

**IS THE JOB NETWORK  
BENEFITING DISADVANTAGED  
JOB SEEKERS?  
PRELIMINARY EVIDENCE FROM  
A STUDY OF NON-PROFIT  
EMPLOYMENT SERVICES**

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SPRC Discussion Paper No. 111

January 2001

ISSN 1037 2741

ISBN 0 7334 1744 2

The authors would like to thank the staff and board members of the agencies that took part in the research on which this paper is based, the job seekers who gave up their time to talk to us, and the *JOB futures* organisation for supporting the research. The study was funded under Australian Research Council Grant No. C79917636. Any views expressed in this paper are those of the authors and do not necessarily represent those of the SPRC, the Brotherhood of St Laurence or *JOB futures*.

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Published by  
The Social Policy Research Centre  
University of New South Wales  
Sydney NSW 2052  
Australia  
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The series is indebted to Diana Encel for her continuing editorial contribution.

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Tony Eardley  
Editor

## Abstract

This paper is the first report from a joint study with the Brotherhood of St Laurence, funded under the ARC SPIRT program and in partnership with the employment services consortium JOB *futures*. It provides an overview of developments in employment services in recent years presents initial results of the first round of research fieldwork with a sample of 10 JOB *futures* agencies and their job seeker clients during the first round of Job Network contracts.

The limited quantitative data available suggest that the Job Network is settling down and producing aggregate outcomes similar to those of Working Nation, but in a period of rising employment it does not seem to have had as much impact on long-term unemployment. While reforms have eased many of network's teething problems, some difficulties remain. The new system is clearly cheaper than its predecessor and is producing innovations in service delivery. What is not easy to measure is how far these efficiencies and innovations are being achieved by displacing costs elsewhere. Job seekers' experiences of the Job Network are mixed. While they welcome many of the innovations of the new arrangements, there is a sense that for those with experience of the old system little has changed. Some feel even more disempowered.

While competition is fostering some innovative practices, it is also creating conflicts between the traditional community sector orientation towards information sharing and co-operation and the need to guard market knowledge and power. It also leaves agencies vulnerable to acceptance of downward pressure from employers on the quality and conditions of work offered.

## **1 Introduction**

May 1998 saw the start of a radical experiment in employment service delivery in Australia. From that date, the public employment service, which had existed since 1946, was effectively abolished and replaced with a national network of agencies competing in a quasi-marketplace for contracts to deliver services to unemployed people.

In a review of trends in the structure of job-placement and employment services in the mid-1990s in the OECD countries, Walwei (1996) placed Australia in the most liberal and market-oriented category - even before the introduction of contracted case management under Labor's Working Nation program. Walwei did not find a pure market system operating anywhere at the time, even though countries like the US and UK made considerable use of non-governmental and private provision in their training and enterprise programs. Since 1998, therefore, Australia has arguably gone further in the market direction than any country in the OECD.

Although non-government agencies were already involved in contracted delivery of employment assistance, the creation of the Job Network represented a further major shift in the role of the state from provider to contractor and purchaser of services. The rationale for this radical shift in service delivery was that it would provide greater flexibility for agencies to provide innovative services and, through competition, would increase both effectiveness and efficiency. This was seen as being in line with international trends (Fay, 1997) and was justified by reference to reviews of international experience, such as that by the Industry Commission (1997).

So far, however, little empirical information on the outcomes of the new system has been available for independent scrutiny. The Government has made a number of claims of success compared with the previous system, but in the absence of objective data these have been treated with some scepticism by many commentators. Thus much of the debate about the effectiveness of the Job Network has been operating in something of an information vacuum. Indeed one of the shortcomings of policy development and implementation in the labour market area in Australia has been the limited level of independent evaluation of whether major policy initiatives have made any substantial difference.

The creation of the Job Network represented a significant change in the environment for non-profit, community-based agencies. They had been accustomed to working in partnership with government on a grant-for-services basis, and had begun to adapt to the limited competitive framework of contracted case management under Working Nation. Research on the contracted case management period by Considine (1999) suggested that while there were differences in the ways in which public, private and community sector agencies operated, the latter were, perhaps surprisingly, as ready as private firms to recommend breaching for non-compliance with activity tests, and not conspicuously more likely than public or private agencies to see themselves as client advocates.

Now, however, they were faced with full-scale competition both with private sector and corporatised public agencies, and with each other. An initial study of a sample of private and non-profit agencies in the early months of the Job Network indicated that there was a degree of convergence happening between the sectors (Lyons and Chan, 1999). Non-profits were adjusting to operating in a commercial environment – with some embracing competition wholeheartedly – while some private firms were displaying the kind of social concern about clients and their needs generally associated with the community sector.

These observations raise important questions about the nature and role of non-profit providers in a competitive market framework. What does it mean in terms of service to clients that an agency is ‘not-for-profit’? Can the advocacy role which has long been an important *raison d’être* for the community sector survive the incorporation into large-scale service delivery for government? Is the non-profit sector threatened by the movement of private firms into social service delivery in the way that Ryan (1999) has identified in the USA?

In 1998, the SPRC received funding from the Australian Research Council’s Strategic Partnerships with Industry - Research and Training (SPIRT) scheme to carry out a study of the impact of the competitive employment market on non-profit employment service providers and their clients. The study is being carried out in collaboration with the social action and research arm of the Brotherhood of St Laurence, and with support from JOB *futures*, a consortium of community sector agencies which has become one of the larger players in the employment services market.

JOB *utures* was formed in 1996, with 13 members initially, mainly in New South Wales and Victoria. Currently it links some 35 agencies with around 160 sites nationally. The agencies are community-based, some affiliated to the Anglican church, but the consortium is not predominantly church-based. It shares a common concern with fostering access and opportunities for disadvantaged job seekers and with creating an ongoing and effective role for community agencies in employment services. The Brotherhood of St Laurence is also an employment services provider and a member of JOB *utures*.

JOB *utures* agreed to support the study, both financially and by providing access to its member agencies, because it recognised the value of independent research on the Job Network for the wider benefit of the employment services industry and of job seekers themselves. It has provided advice and suggestions through its involvement in the Research Advisory Committee, but it has never sought to direct the research or to cover up any adverse findings.

It should be emphasised, however, that the focus of the study is not on evaluating the performance of JOB *utures* agencies specifically, but on wider questions of how non-profit agencies are responding to the competitive market structure. By itself, this research cannot answer many of the larger questions about the outcomes and success of the Job Network as a whole. It is limited in that it focuses mainly on the non-profit providers, and furthermore on a sample of these providers that may not be entirely typical of the sector. Nevertheless, the research can help to illuminate the processes by which employment outcomes are achieved (or not achieved), the ways in which agencies have adapted to the new competitive environment and the impact on their job seeker clients.

The study began in April 1999 and this paper presents some of the results of a first stage of fieldwork with a sample of JOB *utures* agencies, carried out between August and December 1999. We begin with a review of the policy background to the Job Network and the changes that have taken place since it was implemented. The next section looks at the limited evidence available to date on how the Job Network as a whole is working. Section 4 describes the research being undertaken at the SPRC and the methods used. Section 5 presents selected results of the first round of fieldwork. We concentrate mainly on job seeker experiences and agency perspectives on the impact of

the Job Network on their clients, but also include some observations on agency and employer practices.

## **2 Background**

### **The Shift Towards Competition**

A shift in the role of government from provider of social welfare services to purchaser or regulator of services has been taking place in Australia for a number of years and across a range of service areas. In the employment and training areas, both the community sector and private agencies have long been involved in providing services under contractual arrangements with government. Until recently, however, such arrangements could be seen primarily as forms of partnership with government and as complementary to public provision.

The move towards competition was first signalled in Labor's Working Nation policy package (Australia, Prime Minister, 1994). The Green Paper that preceded it had put forward a set of policies to reduce long-term unemployment, including individualised case management (Committee on Employment Opportunities, 1993). There was no proposal at that stage for a major injection of competition, even though the Hilmer Report (1993) on national competition policy had already called for the introduction of this model into public service delivery (Wearing and Smyth, 1995). Instead, the Green Paper argued for the Commonwealth Employment Service (CES) to build on existing arrangements for contracting out some specialised training and labour market program delivery to non-governmental providers, according to the principle of 'complementarity'. This was based on the view that non-government providers could be effective in helping unemployed people with special needs and in coordinating services and job opportunities at a local level.

What subsequently emerged in the White Paper was significantly different. Working Nation accepted the proposals for extending case management, but inserted a competition model for delivering it. This competition was still limited, however. Contracted case management was tendered on a fixed-price basis and the CES case management wing (Employment Assistance Australia) remained in the public sector.

One product of the decision in Working Nation to go for a high volume of client throughput in case management was a deterioration in mainstream labour exchange services for employers and other job seekers. The CES share of the job vacancy market fell sharply during this period, to as low as 16 per cent (Commonwealth of Australia, 1995). Private agencies were then able to fill the gap (Boreham, Roan and Whitehouse, 1995). This erosion of the CES' effectiveness at job placement provided ammunition for those wishing to see it abolished or privatised, and indeed it appears that in the period after the announcement of its abolition the CES' share of job vacancies dropped further, to around 10 per cent (Dockery, 1999).

Contracted case management was only operating in full for just over a year before the new Coalition Government dismantled much of the Working Nation structure, arguing that it was an expensive failure. The justification for this view was mainly based on early evaluation data (DEETYA, 1996a; EPAC, 1996), which suggested that the programs into which the majority of clients were directed were the most expensive and the least effective. Many of these clients were long-term unemployed and therefore required higher levels of assistance, and subsequent analysis has indicated that some programs were more effective than the official estimates claimed (Stromback, Dockery and Wing, 1998). However, it was clear that the new government was ideologically opposed to high levels of expenditure in this area. Shortly after taking office they announced a restructuring of employment assistance which cut resources for labour market programs by \$1.8b over four years (28 per cent compared with forward estimates) and laid plans for the creation of a 'contestable market' in employment services (DEETYA, 1996b).

Consultations on the proposals indicated that certain aspects met with widespread support, particularly the increased flexibility for case managers to develop individually-focused support, and the amalgamation of income support and employment functions in a new 'one-stop' agency (DEETYA, 1996c). Other elements were much more controversial. There was considerable hostility, for example, towards the contestable market approach, with doubts expressed by both public and non-governmental agencies about whether such a model could work to the benefit of clients, especially once funding moved from a fixed-price format to price competition. Thus, greater flexibility and control over resources by case managers were generally welcomed, but many submissions viewed the

introduction of further competition as based on unproven value (for example ACOSS, 1997). In particular, there was concern that disadvantaged groups such as migrants and other people of non-English speaking backgrounds were likely to lose out. There was also concern about the erosion of the rights of entitlement to social security benefits for unemployed people, which have become increasingly dependent on compliance with individual activity agreements (Carney, 1996).

Partly because of opposition in the Senate, implementation of the new system was delayed several times and it was finally established by regulation rather than by new legislation (so that although no longer operating, the CES has never been officially 'abolished' by law). Thus the Job Network did not start operating in full until 1 May 1998.

The main elements of the new system were as follows.

- CES offices were closed and the CES' case management arm, Employment Assistance Australia, was restructured into a government-owned company named Employment National, to be managed along commercial business lines.
- The registration, assessment and referral functions of the former CES were merged with the former Department of Social Security's payments network into a new service agency named Centrelink. As well as delivering income support payments and other government services, Centrelink became responsible for assessing the level of assistance job seekers are entitled to, providing basic self-help job search facilities and making referrals to employment service providers. Centrelink also administers the activity test for unemployed clients and makes decisions about enforcing penalties for breaches of the regulations.
- A computerised National Vacancy Data Base (NVDB) was established, accessible to job seekers through Centrelink and some employment services.
- Employment assistance at three levels, along with Entry Level Training Support Services (ELTSS), the New Enterprise Incentive Scheme (NEIS) and Project Contracting (for agricultural labour hire) was put out to

tender to public, private and non-profit agencies, with one element of the assessment criteria being price competitiveness.

- The three levels of employment assistance which carried payments for provider agencies were:

‘Job Matching’ (Flex 1)<sup>1</sup> - representing mainstream labour exchange and placement services. This was initially restricted to unemployed people receiving certain benefits and to young people: other clients received only self-help services or low-level assistance, or could face a fee. An outcome attracting a payment for the agency was the placement of an eligible job seeker into a vacancy from the NVDB which provided at least 15 hours employment per week.

