



ASU Submission

House of Representatives Select Committee on Workforce
Australia Employment Services

Inquiry into Workforce Australia Employment Services

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The ASU

The Australian Services Union ('ASU') is one of Australia's largest unions, representing approximately 135,000 members. ASU members work in a wide variety of industries and occupations in both the private and public sector. The ASU is the union for employees in the employment services sector.

Executive Summary

Employment services perform at their best when they bring together the interest of jobseekers, providers, workers, and the community. However, contemporary employment services are run as profit-maximising businesses. This diminishes the quality of service to the individual service user and limits the social value of employment services to the broader community.

ASU members want to see significant change. Our members are dedicated social and community services professionals with the skills and experience to support job seekers to find stable, long-term employment. They want an employment services system that supports them in this important task.

Additionally, the sector has been in a state of upheaval for nearly two decades, caused by repeated policy redirections and competitive tendering processes. Our members say that they need stability and security to do their jobs properly. Any further reforms to the employment services system should support long term, stable service provision underpinned by an ethos of social service.

Recommendations

- Employment services should be operated as social services and not as profit-maximising businesses.
- Employment services should be delivered in conjunction with other social services relevant to the community being served.
- Not-for-profit, non-government social service organisations are better placed to deliver employment services than for-profit or government providers due to the closer links with the community.
- Government must work with employment service providers to address employment issues including low pay, over-work, workplace stress and access to training.
- Government must address funding issues, through implementation of a 'floor price' to ensure that workers in not-for-profit employment services are paid at appropriate classifications and in accordance with Award provisions. Accredited training and portable leave entitlements, including end of employment entitlements should also be included in this floor price funding model.
- Introduce a portable entitlements scheme for workers in the not-for-profit sector of the industry, that would allow all workers to have access to portable long service leave, sick leave and annual leave as a major incentive to address recruitment and retention issues, enabling workers to build a career in the sector.
- Government must address funding issues to ensure that indexation is paid to not-for-profit employment service providers in order for providers to attract the best workers and retain their services. This is the only way to provide long term stability in the sector that deals with often highly vulnerable communities.

- Recruitment and retention issues have now reached critical mass in the not-for-profit employment service sector. Government must address funding issues to ensure safe rates of staff to client ratios to ensure safe workloads and the enable the provision of necessary training and professional supervision for workers in this highly stressful sector.
- In consultation with key stakeholders, including the Union, consumer advocates and community peaks, establish a specialist team in the Department, reporting to the Minister to inquire into and report on sector compliance, including allegations of fraud against the system and clients, underpayment and under classification of workers and other workplace issues, including workplace health and safety issues.
- Establish a specialist team within the Department, reporting to the Minister, to deal with ongoing worker and consumer complaints and ensure provider compliance in the industry.

For-profit employment service providers are undermining the employment services system

The current model of employment services is failing because providers are incentivised to maximise their profits rather than social outcomes. For-profit providers churn through larger numbers of applicants by throwing them into unsuitable, short-term employment or shoe-horning them into useless or unnecessary training programs.

In their Workforce Australia provider snapshot, ACOSS found that from the 129 licences/contracts for Employment Services, 78 licenses were for not-for-profit organisations and 51 were for-profit¹.

As Australia's unemployment rate soared during Covid-19, large for-profit providers enjoyed record profits, while dissatisfied job seekers complained of churning and profiteering². The Senate inquiry into Jobactive found the "current funding model incentivises jobactive providers to churn people through short term work, rather than helping them to secure sustainable longer-term employment"³.

The report was also critical of for-profit providers taking advantage of the funding model that allows unemployed workers to cycle in and out of short-term placement, whilst the provider "can continue to receive outcome payments. Providers are rewarded financially for churning people through jobs that don't last".⁴

For-profit providers are benefiting from the provision of lucrative multimillion dollar unemployment contracts⁵. Whilst a recent report prepared for GetUp found "at the root of the issue has been the mismanaged privatisation of employment services, which has failed to align profit motives and job seeker outcomes"⁶

The profit-making focus of the employment services system has direct, negative consequences for employees in the sector. Our members are under immense pressure to meet targets, rather than to support the people they are employed to help. Unmanageable workloads caused by unreasonable targets impact heavily on workers preparedness to stay at the workplace.

