve high economic outcomes, therefore will receive less funding and have less resources.
5. In comparison to JPET we feel there will be a much higher level of administration and following up clients to ensure providers have the required evidence of placements. The placement fee model will shift staff focus, as they will now have income revenue making targets to retain their jobs. Workers time will be spent in administering paper work and collecting evidence on placements and outcomes, recording hours spent with a client, appointment diaries, justification of client expenditure, participation reporting and activating payments. This means that less time is available to work with the disadvantaged young people.

JYSS has been a specialist provider who has been delivering the JPET program for over 16 years. During this period we have established networks, partnerships, extensive skills in working with highly at risk young people, an expert knowledge of youth homeless and surrounding issues, strong connections to all Youth SAAP services and their clientele, local community support and recognition to provide a total wrap around service. JYSS as a JPET provider has expertly combined accommodation and support with high achievement of outcomes and client satisfaction. Our ability to continue this total wrap around service to those most vulnerable in our community, homeless youth, has been undermined by the government's decision to end the specialist youth homeless JPET program by combining seven programs into one, Job services Australia. JYSS did not tender in its own right for the new Job Services Australia as the agency felt we could not meet the criteria, JYSS could not submit a competitive tender and the new model did not align with JYSS' vision, mission and values.

Once again thank you for the opportunity to provide feedback to the senate enquiry. If you require any further information please do not hesitate to contact me.

Yours truly,

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25<sup>th</sup> May 2009