‘Job Search Training’ (Flex 2) - targeted at job seekers unemployed for at least six months who had employment experience and skills but who required assistance with job searching. A payable outcome involved the job seeker signing up to a job search skills plan.

‘Intensive Assistance’ (Flex 3) - the equivalent to case management and available only to those unemployed for 12 months or more, or assessed as being at risk of long-term unemployment. Agencies were given the flexibility to offer whatever services they felt appropriate. This could include training, language courses, counselling, work experience or wage subsidies, and thus potentially substituted for many of the labour market programs previously provided under Working Nation. Within eligibility for intensive assistance, job seekers were classified into three levels of disadvantage, each generating different levels of payment. These payments were divided into an up-front service fee, an interim payment if job seekers significantly reduced their reliance on income support through paid employment for 13 weeks, and a final

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1 In the first round of contracts, these services were known as FLEX 1-3 but this terminology has since been abandoned.

outcome payment if employment was sustained for a further 13 weeks.

- Intensive assistance attracted a fixed schedule of payments, but for job matching and job search training agencies tendering were required to nominate both their preferred volume of business and the fee required. These services were thus price-competitive. All agencies had to provide job matching services.

### **The Changing Shape of the Employment Services Market**

Under Working Nation, basic job matching remained the responsibility of the CES, while case management was shared between Employment Assistance Australia (EAA) and the community sector and private contracted case managers. By June 1996, contracts had been let to 243 agencies, including EAA, with 852 service outlets, of which about 210 were EAA offices (ESRA, 1996).

The 256,000 job seekers commencing case management in 1996-97 were divided more or less equally between EAA and contracted case managers (ESRA, 1997). Around 25 per cent of the total went to community sector agencies, 20 per cent to private firms and 55 per cent to the public sector, including State government bodies and TAFE colleges (Davidson, 1998).

In the first round of the Job Network contracts the big winners, in terms of overall market share,<sup>2</sup> were the private agencies. They increased their share to 37 per cent, while the community sector also gained to a lesser extent (Kemp, 1998). The public sector's overall share was reduced to one-third, but Employment National remained easily the largest single organisation in the network. However, these overall figures mask the distribution of market share across the different types of provision and within the different sectors. A total of 306 organisations were offered contracts in the first round, to operate from 1404 sites, but only 125 providers had contracts to provide intensive assistance, from 715 sites, thus representing a concentration of delivery compared with that under contracted case management.

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2 Defined as the percentage of contracted placements in each type of service.

Market share of intensive assistance – the most valuable in dollar terms – was even more concentrated, with the top four providers accounting for 65 per cent of the total (and Employment National gaining the bulk of this), and no other agency having more than two per cent. Job matching became more diversified, given that it used to be entirely in the hands of the CES, but still nearly half accrued to the top ten agencies. The distribution of job search assistance is difficult to compare with the pre-1998 arrangements as the equivalent (Job Clubs) were just one of a range of programs to which job seekers could be referred by public, private and community sector employers alike. However, this too was concentrated among a relatively small number of main providers, as were New Enterprise Incentive Scheme (NEIS) and Entry Level Training Scheme (ELTSS) places.

Overall, as Davidson (1998) has observed, the Government opted in the first round for a ‘safety-first’ strategy, keeping the dominant public sector provider in place, but under commercial management, and supplementing it with two major, church-based non-profit providers (Salvation Army and Mission Australia), one large private firm (Drake Jobseek), and a number of second tier agencies.

**Table 1: Percentage Market Share of Employment Services by Agency Sector, 1996-2000**

	<b>1996-97</b>	<b>May 1998</b>	<b>March 2000</b>
	Contracted case management only	All Job Network services	All Job Network services
	(243 agencies operating from 852 sites)	(306 agencies operating from 1404 sites)	(205 agencies operating from 2114 sites)
		%	
Public	55	33	8
Private	20	37	45
Community/non-profit	25	30	47

Sources: Kemp, 1998; Davidson, 1998; DEWRSB, 2000

In spite of this cautious strategy, the initial implementation of the Job Network was fraught with problems, and it attracted a wave of critical commentary from the media.<sup>3</sup> In the first few months there was considerable change among provider organisations, with a number of smaller agencies joining or forming protective consortia as a means of risk avoidance, others sub-contracting services to other agencies, and several giving up their contracts.

It is not surprising that such a major reorganisation of service delivery would have implementation problems. Service providers and welfare organisations, however, argued that there were also serious structural problems that threatened the viability of the new system. These included the restriction of eligibility for assistance to people receiving income support payments – an exclusion that particularly affected unemployed women with working partners and newly arrived migrants – problems with Centrelink’s referral arrangements and inaccurate client assessment through Centrelink’s Job Seeker Classification Instrument (JSCI). Perhaps most problematic of all was the structure of payments, which made service provision barely viable for agencies with only job matching contracts.

Lobbying by service providers resulted in a series of reforms during the first year, which are generally agreed to have eased some of the initial problems. Eligibility for job matching payments was extended to some previously ineligible clients. Extra funding was allocated to improve cash flow for providers and a \$15,000 exit package made available to help ‘non-viable’ agencies leave the network. Between May 1998 and October 1999, 18 agencies gave up their Job Network contracts, mostly those only providing job matching or job search training (National Audit Office, 2000). Additional funding was allocated for extending the availability of vacancy database touch screens in Job Network member offices, and each member agency was given \$1000 for marketing purposes. DEWRSB also undertook to review the operations of the JSCI.

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3 There were more than 30 critical articles about the Job Network in the Sydney Morning Herald alone in the three months following the start of the new services. These focused particularly on the awarding of contracts to inexperienced or apparently unsuitable agencies and not to previously successful ones, on fees charged to employers by the new Employment National, and on alleged dubious practices developing in the employment service market.

## **Job Network Mark 2**

The second contract round, from March 2000, produced a very different market composition from that of the first period. The overall number of separate organisation dropped to 205, reflecting further consolidation in the market, but the number of sites, including outreach sites, expanded to 2114. Much of this increase in sites took place in rural and regional Australia – a development which the media were quick to connect to the Government's need to shore up country support following the loss of Coalition government in Victoria. There were also more agencies (some 30 in all) contracted to provide specialist intensive assistance to unemployed people with special needs, including people with disabilities, Aboriginals and Torres Strait Islanders, people with HIV and AIDS, young people, and people from non-English speaking backgrounds.

There were two major surprises. First was the loss of virtually all intensive assistance contracts by Employment National. While it was again offered the largest share of job matching (22 per cent), the loss of its 42 per cent share of the lucrative intensive assistance contracts meant that the overall market share held by public agencies dwindled to only eight per cent. The bulk of the market is now divided between community/non-profit agencies and private firms. The second surprise was that Drake Jobseek, the major private provider and the only other member agency with a significant national presence, also lost all its Job Network business. With Drake out of the network and Employment National relegated to a minor role, the distribution of market share has become somewhat more dispersed, even though a handful of larger non-profit and private agencies still predominate in most areas of provision.

Another significant change in the second tender round involved the contractual terms under which intensive assistance is delivered. The employment department's own initial implementation evaluation, which was published in February 2000, acknowledged that many intensive assistance clients were receiving only limited help (DEWRSB, 2000a). Spending on training and employment subsidies in particular seems to have dwindled, partly because while agencies were feeling their way in the new system it was risky expending funds which might not be recouped as an outcome payment. Many were also using upfront intensive assistance payments to subsidise underfunded job matching services.

The new contracts required agencies to make a 'declaration of intent', aimed at making them more accountable for delivering what their tenders promised. They were also required to enter individual support plans for job seekers who did not find employment within the first 13 weeks of assistance. As Gittins (2000) has noted, the implied requirement that more resources should be devoted to areas like training or work subsidies can be viewed as nudging the system quietly back in the direction of labour market programs. The question is how effectively this contractual requirement will be enforced.

In general, service providers responded positively to the new structure and regard it as better reflecting quality of service provision over price than in the first round (see, for example, Thompson, 2000). Yet, in spite of the radical shift in the way employment services are provided, it would be hard to see the new arrangements as representing a free market. At present, it remains a highly constrained and artificial structure, created by government, with a high degree of government regulation and control, and with a monopoly purchaser of services (DEWRSB) and supplier of clients (Centrelink). The change of composition in the second round of contracts is an indication of how much the Government is continuing to steer. Thus it can be seen as closer to what Considine (1996) has described as 'market bureaucracy'. This point was picked up by the National Audit Office (NAO) in its review of the management of Job Network contracts. In discussing the need for better communication with providers, the NAO stated that 'the providers did not constitute a competitive market in the normal sense' and that:

It is not a practicable strategy for the Department to stand back and consider that there is a fully competitive market at work. The department has substantial control over the existence and financial well being of providers and needs to consciously recognise this in the way in which it manages the contracts with providers ...

(National Audit Office, 2000: 38)

The key questions are whether the Job Network can deliver more effective and efficient support for unemployed people than its predecessor, and whether it is capable of maintaining assistance for the most disadvantaged

job seekers. A limited amount of information is now available on which to base some initial assessment, and this is reviewed in the next section.

### **3 What Do We Know About the Impact of the Job Network?**

There are a number of challenges involved in judging whether the Job Network is a success at this stage. These include distinguishing implementation difficulties from more persistent structural problems; comparing the new system with that which preceded it, including identifying the effect of reducing the resources available; and separating any specific Job Network effect from that of wider movements in the economic cycle.

Unemployment has been falling since 1998, mainly as a result of economic growth. Recent modelling by Chapman and Kapuscinski (2000) shows that if Australia had not experienced the falls in growth associated with the last two recessions, long-term unemployment could be up to 80 per cent lower than it is today. Few economists would argue that extra efficiency in the delivery of employment services in itself has a major impact on the overall level of unemployment (Webster, 1999). Rather, labour market programs and employment services are required to correct some of the structural mismatch in the labour market that occurs when a pool of long-term unemployed people is allowed to develop. Employment services can reduce the length of time individual job seekers remain unemployed and can enhance equality of access to employment.

Thus, as stated above, the question is not just whether Job Network agencies are successful in capturing job vacancies for their clients, but whether unemployed people facing particular disadvantage in the labour market are able to obtain equitable access to assistance and to employment outcomes.

This kind of evaluation is difficult even when administrative data are available (see Eardley and Thompson, 1998, for a discussion of the difficulties involved in evaluating labour market programs), but in this case analysis has been hampered by relatively little information being released for independent scrutiny. The Government has in place a largely internal evaluation strategy (DEETYA, 1997), although an independent policy review has been foreshadowed for 2001 and DEWRSB has begun to release regular summary outcome data (Abbott, 2000).

## **Early Evaluation Studies**

The first independent study to look in any detail at the Job Network was by Kelly et al. (1999). It involved a survey of 15 Job Network providers in Western Australia, along with a small number of employers and job seekers, carried out between November 1998 and April 1999. The report's overall conclusion was that the Job Network was suffering from unnecessarily poor media coverage and was working well overall, in spite of initial implementation problems. The authors judged that it was likely in the longer run to prove more efficient than the previous arrangements, especially since many of the problems they noted were addressed in the first round of reforms at the end of 1998. The study did, nevertheless, identify a number of unresolved issues, including the structure of payments; the accuracy of assessments using the Job Seeker Classification Instrument; and the operations of the national computerised vacancy database.

Kelly et al. also had some concerns about duplication with State-funded employment services and cost-shifting from the Commonwealth to the States, although there was insufficient evidence to judge whether it was a serious problem. Wheelahan, Lewis and Abrahart (1999) have also examined this issue, as it related to New South Wales, in a study for the NSW Department of Education and Training. They looked first at claims of double-dipping, whereby Job Network providers could receive funds from both the Commonwealth and the State for the same or similar services. Secondly, there were concerns that the loss of previous labour market programs, especially those affecting indigenous job seekers, would require the State to respond with provision of its own. Thirdly, it was suggested that allowing Job Network providers and their clients free access to State-funded courses for the unemployed was resulting in cost-shifting from the Commonwealth to the State.

Wheelahan et al. concluded that while the full financial effect of the network on State programs was not clear at that early stage of the new system, there was little evidence that these concerns represented a major problem. New South Wales was already adjusting its service provision in the main area where double-dipping was a real possibility (mainly the Mature Workers Program). However, reduction in servicing of indigenous job seekers was leading to some pressure for expansion of State provision. Cost-shifting through free State-based courses was identified as a localised problem in a

few areas and Job Network providers were seen as making windfall gains. The report recommended that this problem be addressed by negotiated protocols between Commonwealth and State to allow the State to offset any genuine additional costs.