Whilst for-profit making motives are often problematic for those seeking employment, and those working in the sector, not for profit non-government employment services have a significant role to play in employment services. Social and community services are often more closely connected to the communities they serve than business or government. Further, they are more likely to have a diverse range of skilled employees who can support a job seeker to find employment. Employment

¹ ACOSS, Workforce Australia – Provider Snapshot [Online] <https://www.acoss.org.au/workforce-australia-provider-snapshot/>

² Per Capita, Redesigning Employment Services after Covid-19 [Online] https://percapita.org.au/wp-content/uploads/2020/04/Redesigning-employment-services-after-COVID-19_FINAL.pdf

³ Senate Report, Jobactive: failing those it is intended to serve [Online] https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/024217/toc_pdf/Jobactivefailingthoseitintendedtoserve.pdf;fileType=application%2Fpdf

⁴ Senate Report, Jobactive: failing those it is intended to serve [Online] https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/024217/toc_pdf/Jobactivefailingthoseitintendedtoserve.pdf;fileType=application%2Fpdf

⁵ The Guardian, Workforce Australia job agencies rake in millions more from training contracts [Online] <https://www.theguardian.com/australia-news/2022/jul/27/workforce-australia-job-agencies-rake-in-millions-more-from-training-contracts>

⁶ Michael West Media, jobactive: the private investment firms profiting from Australia's unemployed <https://michaelwest.com.au/wp-content/uploads/2021/12/MW-JOACTIVE-REPORT-FINAL.pdf>

services will be especially effective where these can be delivered in conjunction with other supports clients are accessing (like homelessness, alcohol or other drug treatments, family and domestic violence and also in Aboriginal community controlled health services etc).

Employment services sector should operate as community services and not a corporatized profit-maximising businesses. They should be established in local communities and have local labour market understanding and connections as well as a demonstrated capacity to assist those who are unemployed.⁷ The system should be designed so that providers are incentivised to reduce unemployment rather than making profits by churning through job seekers load as quickly and cheaply as possible.

The need for a *floor price* & indexation of funding

Employment services should be based upon a *floor price* below which no tender will be accepted. This would mean that rather than a 'race to the bottom' by organisations, competing for vital funds by cutting back on essential workforce expenses, all tenders would be required to include funding provision for basic industrial standards.

A floor price for government funding will encourage workers in the sector to develop a career and so support workforce development, sector stability and a better trained and qualified workforce. A floor price below which no organisation can tender will encourage organisations in the sector to collaborate and share resources, working together rather than against each other in an endless competitive spiral downwards. We propose a model floor price where wages cannot be lower than the SCHADS Award rate and must include:

- Applicable Equal Remuneration Order rates of pay
- Correct classification stream and level
- Allowances
- Penalties and loadings
- Maximising permanent employment (Fulltime and Part time) rather than casual or fixed term contracts or rolling contracts

An appropriate price floor must provide for accrual of portable leave entitlements including:

- Annual leave including 5 weeks' annual leave for shift workers.
- Personal leave
- Long service leave
- Redundancy protections
- Paid Parental Leave
- Paid family and domestic violence leave

An appropriate price floor must include adequate overhead costs for all workers, regardless of the nature of their employment, including:

- Professional supervision
- Provisions for onboarding of staff – induction, buddy shifts
- Provisions for regular team meetings
- Provisions for ongoing professional development and training – including covering the cost and time of attaining any qualification requirement

⁷ ACOSS, Workforce Australia – Provider Snapshot [Online] <https://www.acoss.org.au/workforce-australia-provider-snapshot/>

It is essential that governments address funding issues to ensure that indexation is paid to employment service providers (including funding for wages, staff training, occupational health and safety (OH&S) obligations and relief staff) to support the sector in order to ensure quality service provision.

Federal and State/Territory governments must recognise that the costs of running a service increase each year and that indexation of funding contracts should accurately reflect these cost increases.

The employment services workforce

For the employment services sector to provide high quality services to the unemployed, a skilled and experienced workforce is required.

The recent Senate inquiry into the Jobactive network found employment services providers in Australia have high staff turnover rates with many workers feeling under paid and under pressure.⁸ The average worker has a caseload of around 150 clients, with the Committee finding workers do not have the required time to provide tailored support.⁹

Currently employment services providers, employees and job seekers must bear the cost of constant staff turnover. This cost includes inconsistency for job seekers who will be allocated new employment services workers, as well as the job seeker not having access to a fully trained worker as up-skilling and networking takes time and resources.

