

## **Maxima Training Group (Aust) Ltd**

### **Response to proposed licensing system for the New Employment Services Model.**

Maxima is a mature professionally managed not-for-profit, with purpose that is a community-oriented organisation supporting people in their pursuit of meaningful work. We develop the skills and confidence to overcome barriers to employment and meet the needs of jobseekers and employers – bringing the two together to mutually beneficial outcomes. As an established Australian entity we have strong sovereign capability that is demonstrated in all our operations.

Over our proud 35-year history, Maxima has grown to support 70 communities across Australia with diverse employment and recruitment services. Maxima's scope includes Disability Employment Services, NDIS, Prepare, Trial & Hire Internships (PaTH), Indigenous Vocational Training & Employment (VTEC), Temporary and Permanent Recruitment, Apprenticeships and Traineeships, Indigenous Employment Services, Registered Training Organisations (RTO) and Job Placement Specialist services for Return to Work South Australia.

Our combined offering is one of the most extensive not-for-profit recruitment, training and employment services in Australia, with over forty physical office locations across South Australia (metro and regional including Yorke Peninsula, Mid North, Barossa and Pt Pirie), Victoria (metro and regional including East Gippsland and Latrobe Valley), Western Australia, Perth (greater metro), Queensland (metro and Cairns) and Tasmania (Launceston, Hobart and regional).

As both a provider of government employment services and a large employer with a full-time national employee contingent of over 1,250 people including three hundred and fifty (350) staff, approximately six hundred (600) apprentices and trainees (of which nearly forty five percent are of Aboriginal and Torres Strait Islander background) and three hundred (300 FTE) temporary and fixed term labour hire workers we are intimately aware of the needs of both job seekers and employers.

Having seen many iterations of government employment services since “Working Nation” and being an inaugural Job Network member since 1998, Maxima have delivered successful high quality and performance driven Employment Services for its 35 years history. We have subsequently grown our specialised employment services area and are a successful national provider of both Disability Employment Services and Indigenous Employment Services for the Commonwealth Government.

### **Proposed licensing system for the New Employment Services Model**

Our comments are provided in the main around the guiding questions provided for chapters.

## CHAPTER 2

### 2.1 Should generalist and specialist organisations be included on the same panel?

The suggestion generalist and specialist providers be included on the same panel seems problematic in context of assessing and differentiating between within-panel provider performance. Specialist providers, by the very nature of their smaller, specialised cohorts and interventions would potentially be disadvantaged on point-to-point comparative measures. They are also more likely to have niche employer bases or a limited employer pool in comparison to the size of the caseload, particularly as Covid19 continues to impact the Labour Market. The Discussion Paper notes specialist providers were more likely to be low performers early in the contract. It is more likely to have insufficient data for meaningful comparison for some time.

While choice and control is an important feature, the proposal a customer from a cohort would not mandatorily be referred to a specialist but could instead choose a generalist provider will exacerbate performance issues. We would strongly recommend a process by which a Customer has a more targeted choice in referring to a Specialist provider.

Whilst all providers could be on the National Panel there could be differentiation between Generalists and Specialists at the sub-panel level.

### 2.2 How long should the panel be in place for?

Six years would be preferable to allow for settling in and ensure a greater financial commitment by organisations delivering services. In particular, as previously noted, specialist providers were more likely to be low performers early in the contract thus the longer the panel in place the more certainty a provider would have, which could lead to greater investment in innovation and resources to achieve employment goals

### 2.3 In what circumstances should a panel refresh occur?

A panel refresh might occur in response to:

- Variation or reduced provider performance
- Identification that panel lacks depth to respond to changing labour market conditions
- Where a niche specialist provider presents with unique capability in context of labour market conditions
- Where innovation is required or desired
- Where employers are requesting specialisation in response to their Labour Market need e.g. Indigenous people who are younger with mental health issues.

The Department may wish to consider a panel refresh schedule to be advantageous, so everyone knows when it is going to happen.

## CHAPTER 3

### 3.1 How long should licences be issued for initially?

In line with our comments above, we would support licences being issued for 4 years initially.

### 3.2 Should an organisation be allowed to service areas smaller than an Employment Region?

The servicing of customers from specific cohorts may lead to questions of viability if a provider is required to offer all of Employment Region (ER) coverage. Significant and reliable data is now available for the identification of “heat maps” of specific cohorts. Figure 5.1, pg 26 of the Discussion Paper provides an example of the concentration of CALD jobactive participants in south-western Sydney using jobactive administrative data. Other data sources such as the Australian Bureau of Statistics can also be used to complement and build up “heat maps” for other cohorts such as people with disability and Indigenous.

In the case of specialists, given the caseload may take longer to build there are real financial risks in requiring organisations to set up “bricks and mortar” coverage for an entire Employment Region. It is not sustainable for an organisation to cross subsidise the risk of delivering one service against others that it delivers.

We would recommend a provider be able to grow their footprint in a region as their Caseload reaches certain agreed levels or consumer demand dictates.

### 3.3 Should the number of licences be capped in each Employment Region

Yes. Our experiences in offering Disability Employment Services across a range of Employment Service Areas with differing numbers of providers have shown us the impact over subscription of providers can have. Given the preferred approach is to have both market share and licences it seems sensible to have a cap on the number of licences available. The cap may be related to a combination of the number of clients and/or the Labour Market conditions.

## CHAPTER 4

The Discussion Paper notes that 1) specialist providers have previously taken longer to achieve higher performance; and 2) smaller organisations take time to have robust performance data. On this we would propose that the first Licence Review should take place at the 24 months mark following the introduction of the NESM.