The main official commentary to date on the Job Network, outside that of DEWRSB itself, came in May 2000 with the publication of the National Audit Office report on the management of Job Network contracts (NAO, 2000). This too concluded that in general the implementation of the Job Network was broadly effective, though it made a number of recommendations for improvement, including in areas of communication with providers and in compliance monitoring with a view to effective risk management. The report did not look in detail at service delivery issues, but it did note deficiencies in the system of referrals from Centrelink for job search training and suggested continuing review of the JSCI.

## **Outcomes**

The Government has consistently attempted to talk up the success of the Job Network to counter media criticisms. For example, a press release issued by the Minister for Employment Services, Mr Abbott, at the end of the first year of the new system claimed that outcomes were 49-60 per cent better, depending on the type of assistance, than those of the old CES (Abbott, 1999). However, many of these comparisons were made with the final year of the CES, when its activities were being run down prior to closure and staff numbers were reducing through retrenchments, transfers and resignations. If a comparison is made instead with the last full year of operation, it is less clear that the Job Network was surpassing the performance levels of the previous CES and contracted case managers combined.

The press release stated: 'In the first 12 months of Job Network over 500,000 vacancies have been notified, compared to about 325,000 vacancies notified by the CES for the twelve months from 1 May 1997 and 30 April 1998' (Abbott, 1999: 2). Yet according to the DEETYA Annual Report 1996-1997, 'more than 600,000 vacancies' were notified to the CES in that year (DEETYA, 1997: 134). One reason for low figures in the press release is that CES vacancies were discounted by 40 per cent to exclude temporary/casual jobs (which it claims would be ineligible for payment under the Job Network) and 'raised for job seeker' jobs. The purpose of the

vacancy code 'r' in the CES JobSystem, which applied to such jobs, was to prevent unnecessary circulation, for job matching purposes, of a vacancy for which there was already a prospective job seeker.

It is difficult to assess how far such a discounting is valid, since an 'eligible vacancy' according to the Job Matching Manual (p.18) is 'one that offers at least 15 hours employment in a period of not more than five consecutive days'. Thus a casual or temporary job that provides at least 15 hours over five consecutive days would seem to be an eligible vacancy. The exclusion of 'raised for job seeker' jobs also potentially discounts a considerable number of vacancies for disadvantaged and long-term unemployed job seekers. This category covers jobs provided under wage subsidy programs, where providing canvassing cards for job seekers to show to potential employers was a common feature of CES wage subsidy promotion. It also applies to jobs that were canvassed on behalf of job seekers by CES staff or other labour market program providers. While lodging vacancies found by job seekers themselves is prohibited in the Job Network manual, agencies can (and apparently do) still lodge vacancies canvassed by them on behalf of job seekers and then claim a payment for them.

Many of the comparisons were also based on job placements rather than on payable outcomes. This may have been justified at the time, in relation to intensive assistance, because participants would not have completed their maximum two years of available assistance, but it does present a misleading impression of achievement. For example, the press release stated that in the first year some 320,000 people commenced intensive assistance and 70,000 job placements were made. However, other DEWRSB data show that over this period the ratio of job placements to interim payable outcomes (those involving employment for at least 13 weeks which substantially reduces benefit receipt) was more than four to one, and for final outcomes (26 weeks) it was nearly 10 to one (DEWRSB, 1999b). This suggests that either the majority of placements were made too late in the year to have resulted in paid outcomes, or that individual job seekers were receiving multiple placements, many of which were either too brief or provided too few hours of work to qualify as an intensive assistance outcome.

The DEWRSB (2000a) implementation report provides a somewhat better source of comparable information on performance so far. Table 2 below shows the percentage outcomes for the cohort of job seekers who

commenced assistance during the first three months of the Job Network and had left assistance by September 1999 (some 90 per cent of the total commencements). These are compared with the outcomes for people starting case management in its first year. The third column adds outcomes for those leaving case management in 1996-97, derived from the Employment Services Regulatory Authority annual report (ESRA, 1997).

**Table 2: Comparable Outcomes for Case Management and Intensive Assistance**

Job seekers commencing intensive assistance May-July 1998	Job seekers commencing case management during 1995	Job seekers leaving case management during 1996-97
<p>23% 'placed in employment or study and off income support or on reduced rate of income support 13 weeks after placement', including:</p> <p>18% in paid work</p> <p>2% in education or training</p> <p>49% reached end of referral without paid outcome</p> <p>31% 'other unpaid exits', including some who left assistance because they found a job</p>	<p>16% 'placed in employment or study and off income support or on reduced rate of income support 13 weeks after placement'</p>	<p>45% 'positive outcomes', including:</p> <p>27% in unsubsidised employment</p> <p>6% in brokered employment</p> <p>10% in subsidised employment</p> <p>2% in full-time study</p> <p>30% exited case management without paid outcome</p> <p>25% 'other exits'</p>

Sources: DEWRSB, 2000a, 6.4; ESRA, 1997, Tables 10-12

It is not clear how DEWRSB calculated the 1995 outcomes, but taken at face value it appears that intensive assistance may have got off to a slightly better start than case management. However, it seems that the Job Network's initial outcomes had some way to go to match those of case management in 1996-1997 even if both brokered and subsidised employment outcomes are discounted.

The DEWRSB implementation report also provided three-month post program monitoring data on outcomes for all those leaving intensive assistance up to September 1999. On this basis, performance looks better, with 20 per cent in full-time and 17 per cent in part-time work.

The most recent release of information, for the year ending June 2000, shows a marginal drop in the level of full-time job placements, bringing the total in work three month after leaving assistance to 35 per cent (DEWRSB, 2000b). This report also introduced further changes in the way the outcomes are calculated, which slightly underplays positive outcomes compared to earlier methods.<sup>4</sup> Either way, Job Network outcomes still do not appear exceptional compared with those of the main programs used by case managers under Working Nation's Job Compact. Of all those leaving assistance in the 12 months to February 1996, 41 per cent of JobStart participants and 30 per cent of people undertaking JobSkills training were in unsubsidised employment three months later (and many others were in subsidised or brokered employment placements) (DEETYA, 1996).

Caution is needed when interpreting these comparisons, not just because of differences in the way outcomes are assessed but also because of changes in economic conditions since 1995. Indeed, the whole exercise of comparing the Job Network with the (brief) period of Working Nation is in many ways becoming an increasingly tortuous exercise. Nevertheless, the data do not appear to justify a claim that the Job Network is massively outperforming its predecessor. This is not surprising given that the network needed time to settle down and counter teething problems, but it means that exaggerated claims of success need to be treated with some scepticism.

The latest DEWRSB data also show that intensive assistance outcomes vary significantly by region, with amongst the lowest rates achieved in the Sydney and other NSW regions, even though these regions have experienced some of the highest rates of job growth since 1998. As the report suggests, one possible explanation is that the client groups in these areas tend to face

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4 The new method apparently has a larger downward effect when applied to Working Nation outcome data (DEWRSB, 2000c, Table A), but the changes makes it even more difficult for those outside the Department to make useful comparisons.

greater employment barriers, with those less disadvantaged having already found work.

Whether or not the Job Network outcomes are better than those under the previous system, however, they are certainly being achieved with substantially fewer resources. The reductions in spending on employment assistance and labour market programs preceded the introduction of the Job Network, making it difficult to untangle them from the effect of market reform, but in so far as the Job Network is producing similar outcomes to the previous system, viability now clearly demands much greater cost efficiency. On a per person unemployed basis, while a little of the reduction is offset by the fall in unemployment, spending in 1999 was still only about half what it was in late 1995 (Dockery, 1999). This may be regarded as an achievement in itself, but our own research suggests that absorbing these extra efficiency demands is placing considerable strain on some agencies and their staff. It also seems that, in the first period at least, some community-based agencies which only won job matching contracts had to subsidise these services from resources normally devoted to other non-Job Network community activities, thus shifting some costs of employment assistance on to local communities. Two agencies in our sample which won only job matching and job search training contracts had estimated losses totalling \$150,000 and \$160,000 respectively over the first contract period. In one case this loss was met from funds which had been accumulated for a new community facility. On the other hand, some non-profit agencies with intensive assistance were able to reinvest surplus Job Network income into other forms of social provision. The question remains, however, whether in a situation of reduced resources those most needing assistance are receiving it.

So how far is the Job Network benefiting the more disadvantaged job seekers? There are two aspects to this question. First, are the most disadvantaged receiving assistance at all? Second, are those receiving assistance getting positive outcomes? On the first question, DEWRSB's (2000a) implementation report provides an indication of what is happening. It shows that only 63 per cent of people commencing in intensive assistance up to September 1999 had been unemployed for more than 12 months – the usual definition of long-term unemployment – and that this group made up only 68 per cent of those assessed as eligible for assistance. There are, of course, other indications of disadvantage than just current length of unemployment. Also, a small percentage will have been judged as *too*

disadvantaged for intensive assistance and referred to the Community Support Program. Nevertheless, it seems that if about one-third received assistance on the strength of being *at risk* of long-term unemployment, and took precedence over many who *already* were long-term unemployed, either intensive assistance is poorly targeted or there are simply too few places. The most recent data show that for the year 1999/2000, the percentage of intensive assistance starts going to long-term unemployed people fell further, to just under 62 per cent (DEWRSB, 2000c, Table 2.1).

The data on eligibility for and commencements in intensive assistance also show that certain groups are under-represented (DEWRSB, 2000a, Table 6.4). In particular, only 57 per cent of indigenous job seekers referred for intensive assistance by September 1999 had actually commenced. This seems to be caused partly by indigenous people's lack of confidence in the Job Network and their preference for using their own networks, but also by some agencies' perception that they are unlikely to find work and thus provide a payable outcome. By contrast, people from non-English speaking backgrounds and those with a disability have amongst the highest rates of commencement (74 per cent).

Other groups with low rates of commencement include those for whom participation is voluntary, such as sole parents and disability support pensioners. The Department's evaluation (DEWRSB, 2000a) attributes these groups' low commencement rate to their voluntary involvement, but it does not consider whether there may be other issues of service quality and accessibility as well as the reliance on compulsion. The earlier Disability Reform Package, for example, also involved voluntary participation for disability support pension recipients, but managed to achieve an 88 per cent rate of participation in interviews with disability panels in 1994-95 (Department of Social Security, 1995).

One of the other groups with low commencement rates are young people. This was an issue highlighted in our own research, both by agencies and job seekers themselves. One of the effects of introducing the Youth Allowance, which effectively excluded a substantial number of young people from entitlement to an unemployment payment, has been to limit their access to intensive assistance. Young people not on an allowance made up only two per cent of referrals and of these only 39 per cent commenced. Even those receiving Youth Allowance made up only nine per cent of referrals, of

whom 54 per cent commenced. This represents a continuation of the decline in the share of employment assistance allocated to young people which began with Working Nation (see DEETYA, 1996, Table 8.2). In its evidence to the House of Representatives Inquiry into Mature Workers, DEWRSB (1999c) stated that young people are receiving assistance in line with their presence in the unemployment pool. Still, the relatively low level of access to assistance by young people remains a concern.

One way to assess whether Job Network is delivering better outcomes for the long-term unemployed is to look at aggregate data on the durational composition of unemployment over the last decade. If the new flexible market arrangements allow higher levels of ‘creaming’ – whereby easier to place job seekers take precedence over the more disadvantaged – then we would expect to see an increase in the proportion of unemployment which is long-term.

In fact this approach is still inconclusive. Dockery (1999), for example, found that while in the period just after the start of the Job Network there was a drop in the percentage of people unemployed for less than six months and an increase among those out of work for more than two years, this was in line with seasonal fluctuations and no long-term effect was evident. This suggests that the longer-term unemployed are benefiting as much (though not necessarily any more) from job growth under the Job Network as under the previous system. Webster (1999), on the other hand, concluded (on the basis of similar data) that while the trend number of people unemployed for more than one year fell continuously under Working Nation, despite a rise in total unemployment in the later period, this continued under the Job Network only for those unemployed between one and two years. For those unemployed for more than two years the trend appears to have risen - an effect she ascribes to the reduced level of per capita funding for the most disadvantaged job seekers. A similar analysis by Junankar (2000), which compares the rate of decline in long-term unemployment in Labor’s labour market reform period following the 1992 recession with that under the Coalition’s reforms from 1996 to early 2000, also concludes that the long-term unemployed benefited more from employment growth in the earlier period.