Providers also have to bear the cost of recruiting new workers and skilling them up in order to perform at a high level. Remaining workers also bear the strain of carrying the workload of workers that have left until a replacement is found and is in place within the organisation.

To prevent people from leaving the sector they should be paid appropriately for the tasks they are undertaking, receive ongoing and relevant training so that they feel able to take on the tasks required for the job and staffing should be at a level that would enable workloads to be manageable and productive. Remuneration should reflect the skill and competence of the employee's position and should not be tied to competitive, performance-based review systems.

ASU survey of employment services workers

In February 2023 we surveyed our members who work in employment services to gain an insight into how they perceive Workforce Australia is operating.

The survey responses highlighted a high-pressure industry which is often stressful, with the complexity and skills required to adequately perform the role as undervalued.

Overview of respondents

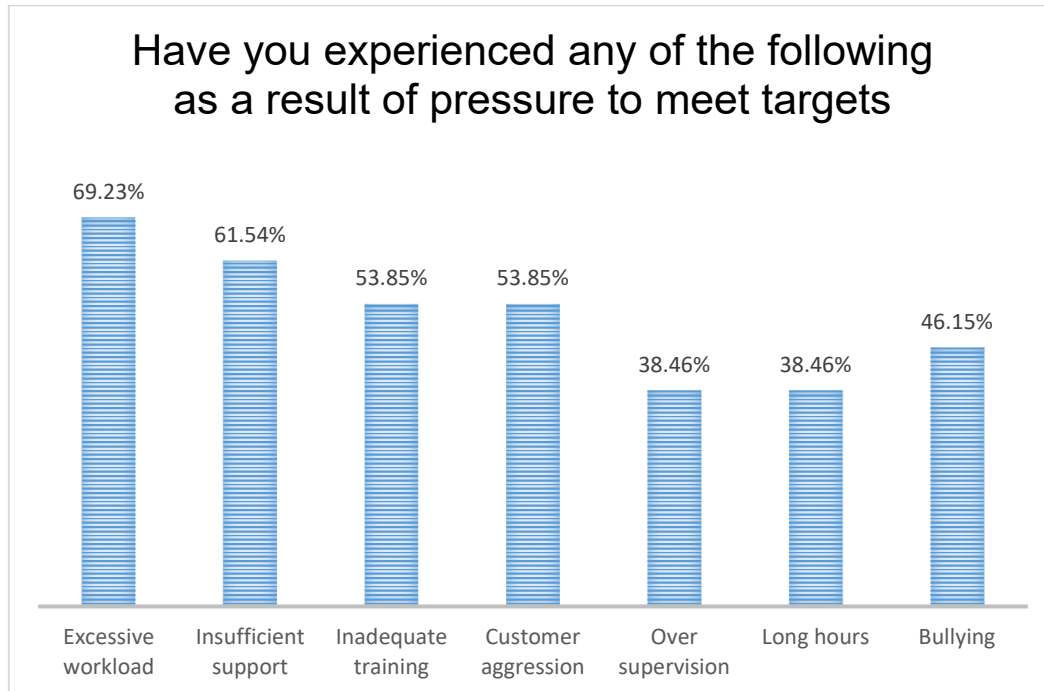
76% of respondents were female with the majority aged 45+. Two thirds of respondents worked full-time (70%) with the same number working for a not-for-profit provider.

⁸ Senate Report, Jobactive: failing those it is intended to serve [Online] https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/024217/toc_pdf/Jobactivefailingthoseitintendedtoserve.pdf;fileType=application%2Fpdf

⁹ Ibid.

Pressure to meet targets

76% of workers felt they are under pressure to meet targets rather than support clients. The Top 5 issues cited were: excessive workload, insufficient support, inadequate training, customer aggression and bullying.



KPI's and the amount of time allocated to complete tasks

Many respondents indicated the requirement to meet KPIs as a pressure point for them.

- With the pressures of KPI's and quarterly targets of the org, it takes away support opportunities for client for them to be able to move forward
- As the outcome amount is significantly lower than the previous jobactive contract, targets are higher with more pressure to achieve relevant KPI'S
- Servicing clients becomes 2nd place to meeting KPIS
- It's the time pressure - one client after another, they are often waiting which makes the employment consultant feel rushed. But output of clients to meet department measures is king. The paperwork builds up and is time sensitive, so the clients just got ticked and flicked much of the time.