In regards to annual reviews, given the time taken to produce data and implement reviews, annual reviews and business reallocation are very disruptive to job seekers, employers and providers and as a result drives short term outcomes, diminishes the quality of services and outcomes and potentially damages the reputation of the market. Our recommendation is such reviews should be at minimum every 18 months.

The Department may wish to provide clarity as to whether the outcome of a review is to lose all business or some market share.

Of note there is no discussion on any differentiation between generalist and specialist providers in terms of performance and reviews, but we feel that is of the utmost importance.

We would recommend the Department undertake further research to determine if the proposed high – moderate - low performance continuum, would be granular enough to make business reallocation decisions.

## CHAPTER 5

### 5.1 Should cohort specialists only be referred job seekers from their target cohort?

At page 25 of the Discussion Paper we note that *“it is proposed that job seekers from a particular cohort would not be mandatorily referred to a specialist but could be instead choose a generalist provider. If an eligible job seeker made no choice, the job seeker would be referred to a relevant cohort specialist provider by default.”*

Our view of the above approach is a job seeker should also be able to choose a generalist or **any** specialist provider if they have not chosen to go to a specific specialist provider.

A significant number of customers will have more than the primary disadvantage they may seek to be referred to a specialist for. For example, a customer who may be under 25 (Youth) may also be a Person with Disability as well as from a CALD background. Such a customer should be able to choose from **any** specialist provider within these cohort streams. This however does not mean a specialist provider needs to be a generalist provider.

While we are proponents of choice and control for an individual because of the impact it has on their successful employment outcome, there is a case to be made for auto referral to a cohort specialist. For example, should Aboriginal and Torres Strait Islander (ATSI) job seekers be allocated to a specialist provider under the new system due to the following reasons (observed through our work with VTEC, Tauondi Aboriginal College and in the community).

- ATSI job seekers may be inappropriately assessed by JSCI (Job Seeker Classification Instrument). During their first contact with Centrelink, ATSI job seekers may have an element of ‘shame’ when discussing their issues with a Non-Indigenous stranger and are generally mistrustful of government institutions. In this instance an ATSI job seeker may be deemed to have major barriers and be classified as Stream A, which may or may not be appropriate.
- ATSI job seeker may adhere to different cultural and communication protocols and be less likely to disclose personal information to a Call Centre operator particularly if the issues are considered ‘men’s or women’s business’ and the operator is of the opposite sex.

- Often ATSI job seekers will not persevere with the ‘red tape’ and typically rely on financial support of other family members.
- In some cases, ATSI job seekers possess a perceived inability to manage registration and compliance requirements.
- ATSI job seekers who advise they have digital literacy skills (even though they don’t) are classified as ‘digital first’ (they are responsible for reporting). They are poorly equipped to manage this form of engagement.
- ATSI job seekers who are in receipt of Abstudy get an extra fortnightly payment from Centrelink and in many cases do not attend their study requirements. All job seekers are coded as Stream A and not eligible for mainstream employment services.
- Many ATSI job seekers do not have access to internet data (to report to Centrelink) or even have a computer. In some instances, we find that ATSI job seekers have one phone per family.
- Those ATSI job seekers who are considered as ‘under employed’ are not likely to apply for part benefits.
- ATSI parents are often linked with ParentsNext programs, which are not necessarily geared to supporting job seekers into employment but are rather more geared towards non vocational programs or study.

Ultimately, the choice and control can be exercised by an individual if they do not wish to receive services from a particular organisation. Our experience in the new DES market shows this consumer choice does indeed drive service quality and performance.

Specialist providers should also be able to register potential customers within their specialisation through direct registration that does not impact on their market share of referrals within the employment region.

We do not believe generalist providers being able to offer “areas of speciality” will deliver the best performance outcomes for customers within these cohorts and the NESM program overall.

## **5.2 Which cohort types should have specialists?**

This should be data driven and meet minimum thresholds in terms of quantity and need. It should be up to provider applicants to identify which specialisation they have and then for the consumer (job seeker) to choose accordingly.

Not all cohorts are represented in each Employment Region (ER) in the same way. The issues of choice and control for the customer need to be considered along with viability for specialist providers in terms of potential caseload numbers.

We agree that not all ERs will have all the “approved” specialist cohorts and that some ERs may have no cohort specialists.

To balance the issue of customers potentially belonging to one group, our view is cohort specialists could be considered are; Indigenous Australians, CALD, People with Disability and Youth (<25).

Given the impact of Covid 19, a fast track specialist could also be considered for those people who have recent work experience, are highly motivated but perhaps lack the basic networking skills sets to secure employment and/or require retraining. In these cases, there is a risk that a triage to an online resource will lead to a longer length out of the labour market and exacerbate the unemployment rate in the longer term. Digital resources should be complimentary to guidance from a skilled professional.

### **5.3 What factors should determine where specialists are located?**

We recommend “minimum service areas” be developed in ERs that have significant levels of approved cohorts. A specialist provider must be required to deliver the NESM services at the minimum service area level by way of office locations and related infrastructure. The provider may also choose to cover the ER more widely.

Our delivery of Disability Employment Services during the COVID-19 period has demonstrated to us that a significant amount of progression related activities can be undertaken digitally / virtually with the customer. The use of technology for contacts can be preferred by job seekers with issues such as mobility limitations, mental health such as anxiety and depression. The availability of such options improves the consistency of engagement. In this way providers may be able to deliver services more broadly within the ER than just the minimum service area without necessarily requiring the same level of offices and infrastructure. Outreach visiting services could be fluid for specialists rather than having to be nominated from beginning of contract