If we look at changes in the rate of long-term benefit receipt, as opposed to long-term unemployment – since one of the main purposes of employment

assistance is to reduce reliance on income support – we also find that while the *number* of long-term recipients has been dropping along with unemployment generally since 1996, the *proportion* of job seekers in continuous receipt of income support grew from 57 per cent to nearly 61 per cent between June 1999 and June 2000 (DEWRSB, 2000b).<sup>5</sup>

Overall, while it seems that the Job Network has overcome many of its initial implementation problems, it remains difficult to discern how far it is having any greater impact on the opportunities of disadvantaged job seekers than its predecessor. It is certainly costing less, but some of this extra efficiency may have costs that are falling elsewhere.

### **The Impact On Non-profit Agencies**

The central focus of our research is on how non-profit, community sector agencies are operating within the competitive market. Two other studies have also looked at how agencies were coping with the shift to the new market in the early days of the first contract period.

In a small study of non-profit agencies in Victoria, Laragy (1999) found that responses varied considerably depending on the size and establishment of the agency. Staff had a number of concerns associated with moving from a partnership with government model to a competitive framework. These included the ethical dilemma of becoming more responsible for the policing of clients job search activities, an anxiety that agencies were losing their capacity for advocacy and a sense that resources were no longer going into training for clients. This was leading some staff to question their role. Some agencies were also faced with the challenge of risk management – having to take out business overdrafts for the first time, for example. Agencies that were already business-oriented, however, were more comfortable both with their breaching role and with competitive arrangements.

Lyons and Chan (1999) interviewed staff of 14 non-profit and six private sector agencies in New South Wales in the early days of the Job Network.

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5 Some long-term beneficiaries will have paid work during the year and they are only reclassified as short-term if they remain off benefit for 13 weeks. However, since we know from other data that an increasing proportion of the work available to disadvantaged job seekers is short-term and casual, it is possible that the long-term beneficiary count is, over time, increasingly underestimating the problem.

Their hypothesis was that they would find clear differences of styles between private and non-profit agencies on a number of organisational and attitudinal dimensions. In fact most of their hypotheses were not confirmed. Differences between agencies in the same sector were often as great as between the sectors, and there were signs of a convergence of operational styles and practices between the sectors in response to the new market. Our study picks up on some of these operational questions.

## **4 The Research Study**

### **Aims and Components**

The main aim of this study is to provide an independent examination of the operations and impact of the new employment services market, with a particular emphasis on the role of non-profit agencies. We are interested in how agencies are affected by the new competitive environment, and on how this impacts on the job seekers using these agencies.

The main components of the research as a whole are:

- in-depth interviews and focus groups with Board members, managers and staff of a sample of 10 provider organisations, undertaken near the beginning of the project and approximately one year later.
- a series of focus groups with job seeker clients of the agencies, organised around the type of service provision received, together with follow-up telephone interviews about one year later.
- analysis of local labour market conditions in the areas covered by the sample agencies, and interviews with staff of other relevant organisations in the area.
- analysis of quantitative data on clients, services and outcomes collected by *JOB futures* agencies.
- analysis of other relevant information, including DEWRSB monitoring data and other evaluative material produced by provider organisations and associations themselves.

This paper is based mainly on the first stage of fieldwork with the agencies and job seekers, carried out between August and December 1999.

### Sampling Frame

The sample was constructed to provide, within the limits of the resources available and the study's qualitative nature, a wide spread of organisations, of which half were in Victoria and half in New South Wales. The selected agencies represented the main service types offered by *JOB futures* and were located within what we describe as 'buoyant' and 'non-buoyant' labour markets.<sup>6</sup> The initial matrix we adopted for selecting the ten most suitable agencies is shown below.

**Table 3: Selection matrix for sample employment agencies**

	Flex 1 (only)	Flex 1 & 2	Flex 1 & 3
Buoyant labour market	1	1	1
Non-buoyant labour market	1	2	4

The uneven balance between 'buoyant and non-buoyant' labour markets reflected not only the reality of employment conditions in many areas of Australia at the time, but also the fact that most *JOB futures* agencies with contracts under the Job Network were located in areas of employment disadvantage. The selection process was informed by an examination of regional labour market variations across NSW and Victoria, including:

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6 'Buoyant' and 'non-buoyant' are not objective descriptors, but are based on our reading of a set of key indicators. Buoyant refers to labour markets where there was employment growth, an increase in labour force participation, below average unemployment and long-term unemployment, and an above average ratio of new vacancies per unemployed persons. Non-buoyant refers to the converse of these as well as concentrations of disadvantage in particular populations (eg: people of NESB).

- unemployment levels (total unemployment, and rates amongst indigenous people, people of non-English speaking background and people with disabilities) at 3/97 and 12/98;
- employment levels (at 3/95 and 3/97; and at the 1991 and 1996 census);
- labour force participation rates (at 3/95 and 3/97);
- CES vacancies (4/96 to 3/97), and their composition by industry;
- the ratio of average CES vacancies to unemployed (6/96 to 3/97); and
- other DEWRSB labour market data.

Having divided up the Job Future member agencies according to the matrix above, a selection was made taking into account the need to provide a spread of agency types according to the following criteria:

- regional and metropolitan sites;
- inner-metropolitan and outer metropolitan sites;
- single site agencies and multiple site agencies;
- religious and secular auspicing organisations;
- institutional and community-based auspicing organisations
- specialist and generalist intensive assistance services; and
- agencies formerly funded by DEETYA, and others.

The characteristics of the ten sample agencies chosen can be summarised as follows.

Agency A: Community-based agency in a metropolitan, buoyant labour market, previously providing DEET-funded services and with a contract for job matching only, but part of a larger network which includes intensive assistance services in another area.

Agency B: Community-based agency, previously a Skillshare project, with job matching and job search training contracts, in a metropolitan area of mixed labour market performance and a large NESB population.

Agency C: An agency providing job matching and job search training contracts in a regional area of high unemployment, including a significant indigenous population, but with recent above-average job growth.

Agency D: A longstanding, inner-metropolitan agency with links to the Anglican church, operating in a relatively buoyant labour market and providing job matching, job search training and intensive assistance.

Agency E: A community-based, multi-site agency (formerly a Skillshare) in a metropolitan area of below-average unemployment overall, but a high concentration of NESB unemployment, providing job matching, job search training and intensive assistance.

Agency F: A community-based multi-site agency with strong links to local government, in a regional area of high unemployment and a seasonal employment base, providing job matching and job search training.

Agency G: A longstanding community-based agency, with a history of State-funded program delivery and a job matching contract only, in a rural area of high unemployment associated with manufacturing industry decline and privatisation of public enterprises.

Agency H: A metropolitan, community-based agency providing both generalist and specialist disability service (job matching and intensive assistance) in an area of below-average unemployment overall but high levels of long-term unemployment.

Agency I: An outer-metropolitan agency with links to local government and history of State-funded service delivery, providing job matching and intensive assistance in an area of high unemployment.

Agency J: An outer-metropolitan agency affiliated to an Anglican organisation, providing generalist job matching and intensive assistance to youth, in an area of high unemployment, especially amongst young people.

## **Composition of the Focus Group and Interview Samples**

The staff focus groups involved a total of 64 staff members in the 10 agencies. Sixty one per cent were women and the mean age was 37. Just over one-fifth had previously worked in the CES, 27 per cent came from various community programs, 16 per cent had worked in private sector recruitment, 11 per cent had an educational or training background, and the remaining 25 per cent had some other background. Ten were from NESB backgrounds, one was Aboriginal and one had a disability. Half worked only in job matching and almost one-third only in intensive assistance. The rest worked either in job search training or in a combination of assistance types.

The 16 job seeker focus groups involved a total of 109 people. They were recruited by the agencies according to a system of random selection within categories, devised by the researchers to suit the record keeping methods of individual agencies. The composition of the groups was designed to cover a wide range of unemployed people, but also to reflect the specific orientation of some of the agencies and to cover some special groups of interest. The groups were composed as follows:

- 7 mixed sex groups of general job seekers
- 2 of male job seekers, general
- 2 of mixed sex, long-term unemployed
- 1 of long-term unemployed women
- 2 of long-term unemployed men
- 1 of young women
- 1 of young men

The focus group participants as a whole were almost exactly divided between women and men, and their mean age was 35 years. Sixteen per cent were under 20 years and five per cent were 55 or over. Thirty-seven per cent were receiving job matching alone, 30 per cent were in job search training and the remaining third were receiving intensive assistance. Participants were not deliberately selected for ethnicity and the recruitment methods

mainly required basic comprehension of written English, but there was little sign that NESB job seekers were deterred from taking part. Nearly two-fifths of the sample (and half of the intensive assistance clients) were born overseas: languages spoken included Chinese, Indonesian, Malay, Mongolian, Polish, Romanian, Russian, Serbian, Spanish, Tagalog, Telegu, Ukrainian and Vietnamese. Two job seekers identified as Aboriginal.

Overall, 17 (16 per cent) of the participants reported having an illness or disability, and these were concentrated particularly amongst the long-term unemployed participants. Reported conditions included 'psychiatric disability', 'depression', 'paranoia', 'mental illness', 'manic depressive illness', 'Bi-polar disorder', 'attention deficit disorder', 'thrombosis', 'amputation', 'arthritis', 'back injury', 'chronic back pain', 'spinal disability', 'fibromyalgia', 'diabetes', 'sleep apnoea', 'asthma', and 'hearing impairment'.

The length of the job seekers' most recent periods of unemployment was related, by definition, to the type of assistance they were receiving. The range was from under one month to 5.5 years, with an average of 11 months. The intensive assistance clients had an average spell of nearly 18 months. Thirteen (12 per cent) were not currently receiving any income support payment, while 62 per cent received Newstart Allowance and 13 per cent Youth Allowance. Other payments received included Parenting Payment (Single) (6), Family Allowance only (4), Disability Support Pension (3) and Special Benefit (1). Eighteen per cent had some income from employment and 71 per cent had no income other than their Centrelink payments. Thirty-eight per cent rented their housing privately and 25 per cent were boarders. A further one-quarter owned or were buying their home and 12 per cent were in public housing. One was homeless and sleeping rough. Job seekers were paying an average of \$126 per fortnight for their housing.

There was a wide range of educational achievement, with more than half not having completed year 12 schooling and 16 per cent not completing year 10, 16 per cent having undergraduate degrees and nearly one-third having had some form of recent vocational training. The most common reason cited by participants for leaving their most recent job was having been retrenched or sacked (23 per cent). Other main reasons related to their most recent job being temporary (15 per cent), not liking the job any more (11 per cent),

leaving due to illness or injury (11 per cent), and having recently migrated to Australia (six per cent).

While the focus group sample was not statistically representative of clients of the Job Network nationally, there is no reason to suppose it especially atypical. As well as being current clients of JOB *utures* agencies, many participants had also used or were using other Job Network agencies. Thus they were able to provide views and experiences on the services provided beyond just those of JOB *utures* and drew on these wider experiences to comment on strengths and weaknesses of the Job Network as a whole. Thus the views expressed by job seekers in this paper are not confined to their experiences of JOB *utures* agencies alone.

## **Analysis**

The interviews and focus groups were tape-recorded and fully transcribed. They are being analysed using the NuDist computer-based qualitative data analysis program. The coding framework was developed from the original research questions, and refined through review of the relevant literature and discussions with Job Network agencies.

The next section presents the main results of analysis of the first round of fieldwork. It should be noted, therefore, that this report mainly reflects the first period of operation, when the network was experiencing a number of implementation problems, some of which were identified and addressed in the first series of reforms.

## **5 Preliminary Results**

Our preliminary findings fall into four main areas, which broadly follow the sequential process for job seekers of becoming eligible for assistance, being referred to a Job Network agency and then receiving assistance. The concluding section makes some initial comment about how the competitive market arrangements are affecting non-profit providers, but this will be discussed in more detail in later reports.

The four main topic areas are as follows.

- Assessment and referral
- Access to assistance
- Agency practices
- Employer practices

## **Assessment and Referral**

### *Job seeker assessment*

Access to the Job Network for unemployed people comes through Centrelink, which is responsible not only for determining eligibility for income support, but also for assessing job seekers' level of entitlement to employment assistance. As outlined earlier, this is done using the Job Seeker Classification Instrument (JSCI).