Inadequate pay & training

54% of workers feel like they have not received the right amount of training to support their client's needs. Many workers suggested there is a need for mental health and domestic violence training in the sector as well as formal Certificate II training.

- Proper training of Employment Consultants (Cert II) in effective delivery of employment and career advice. Proper pay to help retain ECs. The turnover is ridiculous and helps no one!
- The lack of formal and intensive (Cert II) training for Employment Consultants and appropriate pay and conditions to go with that. If EC's at [Company] were paid as if they were public servants, they'd be on \$25k pa more. It's scrimping and it's not working for long term unemployed people.

- Let us do our jobs and pay the consultant better money not that Labour Assistance Award

Issue with new Workforce Australia system

60% of workers have concerns about the current system, including:

- Fraudulent work practices, taking services fees for clients that don't need or want assistance. Not exiting clients as per their request to keep claiming service fees. Managers that aren't suitably qualified or experienced to carry out the role they're employed to do as per the position description. Bullying and exclusion of staff. No security in the office (cameras). There's loads more.
- I work on a faulty system called Workforce Australia...from day one of the contract we have had nothing but trouble with it. Job Plans can take up to 20 minutes to do..... The paperwork is horrendous....to put someone into work there is a business case to be approved by management a form called record of employment with all the details of employment then if wage subsidy has been done more forms and then purchase orders need to be done all the notes put in and then appointments for clients and post placement support for all the worker....If I need to buy all their work gear that means more forms and heaven forbid a client needs help with an issue and you drop everything to take them to mental health team which can take hours. I am buggered by the time I get home....and did I mention after 7 years I get \$30 per hour! My clients earn more than me.... 20 years working in employment services I have never had as much trouble with a system not working in my life than this one!
- The new provider portal and all the IT issues. It is slow and has less functions than ESS making our jobs harder

Workplace stress

Many respondents cited workplace stress as impacting them:

- Severely stressed and psychologist suggest leaving current employment and mental health plan that could not implement
- I got referred to a cardiology specialist at the hospital due to having stabs in my heart because of work stress

Key changes, if implemented, that would drive the greatest improvement to employment services

- Terminating contracts of fraudulent providers
- Consideration for job seekers who have barriers for Disability. Better investigation into the system of fraud being committed.
- Proper training of Employment Consultants (Cert II) in effective delivery of employment and career advice. Proper pay to help retain ECs. The turnover is ridiculous and helps no one!

Biggest barriers to the delivery of good outcomes in the current system, and what needs to be done to remove, or minimise, those barriers

- Working with people with a disability who are not always job ready. This could take years to build up their confidence. We need to treat them as people and not as KPI's.
- The amount of people on jobseeker payment that have medical issues that Centrelink don't accept. They get stuck on our caseloads for years.
- Treating people as individuals not as KPI'S being pushed into jobs that are sometimes not suitable
- Lack of monetary support for clients to assist in job seeking i.e.: travel, clothing costs etc. also lack of financial assistance for clients once in work. identifying providers and employers utilising wage subs and then dismissing clients from employment at conclusion of wage subsidy period

We need to ensure workers in employment services have job security, good wages and conditions, appropriate training and career development. We need to decrease the number of clients to alleviate the excessive workload and long hours being worked as well as ensuring they have adequate support from management.

Portable leave entitlements for workers

The ASU has long been calling for a portable long service leave scheme for workers in the social and community and employment services industry as the competitive tendering features of much of the government community services work means that while workers can have many years of experience in the industry the vagaries of contracts and the changes in their employers can mean they never qualify for long service leave.

Portability would provide an additional incentive for people to stay and keep their skills within the sector. Other industries that have a transient workforce already have portability of long service leave, for example hospital workers (including nursing staff and allied health professionals), teachers, government public servants as well as construction workers. Long service leave should already be costed in as workers' entitlements by providers, thus portability should not be a financial impost on the employer.

We believe the Federal Government should implement a portable long service leave scheme for all employment services employees.

Finally, the ASU, including frontline employment services workers, would be pleased to participate in any public hearing to give additional evidence and to represent our concerns more fully.