There was a strong feeling from JOB *futures* agency staff that the JSCI too often provided an inaccurate picture of clients' difficulties and did not adequately measure the nature and extent of their disadvantage. One problem is the need for self-disclosure, especially in areas where there might be anxiety about discrimination or loss of privacy, such as psychiatric illness or HIV status. As one agency worker commented,

The JSCI depends completely on self-disclosure. We had a young person here who needed intensive assistance to access something that she needed. She was coming out of JPET.<sup>7</sup> She went and got screened and they found she wasn't eligible, yet we knew that she was a victim of sexual abuse, she was HIV positive, all these things. We, in the end, told her to go back and do it again. Often you've got to coach people.

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7 The Job Placement, Employment and Training (JPET) is a Department of Education, Training and Youth Affairs (DETYA) program which funds organisations to provide training for unemployed youth, with a particular focus on young people who are homeless or at risk of becoming homeless.

The problem of under-disclosure by job seekers was seen as reinforced by the coercive nature of the relationship with Centrelink, a lack of personalised service, and the limited information given about the purpose of assessment in the first instance. Agency staff pointed to the need for Centrelink staff to conduct detailed face-to-face interviews with job seekers in order to obtain accurate assessment of their assistance needs, but they saw understaffing at Centrelink as tending to prevent such interviews occurring.

Kelly et al. (1999) found similar problems in their study of Job Network agencies in Western Australia. They also concluded that the JSCI questions themselves were not sufficiently well designed to elicit the required information.

These problems are noted in the DEWRSB evaluation, which makes a commitment to further review and ‘fine-tuning’ of the instrument, although it also suggests that some agency complaints are ‘subjective’ and based on commitment to the needs of particular client groups. Part of the justification made for this view is that Centrelink receives few formal requests for reassessment. However, agencies argued that this is because the process is seen as time consuming and administratively cumbersome. Some agency staff conducted their own reviews of job seeker assessment and informed Centrelink about the outcome. One staff member also suggested that the assessment procedure for intensive assistance could be improved by giving providers an initial three-month period after referral to establish a relationship with job seekers, during which they could verify the accuracy of the classification level.

### *The referral process*

Once job seekers have been assessed as eligible for assistance, Centrelink is responsible for informing them of the requirement to register with one or more Job Network agencies.

In the focus groups, job seekers suggested that the information they received about the Job Network from Centrelink has been limited: instead they tended to rely on the agencies themselves to explain the processes involved. Some *JOB futures* agencies have run information sessions for job seekers about the Job Network, explaining such things as the JSCI, in order to help them get access to the most appropriate level of service. Whether for job matching,

job search training or intensive assistance, the following job seeker experience was not uncommon.

When I got back on to the dole they said, 'you have to be a Job Network member'. So I thought, what is this all about? 'Oh, just take this card to the members and you will be fine', they didn't even inform me what it was all about.

Job seekers are often notified by post that they are required to register with a Job Network agency, and information about referral to the Job Network tends to be provided in group sessions rather than individually. Some job seekers complained that no detail was provided about the agencies other than a name and address, which gave them little basis for an informed choice about the most appropriate service. A slow rate of take-up of Job Network assistance, particularly in the early period, also meant that Centrelink was likely to refer job seekers directly rather than allowing them to exercise their choice of provider. This is an issue also identified in DEWR's implementation evaluation. The report argues that the exercise of choice is likely to become more widespread once better information becomes available about agency performance, but our focus groups suggested that there are considerable barriers to be overcome in giving many job seekers a sense of choice or agency in this process.

One particular referral problem has occurred with job search training, which is meant to be targeted towards people with employment experience and skills but needing help with effective job search. In the early days of the Job Network agencies found it hard to fill their contracted program places because of slow and inappropriate referrals by Centrelink. This resulted in much time and effort being wasted in assessing job seekers who were not likely to benefit from participation in a JST program.

In order to deal with this problem, a system of 'accelerated referral' was introduced in March 1999. However, this seems by all accounts to have failed to resolve the problems. DEWR's own report states that the effect has been 'negligible' (2000a: 58-9). There were reports of full-time students being referred, as well as many non-beneficiaries (who were difficult to attract to the courses). Examples cited by agencies of other inappropriate referrals included a woman who was eight months pregnant and people who had been dead for some months. Estimates from some agencies were as low as one in five referrals being suitable.

In addition to the inconvenience to job seekers, providers cited the administrative and financial burden caused by inappropriate automatic referrals which had not been screened by Centrelink. One manager explained:

We've had a major problem with referrals from Centrelink where what used to happen in the earlier days and right up until about February of this year is that they would screen people for us and then refer those that they had pre-screened. What happened in February onwards was that they stopped the screening process. Now they can refer up to 50 people at a time electronically on the system, and of those 50 people that they were referring who were not screened, we were actually getting 2 or 3 people to start the course. That was a major problem because we're all geared up to run groups of 10 and 12.

#### *Access to job search facilities*

A basic level of assistance with job search is provided by Centrelink to all unemployed registrants, whether or not they are entitled to income support. This consists mainly of access to the computerised national vacancy data base (now called Australian Job Search) via touch screens located in Centrelink offices, plus the use of photocopiers, phones and faxes to contact employers or distribute resumes.

Job seekers emphasised the importance of access to appropriate job search facilities ("to do your own computer access, you do your own resumes, letters, you can use the phone, you can fax"), since most did not have these at home and could not afford regular commercial use. These facilities were generally available at local Centrelink offices, but some job seekers complained about long queues, broken or unserviced machinery, lack of paper and other problems which indicated that the maintenance of these facilities is not always a priority for Centrelink. Others sought these resources in the Job Network agencies with varying degrees of success, since not all agencies provided this basic level of service support to job seekers. Where they did, however, it was often one of the features job seekers mentioned with approval.

The touch screens were considered by most job seekers to be a useful innovation, where they were available. This was not always the case, especially in rural communities. Some JOB *utures* agencies had acquired the touch screens themselves for job seekers' use or, in one case, had subsidised the placing of facilities in a more isolated community where there was no Job Network or Centrelink service. One suggestion from job seekers was to make the database available over the Internet (which has since happened).

However, access is probably not the main problem with the vacancy database. More serious is the quality of the information contained in it. It was common for both agency staff and job seekers to report the presence of 'phantom' listings, whereby vacancies are listed only after they have been filled. This can be the result of improper listing of vacancies that have not been initiated by the employer and serviced by the agency. More commonly it seems to happen where agencies do not list vacancies until a job seeker is engaged to start so as to avoid competing agencies placing one of their clients in the job. There were also examples cited of multiple listings of the same job, where employers had listed it with several agencies. Job seekers often have no way of identifying these, as the employer is usually not named, and they are a source of considerable frustration. These problems were also picked up in the study by Kelly et al. (1999). The DEWRSB implementation evaluation reports that only 62 per cent of surveyed job seekers said that jobs they saw on the touch screens were usually available when they contacted the relevant agency (DEWRSB, 2000a: 52). This suggests some scope for improvement.

#### *Centrelink administration and treatment of job seekers*

Since Centrelink plays a pivotal role as both the administrator of income support for the unemployed and the gateway to employment assistance, it is not surprising that it was the focus of considerable commentary from both JOB *utures* agencies and job seekers in our study. There was a recognition of the limitations on effective service delivery caused by the extensive administrative and policy changes which Centrelink has had to undergo. In particular, agencies highlighted the reductions in Centrelink staff numbers following the merger between the former DSS and CES, and a high turnover of staff remaining in Centrelink. There were also positive comments both from job seekers and agencies about the services provided in some offices,

the physical environment of new Centrelink offices and the efforts made by some individual staff. Nevertheless, the overall impression was of considerable dissatisfaction both from job seekers and agency staff about the Centrelink's administrative performance and the treatment of individual job seekers.

Some of the difficulties people experienced included understanding written communications – a potentially serious problem for those with low levels of proficiency in written English and one which could easily lead to loss of income through administrative breaching – and errors leading to overpayments and subsequent recovery procedures. The hardship that this could cause led some job seekers to see their treatment by Centrelink as highly unfair and one-sided. One commented:

This is a nationally funded organisation and they are just crap. They take your money, fair enough they give you the money, but they are really quick to take it away from you if you stuff up. There is no leniency. You get on the phone and sit for half an hour waiting for them and they expect all the leniency from you.

Many job seekers found Centrelink processes (and staff) to be 'slow', 'impersonal' or 'cold' and cited a lack of privacy in office spaces. This could result in some stigma for job seekers having to deal with their business 'with everyone looking at you'. Job seekers saw reduced staff numbers at Centrelink as compounding these problems —'there's been too much cut backs up there'.

Other complaints involved lost forms, correspondence continually sent to old addresses, phone calls not returned and patchy service quality, varying both between offices and between staff. The diversion of telephone contact with Centrelink to national call centres also seems to have added to perceptions of remoteness and impersonality in the service. As one job seeker put it,

It's always so impersonal, you can't ring your own Centrelink branch...which really is bad isn't it. You have to ring the 13 number and then wait.

The lack of continuity in staffing was a source of particular dissatisfaction. In the words of one job seeker,

I find the biggest problem is getting the same people. You find yourself repeating your problem about ten times.

Since our fieldwork took place, Centrelink has introduced the 'one-contact officer service model', whereby job seekers should normally be able to see the same officer. It remains to be seen how effective this actually is, and more recent qualitative findings by Howard (2000) do not give strong grounds for optimism. In a study of mutual obligation and activity agreements, Howard quotes Centrelink customer services officers as being broadly in favour of the model, but highly sceptical about its operation in practice, given staff turnover and shortages, automatic appointment generation by computer, and the lack of officer expertise across all the range of payments and client circumstances.

Some job seekers also reported what they saw as inequitable treatment of people in similar circumstances, particularly in relation to job search requirements. There were mixed views on the value of the Job Seeker and Mutual Obligation Diaries: some found them a useful record-keeping tool, whereas others saw them as pointless and easy to manipulate. In some cases, however, job search requirements were seen as onerous and counterproductive.

I had to apply for anything, whether I wanted to or not ... forced to comply. It got depressing because I was doing it for the wrong reasons.

Most job seekers were unaware of either Centrelink grievance and appeals processes, or of those attached to the Job Network. Very few reported having tried to have adverse decisions reviewed. There was a common perception that the processes were difficult, that Centrelink would be obstructive, and that anyone who complained might be victimised later. Job seekers often felt powerless to complain about poor treatment either from Centrelink or from a Job Network agency. One suggestion was to have access to some independent person or agency to facilitate the appeals process.

Agency staff and managers recognised the importance of their relationship with Centrelink, which varied widely among the sites visited. The general view was that a positive working relationship between the agency and the local Centrelink office promoted efficient service delivery because administrative and referral problems could be discussed and remedied quickly. Understaffing and high turnover at Centrelink worked against the capacity of agency staff to establish the kind of relationship that enabled this problem solving to occur easily. They also recognised that Centrelink staff were constrained by the computer systems and administrative procedures they administered and their inability to influence these. It should also be noted that those with experience of CES/DSS services, both staff and job seekers, did not necessarily regard its successor as providing an inferior service. In fact views were mixed as to whether Centrelink represented an improvement or a deterioration in service delivery.

### **Access to Assistance**

#### *Low rates of youth participation*

According to DEWRSB statistics, produced in a submission to the House of Representatives inquiry into mature workers, young people are getting access to assistance in line with their presence in the unemployment pool (DEWRSB, 1999c). Yet there was a strong sense from agencies that young unemployed people were not getting sufficient access to services. Connolly (1999) has established that it was the introduction of the Common Youth Allowance and the extension of mutual obligations that led to reduced numbers of young people registering with Centrelink. DEWRSB (2000a: 124) also reported concerns raised in their qualitative research about the declining numbers of young people not eligible for income support who registered with Centrelink, ‘thereby reducing utilisation of Job Network services among this group’. The rate of commencement generally, and the rate of commencement for Intensive Assistance in particular, by job seekers aged 15 to 20 is lower than for all other job seekers (DEWRSB 2000a: 124).

Many agency staff and managers reported low rates of youth participation in their programs, particularly intensive assistance — “the lack of young people in our caseload always astounds me”. It was common for intensive assistance staff never to have dealt with a job seeker under 21 years of age. Staff reported that it was particularly difficult to get young job seekers who were not receiving benefit to attend interviews as there was no incentive for

### **Case Study: Danielle**

Danielle was aged 17 and had been unemployed since she left school at 15. She had no independent income because of changes to the Youth Allowance and the introduction of the parental income test. Danielle resented being reliant on her parents for support.

I hate that because even though my parents earn too much they've got to pay a mortgage now and they can't give me money...I have to sort of like beg for it.

In spite of her lack of income, Danielle was determined to find work and to access the assistance she needed to help her to get it. It was through a friend that she found out about the Job Network and she had to actively seek information and assistance from Centrelink. Danielle explained her experiences as follows.

I wasn't getting any payments or anything. I was just registered as unemployed and my friend was case managed through here and he told me about it. So I went down to Centrelink to find out how, what I had to do to get case managed. There was a survey thing on the computer and the first time I missed out by about two per cent. They just said I can't be case managed so I came down here (the agency) to get case managed and they said I couldn't do it, because Centrelink hadn't put any information through. It took them about six months more to put it through. So I had to go back again for another interview with Centrelink and go through it again.

Even though Danielle was then working with an employment agency, she found it difficult to access the jobs she would like. Once she tried to apply for a traineeship that had been lodged on the database by another Job Network agency, itself some two hours travel away from her home. Undeterred, she personally travelled the distance by public transport to lodge her resume, only to be told that she was too young for the position. Danielle was very disappointed that the age requirements for the traineeship had been advertised incorrectly and was very disheartened by her experiences in the Job Network overall.

them to do so. This situation seems, in some areas to have been exacerbated by the closure of Youth Access Centres, and where these centres remained there were complaints about poor job search facilities.

The difficulties experienced by young people not receiving income support in accessing the assistance they need and undertaking job search are illustrated above in a case study of one young person ('Danielle') using Job Network services.

Danielle's experience is clearly not an isolated one. Many young people we talked to, in regional towns in particular, were frustrated by the lack of active assistance they received. Often this was because of restricted eligibility for the Youth Allowance, which they saw as denying them an independent income, or because of the operation of the JSCI that excluded them from higher levels of assistance. Some, like Danielle, were frustrated by the requirement to lodge their resumes for job matching in person at agencies that could be located up to two or three hours distance from their homes and from the site of the job itself. Job search has become very costly for some unemployed people in an increasingly fragmented system, while the capacity for early intervention for young people who become unemployed is often no longer available in the range of assistance accessible to them.

### *Ineligible beneficiaries*

The early Job Network reform which opened up eligibility to Job Matching and Placement to certain job seekers not entitled to income support were welcomed by provider agencies because it increased their financial viability. Data from the sample JOB *utures* agencies show that in the period up to the end of 1999, the percentage of payable job matching placements going to ineligible clients ranged from around two per cent to around 25 per cent, depending on the agency. For some, placing ineligible clients was a drain on resources, even if it maintained or developed their relationship with employers. One JOB *utures* manager described the 1999 change in eligibility rules as follows.

The reforms to Flex 1 payments...that saved us. It reduced the loss. The big impact was making everybody eligible, because we also made the decision up front that we were going to service everybody and we don't turn people away,

even if they're ineligible. We still don't. If they're students or whatever we still register them, because it's a service to our employers, the idea being that we would charge the employer if we didn't get a Flex 1 fee, but there were distinct problems with that. We were very pleased when that scenario was taken away and because job seekers knew that we would register them during that period that was really good for us.

However, this has also had the effect of increasing competition for the vacancies accessed by Job Network agencies. The majority of Newstart recipients at any one point in time are now long-term unemployed. With labour markets tightening in many regions and skills gaps emerging in some areas, there is an incentive for agencies to try to fill vacancies by targeting unemployed job seekers who are not receiving benefits and who may often be more job-ready than many beneficiaries. This targeting takes place in some Job Network agencies through methods ranging from advertising and referral from other sources to cold-canvassing of potential job seekers in shopping centres. One consequence is to make it more difficult for intensive assistance clients to compete for job matching vacancies. This competition can take place even between the different service sections of the same agencies, since a limited number of referrals can be made to any one job vacancy and there is pressure on job matching staff to put forward applicants most likely to suit employers' needs.

Staff saw this as symptomatic of the pressures built into the system. One of the questions raised earlier in this paper was whether the structure of payments, and the competitive tendering system in general, tended to encourage 'creaming' of clients that are easier to place. This is certainly how many *JOB futures* staff saw it. One commented "It's nearly set up to encourage creaming. You almost need to cream in order to survive". Job seekers also felt the impact of the new arrangements. One said, "It makes one feel that if they want to pick the nice apples off the top of the pile that they think they can place easily, they will".

#### *Access to appropriate types of assistance*

A concern frequently expressed by agency staff and managers was that disadvantaged job seekers with high support needs were not getting access to the level of assistance they require in the Job Network. They argued that there was a need for specialist assistance that was not widely available. The

types of assistance identified as particularly hard to access included the following:

- support for people with disabilities (especially psychiatric illness that had not been disclosed to Centrelink);
- interpreters, or staff with languages other than English, for people from non-English speaking backgrounds;
- culturally-sensitive services for Indigenous and overseas-born job seekers; and
- assistance for people experiencing multiple barriers to employment, such as drug and alcohol addiction, or low levels of English literacy and language competence.

Some staff also argued that the maximum period of assistance (up to 2 years) is still not sufficient for some job seekers. One gave an example of how a result can be achieved, but only over the longer term.

There's one person I'm thinking of in particular, who I got at the end after he'd been through a few SkillShare programs. He went through two or three SkillShare courses, and then he got into case management with the case manager before me, went through with a year with him, went into a Practising Chartered Accountant course and eventually got a job. But he'd been around the organisation for five years ... He still got his job ... and there's a whole new career for him too.

Some job seekers agreed about the need for extended periods of assistance. Comments from two job seekers were as follows.

It's very, very frustrating trying to get a job. If you've got assistance, great, at least you've got somebody helping you, but if they take the person away from you, you're going to end up further down the line to where you were before...on your own...they shouldn't do that.

That's crazy taking you off after 18 months, it's hard to get a job. They're taking it from you at 18 months, what's the point of having it in the first place? It's so hard to get a job.

Costs of transport, the lack of help with fares and poor public transport in regional towns could also create significant barriers to access to Job Network services. One JOB *utures* staff member working in job search training described the problem.

My people come for three weeks to a job search training program. They are unemployed but they have to fund their own fares. Often they're referred from quite far distances and they can't get any help. We can't offer that assistance on job search training...though under the old system if you were doing a Job Club you could get Formal Training Allowance.

A related issue, also identified in the DEWRSB implementation report, concerns agencies' reluctance to spend money on job seekers, particularly those with higher needs. One JOB *utures* manager explained:

The struggle to be financially viable means that organisations aren't able to put the funds in to providing things for the job seeker. The bottom line is too important all the time. I think that relates especially to Flex 3, spending the money that there should be on the clients.

A common view was that financial uncertainties in the first period of the network made it difficult to risk such spending, especially where intensive assistance funds were partly being used to cross-subsidise job matching services. While the 1999 reforms enhanced the viability of agencies, the realistic average unit cost of a job matching placement was still estimated by JOB *utures* agency managers as being in the range of \$400 to \$500 – well over what most were receiving for job matching. One agency which had contracts for all three employment assistance types estimated that every job matching placement required cross-subsidy of about \$300. Some managers said that through careful staff selection and training, and targeting of activities, they had just begun to break even on job matching, even in one case generating a small surplus. Other JOB *utures* agencies, however, reported financial losses over the first contract period, with estimated losses for those who had not won intensive assistance contracts as high as

\$160,000. Further evidence that job matching was underfunded even for organisations with a high volume of clients, comes from Employment National's annual report for 1999, which reveals overall operational losses of \$77.3 million (Tingle, 2000).

In this climate, it is not surprising to find the human costs weighing heavily on some Job Network providers, as this comment by an agency manager illustrates.

I've got workers here with 250 hours time in lieu. There have been times when I put in 12-hour days, seven days a week. I got into the industry for a reason. What I don't enjoy is lying in bed awake at night worrying about whether I'll get that cheque in the mail so I can pay this week's wages and that's how tight the cash flow is around here. The reserves we've got now only cover our redundancies. We're living hand to mouth. I didn't come into this job to be an accountant. I don't like lying awake at night thinking "How much have we got in the bank?", and having to phone the bank before you pay everybody. It's horrid.

As another said, "You can tell the people who got Flex 3 contracts. They look younger than us."

To some extent the structure of payments for intensive assistance encouraged underspending in the first period, particularly where it was uncertain what kinds of assistance would be the most likely to produce an outcome. It soon became clear that on average outcomes of around 10 per cent were occurring naturally without any special or expensive intervention, which allowed agencies with intensive assistance contracts to build up some reserves. Where better outcomes than this were achieved, agencies were able to generate considerable surpluses, as well as helping with their job matching and job search training losses. One manager discussed this question in terms of investment.

You have to look at it as an investment ... What's unfortunate is, that I think you have people ... who thought that you didn't have to invest so heavily to achieve an outcome and I think that's fairly obvious. We know that you have to invest to achieve an outcome. If you can provide the resources or

the service within your own organisation, you're going to cut your costs because you're not outsourcing it ... and your return on your investment will be appreciating

While intensive assistance payments seemed broadly adequate to provide services for many clients, they often left providers poorly equipped to assist the most disadvantaged job seekers, including Aboriginals and Torres Strait Islanders and those from non-English speaking backgrounds.

Perhaps the most serious result of cautious expenditure resulting from the competitive market has been the decline in spending on training for intensive assistance clients. Discussion with agency staff and job seekers revealed a range of responses by Job Network providers in general to the vocational skills training needs of job seekers. Some provided little or no vocational skills training (in-house or purchased) and relied on referring job seekers to 'free' vocational training options, in some cases only meeting trainees' books and equipment costs. Some JOB *utures* agencies made notional allocations of funds for each job seeker for training provision and purchase (depending on whether these were seen as justifiable in terms of job seeker interests, labour market requirements and employability). Transport costs were covered in only a few locations, depending on the individual circumstances of job seekers. There were a few reported instances of agencies negotiating to share the costs of more expensive training courses with job seekers. Otherwise, targeted training purchased from outside sources tended to be of short duration, though some longer courses have been provided (up to 12 weeks). Some labour market training opportunities were also developed collaboratively between JOB *utures* members. At some sites job seekers seemed unaware that the purchase of training was a possibility. Job seekers who were job matching clients but received intensive assistance from providers outside JOB *utures* were often unaware that they may be entitled to receive vocational training as a part of their employment assistance.

According to agency staff and managers, this underspending was most likely to affect job seekers requiring retraining or additional training due to the mismatch between their skills and the labour market. These also included women returning to the paid workforce after caring for children or other family members; mature aged workers retrenched or no longer able to undertake heavy labouring work due to age or injury; people from overseas

whose experience and qualifications are not recognised in Australia; and job seekers with non-English speaking backgrounds who cannot access English language classes, either because of limited availability of classes, especially in non-metropolitan areas, or because of eligibility requirements.

Staff also reflected on how the focus of their service had shifted toward the employer as their primary client, particularly - but not only - in job matching. Their focus on the needs of employers and the importance of providing good service to them meant that they would always endeavour to send 'the best person for the job'.

Part of the change has also been the greater focus on the employer, which is not necessarily a bad thing, but what it does is shift the balance away from our job seeker to the employer, and that may result in a slight change in thinking too. It's like we want to service the employer rather than job seeker. We're not thinking so much as we used to about servicing the person who comes through the door. They become someone we either can refer or can't refer.

A job seeker described the difficulties he had getting the assistance he needed from Employment National, one of the few providers in a regional town.

Well I was with Employment National over there and I had access to a computer so that was okay and well I did have a bit of trouble with them. I actually sustained an injury, so I'm trying to change my whole career outlook, and I went in there and I've got a labouring history and now I've got a stuffed shoulder and neck thing. She said to me that they can't find me a position because they're employed to get people in to the right jobs, they're not going to send someone who's not qualified for it or whatever.

### **Agency Practices**

Further reports from this study will be discussing in more detail examples of good and poor practice in Job Network agencies and how they relate to outcomes achieved. Here we highlight a few key points that stood out from our initial analysis.

### *Assistance provided to job seekers*

During the first wave of field work detailed information was collected from job seekers, JOB *futures* agency staff and other stakeholders on the types of assistance which were provided to job seekers within the Job Network, both from JOB *futures* and other providers. The second wave of fieldwork will follow-up on, and allow some evaluation of, the job seeker and agency outcomes from this assistance. Here we provide a summary of how agencies reported that they assisted job seekers in the three main service types.

- *Job Matching*

The basic job matching service involves registering job seekers and referring those who meet employers' requirements to vacancies. Agencies' ability to achieve outcomes depends crucially on their developing good relationships with local employers and ensuring a steady supply of vacancies. Marketing to employers is therefore an increasingly important part of agencies' work, to the point that in some areas employers were reported as experiencing 'marketing fatigue', preferring to develop a relationship with one or two agencies only. Staff in some agencies were also prepared to negotiate with employers on their requirements in order to be able to refer 'less competitive' job seekers, or to encourage them to be more realistic about the pool of job seekers available (particularly in low unemployment areas).

None of the agencies relied solely on Centrelink's referral process to attract job seekers. Since agencies are competing not only for access to job vacancies but also for promising job seeker clients, an important part of the work involves advertising vacancies and services in general. Advertising was seen particularly as a way of attracting job seekers not receiving Centrelink benefits, school leavers and those completing courses with other training providers. Agencies with a strong community base receive many referrals from other public and community services, while some of those providing other funded or fee-for-service assistance also target job matching assistance to clients completing these programs.

Job matching referrals also come from other Job Network members, where an agency has listed a vacancy on the database. Normally, however, the agency with the vacancy requires such job seekers to register with them before a referral from the other agency can be accepted.

Despite job matching payments being seen as inadequate, some agencies did try to help job seekers pursue particular occupational interests or preferences. This applied especially to young people and those returning to the workforce who are not eligible for other assistance. One way of doing this was to give job seekers themselves the task of researching companies that employed people in particular occupations.

The issue of job seeker presentation was one that produced different responses among the agencies. Some job seekers reported that agencies would not refer them for an interview unless they were dressed appropriately and some staff also emphasised the importance of conveying ‘the right impression’ to employers. Staff in other agencies were more pragmatic, advising job seekers about presentation but recognising that many job seekers were not in either financial or other circumstances that allowed them to make significant changes to their appearance or dress.

Another difference experienced by job seekers was in how far they felt pressured into accepting jobs for which they had been matched. Some *JOB futures* job matching staff expressed a preference for clients to be clear about whether they were interested in or able to do a particular job. This was an approach job seekers welcomed, in contrast to their experiences of other Jon Network agencies where they felt pressure (sometimes under threat of loss of income support) to accept referrals for jobs that they had no interest in or felt unqualified for, or with employers about whose reputation they had anxieties.

- *Job Search Training*

Typically, job search training courses involved reviewing job search methods, assistance with letter writing and resume preparation, and job interview and presentation skills. They also included boosting job seekers’ knowledge of the local labour market and of employer expectations. Most staff carried out job searches in the vacancy database and tried to match their clients to existing vacancies, while some also contacted promising employers on the job seeker’s behalf. Access to computers, phones, faxes and newspapers was fairly standard across *JOB futures* providers. Some agencies also provided access to computer applications for self-guided learning, such as TypeQuick, as well as use of the Internet and commonly used word-processing packages, so that trainees could acquire at least some basic familiarity with computer functions.

Some used structured group approaches to training, while others had open areas where job search trainees pursue individualised programs while merely sharing the same space. Some had a mixture of the two. Although DEWRSB's contractual requirements specify a minimum level of hours and continuous attendance for JST courses, the agencies did not all appear to observe these precisely. Some provided open-ended or more flexible assistance to suit their individual job seekers' available time and commitments. This was seen as making participation easier for groups like sole parents in particular.

The relationship between job matching and job search training services within individual agencies is important in that it can facilitate or block access to vacancies for more disadvantaged clients. One way some JOB *futures* agencies had found to make this relationship work better was to have staff working across both job search training and job matching teams. This helped to reduce potential conflicts between the job seeker focus of the former and the employer focus of the latter and could enhance trainees' access to job matching vacancies.

- *Intensive Assistance*

Given its notionally individualised nature, it is not surprising that it is in intensive assistance that agency practices varied the most. It is also, therefore, difficult to get a clear picture of what 'typical' intensive assistance consists of. In some agencies clients were signed-up for assistance programs in groups, whereas others did this individually. Agencies also varied in whether they operated in teams, with regular casework meetings at which decisions were subject to collective discussion and scrutiny, or whether individual intensive assistance staff operated largely autonomously.

Agencies reported that the core service involved help with identifying occupational options and employment barriers, plus referrals to basic skills training, rehabilitation and personal assistance. This personal assistance might, for example, involve mental health issues, housing problems, drug and alcohol abuse or family problems. Job seekers were also reported as frequently needing help with motivation and self-confidence, which were addressed through activities such as setting specific tasks for completion, creating a sense of expectation of job seeker activities and establishing routines requiring regular attendance. Some job seekers reported regular (twice a week) casual contact from case managers ("to see how everything's

going, and whether there's anything you want to talk about"). Some agencies also canvassed employers on behalf of particular job seekers, while others placed the responsibility for actual job search mainly on job seekers.

Some agencies purchased externally-provided professional career counselling and skills assessment, whereas others employed case managers with professional qualifications in psychology or counselling. One agency was using small regular group work approaches for intensive assistance clients, involving mentoring, peer support and discussion about job search and other personal issues. Personal support was an area staff often emphasised as an important element of their work, with some stating that they put considerable effort into trying to make people feel better about themselves when they were upset or angry about continual job rejections. This effort was reflected in positive comments by job seekers using these agencies.

As was stated above, there was considerable variation between agencies in the level and types of training available for intensive assistance clients. Most agencies in our sample stated that they offered intensive assistance clients some level of vocational training, mainly short courses on skills in current demand (such as office work, plant and machinery operation, stores work, cleaning and retail). These short courses could be complemented by referral to and/or purchase of places in TAFE, community adult education and AMES courses. These might include English language and literacy training, vocational skills training, employment-required certificates and licences - such as first aid certificates, Responsible Serving of Alcohol Certificates and driving and machine operation licences.

Less often, agencies reported purchasing places in industry-based vocational training, and occasionally the costs of more expensive or longer-term training were shared between the agency and the job seeker. One agency attached a notional amount of training money to each job seeker, for which case managers would make a claim in team casework discussions. A few agencies also provided for trainees' incidental costs (such as books, equipment and fares).

Some of the agencies in the sample (including those with job matching only and job search training contracts) provided training funded from other sources or on a fee-for service basis. This included JPET, formal training components of apprenticeships and traineeships, accredited fee-for-service

Certificate courses (such as in business administration), state-funded employer training (for example, in eBusiness), collaborative arrangements with major employers to provide staff training and pre-employment assistance (such as with security licences), Work for the Dole projects with formal training components and DFACS-funded employment and on-the-job training support assistance under the Disability Services Act.

One approach was to use unpaid work experience placements for training or to get a paid work outcome, though only when the employer and the job seeker were happy with the arrangement. One agency in the sample also had an employment policy giving preference to unemployed people who were Job Network clients. Several others provided voluntary work options, employment and traineeships within the broader organisations of which they are a part.

While amongst our sample there was fairly extensive provision of some level of vocational training, it is clear that many Job Network agencies with intensive assistance contracts provide little or none. Both agency staff and job seekers singled out for criticism Employment National and Drake in particular. Employment National was criticised especially for only referring job seekers to 'free' or 'job-seeker-to-pay' TAFE and community adult education courses. There were also reported cases of Employment National referring its intensive assistance clients to 'free' training courses and employment assistance conducted by community-based Job Network providers. By contrast, one agency in our sample was prepared sometimes to offer training places, at their own expense, to clients of agencies who would not provide them with training.

Alongside a reduction in training resources under the Job Network has been a drop in the use of wage subsidies as an employment strategy, even though they are recognised internationally as one of the more effective forms of assistance for particularly disadvantaged people (Richardson, 1998; Martin, 2000). Few agencies in the sample made any substantial use of these, mainly because intensive assistance funding was seen as too low to provide for any meaningful level of subsidy. Some agencies did, however, provide one-off payments to employers to cover the cost of items such as special equipment, and to job seekers to purchase work clothing.

### *Job seeker satisfaction*

It was clear from job seekers' comments that their satisfaction with Job Network agencies was coloured by the kind of treatment they received. Too often it seemed that the overall experience of being an unemployed person and income support recipient was a catalogue of petty humiliations, whether at the hands of Centrelink, Job Network agencies or employers. When, by contrast, they received good treatment this was recognised and highly valued. Apart from simple respect and friendly treatment by agency staff, the kinds of practices job seekers cited as particularly helpful included always keeping them in touch with the progress of any job applications (which, perhaps surprisingly, was far from universal), taking time to explain in detail the processes of the Job Network and maintaining entitlement to income support, and providing easily accessible facilities and support for creating effective resumes and job applications. Job seekers in intensive assistance also tended to be particularly positive about agencies which had provided a useful training course or helped them with the additional costs involved in taking up some training.

The problem is that all these services take time and cost money, and do not necessarily translate, in the short term, into outcomes. One *JOB futures* agency which received highly positive comments from job seekers for always going the extra yard to help them in these ways was in financial problems. This was largely because they had only job matching services: with the competition from other agencies for the scarce local vacancies that existed, they could not afford the level of assistance staff felt it was their duty to provide to clients.

Some of the criticisms job seekers made of Job Network agencies (particularly Employment National) included a perception that in the implementation period of the new system staff seemed more concerned with their own jobs and work situations than with helping them. There was also some feeling from job seekers that non-profit agencies seemed little different in their operations from those motivated by profit,

Competition between agencies for job vacancies was seen as a cause of some practical problems for job seekers. It was reported, for example, that some city-based agencies were sourcing job vacancies in rural areas, but then making interested job seekers travel to the city for registration and screening.

### *'Breaching'*

The other side of the relationship between Job Network members and their unemployed clients is the increasing role agencies play in the enforcement of activity testing. Although it is Centrelink which enforces social security penalties, many of the recommendations for such breaches come from Job Network agencies.

Ever since they began to provide employment services to income support recipients, non-governmental agencies have had to deal with the problem of reporting infringements of social security requirements, and this was seen by many as an ethical dilemma in case management under Working Nation (for example, Cappo, 1995; Thompson, 1995). Since then, the rules on breaching have been tightened and there has been a concerted attempt by the responsible Departments to raise the percentage of reported breaches that result in a deduction from the income support recipient's payment (ACOSS, 2000).

Job Network members are now contractually obliged to recommend breaches for non-compliance, and the number generating a reduction in income support which originate from Job Network members has been growing. Between mid-1998 and mid-2000, more than 302,000 breach penalties were imposed, of which just under one-quarter derived from the Job Network (FaCS, 2000) and these represented less than half of all breaches recommended by Job Network agencies (Moses and Sharples, 2000). Nearly half the breaches imposed were for failing to attend an interview with a provider agency.

In spite of their contractual obligations, however, agencies have considerable discretion in practice about how they deal with clients who do not turn up to appointments or interviews, or otherwise fail to fulfil their requirements. In this study we found a wide variation even amongst JOB *utures* agencies in how they interpreted and acted on their obligations. Some staff were reluctant to recommend breaches, seeing it as against their organisations' values, and mainly used it as a last resort to make job seekers come in and start on an assistance plan.

I tend to use a breach to try and establish some sort of contact with the client. And then if the client hasn't come in, I will breach and then as soon as I've established contact then it's

fine, then if Centrelink chose whether to continue with the breach or whether to lift the breach to evoke it. So once I've established that contact I feel the breach has done its work. I think very rarely that I actually breach a client whose not complying with the activity, but it usually is from a delay of entering an activity, not establishing contact with me

Even with these, however, there was a sense that some job seekers were so uncooperative as to deserve breaching.

I think you try and be fair in doing it. I guess there are times when, at the end of the day, when you do report a breach that you feel okay about it. But then it's not something that you use as a weapon to get people, or to get them out of the caseload. I think that you're pushed that way in order to stay viable. I guess what we believe is that if people are really well informed about their rights and responsibilities and you let them know what our responsibilities are and what processes are there, if they then get to the stage that we should notify a breach, they have actually chosen that. You have to make sure that they are informed. We will bend the rules 1000%, as far as we can, if we think that that's warranted. There are other times that you think "Hey, well, you asked for it".

One way of rationalising what was often a distasteful process for agency staff was to see it as Centrelink's responsibility to establish whether the job seeker was really at fault and to enforce the breach or not.

I was very nervous about doing it at first. I think I expected these people to come to my door and start abusing me or whatever, and we had a few talks with, it was either Centrelink or DEWRSB and they said look if you recommend a breach it's for not attending the interview, then the ball's in their court. They tried to ... lessen the impact on what I was doing and my way of thinking, as I see it, the IES information is so out of date, the phone numbers are often wrong, usually wrong...the addresses are usually out of date, they're wrong as well, and I'm not as scared about putting

through a breach now, because usually, I think 9 times out of 10 it was just simply sent to the wrong address...they hadn't updated their ...it doesn't seem to be compatible, the information they've got is usually way ahead of the information that we've got.....So I do breach people, I prefer not to, but we do breach a few people.

Other staff were more comfortable with the idea and prepared to use breaching tactically, as a way of prompting action by reluctant job seekers.

Without compliance, it just won't work. It's like a jockey once said, if I'm not on the horse's back whacking it, it'll be over there eating grass. So it's the same principal ... I mean we're not hard, but you know you have to start, they have to have some kind of discipline.

Another reason for recommending a breach was where clients were seen as jeopardising relationships with employers by not turning up for interviews or declining job offers.

Where we do get very, very upset is when a client is upsetting the relationship we've established with a good employer.

Some staff, however, saw the process as futile because with the current system of rate reductions there was still no guarantee of job seekers responding.

You breach them for not turning up, you send out another letter 'cause they still have to come in. You breach them again, you breach them again, I mean it gets very monotonous. It doesn't actually seem to do anything, where as before you used to breach them, they'd cut them off and they would at least either turn up at Centrelink or they would come and see you because they were being cut off. Now you can, you know, you can go up to three months by the time you send out all the letters and breach them all those times and you still haven't got the client in to sign the agreement.

### *Improper practices*

The study has also thrown up some anecdotal evidence of improper financial dealings by Job Network agencies, though none of this related to JOB *utures* member agencies. Staff typically talked about practices they had come across in previous places of employment in the Job Network or had heard about through contacts in these other agencies. These included making deals with human resource personnel of large companies to get details about new employees and the vacancies that they were filling, for which payments were then claimed; ‘buying’ placements from other employment service providers outside of the Job Network; and ‘stealing referrals’ (entering referrals and placements for job seekers placed by other agencies). We have no way of knowing how common such practices are, but if they happen at all it is a matter of some concern.

### **Employer Practices**

Survey evidence from employers suggests that on the whole they are satisfied with Job Network services, especially in comparison to the CES (DEWRSB, 2000a; Australia Chamber of Commerce and Industry, 1999), although many have still never used the network and know little about it. The main reasons cited for higher business approval of Job Network agencies are their capacity to deliver quicker, individually-tailored services to employers and their better understanding of the commercial environment.

As indicated above, this shift in focus towards servicing employers rather than job seekers in job matching services has created a dilemma for some agencies. JOB *utures* staff interviewed or taking part in our discussion groups referred to a range of problematic employer practices that they often felt in a weak position to challenge in the new environment.

One example was that referred to earlier as ‘multiple listings’ in the vacancy data base. With Job Network agencies competing for business from individual employers, some businesses have been using several agencies to service one vacancy. This practice was generally viewed negatively by JOB *utures* staff, mainly as “cynical”, “time wasting”, or “play[ing] one agency off against another”. Some agency staff identified ways that this practice could be detected, with the aim of reducing service to such employers.

Employers (and for this reason some agencies too) were also reported to be discouraging job seekers from directly canvassing employers for jobs. Many of the job seekers talked about the frustration they experienced in not being able to market themselves directly to employers and in being redirected to agencies to apply for job vacancies. The rationale for this practice is that it saves employers' time and allows them to deal only with screened applicants, but some job seekers expressed bitterness about what they saw as disempowering and even undermining of their efforts to find work. One woman in a rural area gave an example of how she had travelled some distance to follow up an employment lead she had heard about, only to be told by the employer that all applications were being handled through a Job Network agency in another area. The impact of this practice may be greater in regional/small town areas, but to job seekers like her it seemed a far cry from the promise of greater consumer choice in employment assistance.

Moreover, this practice of cocooning employers from job seekers has extended to the common practice of not informing job seekers of the name or the precise location of the employer in an advertised vacancy until an interview has been secured. While some job seekers recognised that the reason for this anonymity is "to stop you going there directly and badgering them", others could not accept the rationale and experienced it as humiliating.

It is not only the job seekers themselves who have difficulties with the way that so many vacancies are now tied up in the relationship between an employer and specific agencies. Many agency staff working in intensive assistance also said that they were rarely able to access employers about vacancies lodged with job matching services. As one staff member put it:

You don't actually get to talk to the employer, only to the agency, and as soon as you say you're from another agency, basically they put the wall up straight away. So if you were able to talk to an employer you might be able to say, 'I could get that training for them', 'I could skill them up', or 'I could offer you a subsidy', or something, if you could actually get to the employer. The problem is that you only get to speak to the person from the other agency and they're basically saying 'you send me the person I want or you don't send me anyone at all'. And you know you can't bargain with them as much.

The public employment service has always had a role mainly in the lower end of the employment market, but this seems to be even more so in the Job Network. Agencies reported that many employers had dual employment strategies, where better-paid and permanent positions would be advertised through other channels and the Job Network would be used mainly for low-paid and casual work.

Offers of mainly casual employment by employers seemed to be particularly widespread in regional townships, where employers used it to trial new workers, or in order to be able to terminate the employment of those workers considered unsuitable or for whom work has run out. One agency manager described his experience with such employers.

I have found that a lot of the factories places like [companies named] are big concerns, but their new workers they put on a casual on-call basis. They do this because it breaks the new inductee fairly slowly into the workplace, but also if they are not happy with his handiwork they can give him the flick without any hassles.

Some staff reported that with the increasing casualisation of the labour market, many job seekers felt unable to afford to take up casual jobs with insufficient hours and were reluctant to consider a 'job mix' (of more than one casual job) because of the disruption to family life and the uncertainty involved. This was a problem particularly for older workers, who tended to have an expectation of 'proper' jobs that would be reasonably permanent.

Both staff and job seekers in several areas also reported questionable employer practices such as unpaid work experience lasting for many months, adult job seekers working in casual jobs for as little as \$4 per hour, and the employment of 'backpackers' without visas, particularly in hospitality jobs. Many reported frustration and sometimes anger that employers often seemed to be 'speculating' as to how low they could set wages, with comments along the lines that they were "exploiting their desperation to return to work". Other examples of employer practices described by some job seekers included seasonal work being used by employers to reduce costs, by providing employment for nine months and putting people off for the remainder of the year. Another was to reduce workers' weekly hours once they moved from junior to adult pay rates so that they would leave.

In spite of what both agencies and job seekers experienced as a lowering of the floor of wage protection by employers, most agencies also reported wide gaps between employers' expectations, in terms of job skills, and the realities of labour supply. This was true whether the area had high or low unemployment and high or low vacancy levels. Changes in industries that are traditional providers of unskilled jobs have redefined the meaning of the term. As staff in one discussion group put it,

The definition of unskilled has changed radically. I mean there's no such thing as an unskilled kitchen-hand, there's no such thing as a tea-lady, forget it. There's no such thing as an unskilled cleaner - they've got to have two years experience and training in using an industrial polisher.

- And have safety training.

- So yes, must read and write English fluently so they can see a poison sign and understand what it means.

Some managers and many of the agency staff saw the problem as being exacerbated by political attempts to paint unemployed beneficiaries as 'job snobs', together with a failure by employers to appreciate the gap between the skills base of labour supply and demand. One agency manager elaborated,

Employers haven't woken up to how tight the labour market is. They still say "look there's all these unemployed people out there and where are they, nobody wants to work". You send them people and they say "no, where are all the good people."

A staff member illustrated the point: "We have a vacancy for a truck driver and they won't take anybody with an earring or tattoos".

There also appears to be a potential contradiction between the requirements placed on job seekers in terms of travel-to-work time and the expectations of employers. Staff reported that employers often rejected applicants because they did not live locally, whereas job seekers are expected to be prepared to travel for up to one and a half hours. In some cases employers seemed to be rejecting people because they came from areas with an undesirable social

reputation, but more often it reflected concern that employees might tire of the travel and not stay in the job.

The other area of employer practice with which agencies have difficulty is discrimination. When this question was raised, many staff admitted to what they saw as in effect discrimination on behalf of employers. The following discussion between staff members in one agency was not untypical.

I took a phone call the other day from an employer and he only wanted a female, had to be under thirty, that was it. He was adamant. You try and tell him what the rules are and oh yeah, but you know you can't do anything.

Except break the law.

Break the law, no problems, no worries.

I am aware that staff tend to put the vacancies on and just select the people that the employer will see.

I'm sure everyone's doing that in a natural kind of way.

It might be hard for us to find out that a lot of discrimination is actually going on, I think. 'Cause often people don't give feedback about our client's interview or why they were knocked back.

Not a lot.

And whether it was their name or what it was you know, there's quite a lot of this.

I know from my side that people with a heavy accent have a hell of a lot of trouble getting past the receptionist. I'll occasionally try and get past for them because they'll have the qualifications, but they won't get to the contact person.

Discrimination on the grounds of physical appearance was also reported as not uncommon.

I sent a slim woman and a fat woman to an interview and the employer spent an hour and a half with the slim woman. The fat woman took five minutes. Isn't that a bit obvious?

One strategy adopted by agencies, especially those with job matching contracts in metropolitan areas, to deal with these problems is to concentrate on servicing certain labour market niches, particularly those that relate to their specific job seeker client base. This can reduce the costs of servicing vacancies and enhance outcomes for job seekers. Employers 'outside of the niche' were sometimes referred to other agencies.

## 6 Conclusions

This paper gives an overview of developments in employment services in recent years and discusses what we know so far about the impact of the Job Network. The second half has presented initial results of the first round of research fieldwork with a sample of 10 *JOB futures* agencies and their job seeker clients.

The Job Network has been a highly controversial experiment and one in which there is considerable international interest. It has had a major impact on employment in the public service and on the way non-profit employment service agencies operate, whilst saving a substantial amount of public expenditure. Yet it remains difficult at this stage to assess how much difference it has made for job seekers. This is not least because so little information has been made available for independent scrutiny. There were significant implementation problems, which is not surprising in a structural change of this magnitude. Many of the initial difficulties have been at least partly addressed in a series of reforms. Other problems still remain, including Centrelink's referral arrangements, the effectiveness of the JSCI assessment tool, the accuracy of information in the Australian Job Search database and, perhaps most of all, the structure of payments.

Over the two and a half years of its life the shape of the Job Network has changed substantially, with the public sector reduced to a minor role and a handful of larger agencies dominating provision in the non-profit sector. Indeed, given the extent to which government maintains steerage through its monopoly position as dispenser of contracts and supplier of clients, it cannot be seen as a genuine market, but rather as a market bureaucracy.

The limited quantitative data available suggest that the new system is settling down and producing aggregate outcomes of the same order as Working Nation. They may be somewhat better - though not to the extent that Ministers have claimed - but continual changes in the way outcomes are calculated or recorded makes it increasingly difficult to make sensible comparisons.

Perhaps more importantly, in a period of rising employment the Job Network does not seem to have had as much impact on long-term unemployment. This is what might be expected, given the reduced resources available and a structure of payments which, at least in the first period, had a built-in incentive to limit expenditure on disadvantaged job seekers and to 'cream' those easier to place. While some Job Network agencies were putting resources into their intensive assistance programs, others were much more cautious about spending or needed to cross-subsidise underfunded job matching services. As a result, many intensive assistance clients seem to have received rather little in the way of assistance. It remains to be seen how effective the new second-round contractual arrangements have been in addressing this problem.

On the other hand, the varying levels of success that different agencies have had in achieving outcomes seem to reflect not only different labour market conditions but also innovative practices and new approaches. Some of the *JOB futures* agencies were finding creative ways to use the resources available most effectively, and this is no doubt reflected across the sector as a whole.

Such developments are encouraged (or even demanded) by the competitive framework and may be seen as a positive achievement. What is not easy to measure is how far efficiencies and innovations are being achieved by displacing costs elsewhere. Some of these costs are falling on communities through the absorption of financial losses in community-based Job Network services, on State governments through a shift towards use of their training courses, and on agency staff through overwork and stress. There is little doubt that job seekers are also feeling the effect through increased demands for compliance with job search requirements, leading to high levels of breaching.

Competition also creates a conflict between the traditional impulses within the community-based employment sector for information sharing and co-

operation as a means to offer the best opportunities for job seekers, and the need to jealously guard market knowledge and power. It leaves agencies vulnerable to acceptance of downward pressure from employers on the quality and conditions of work offered, and makes it hard to resist some employers' discriminatory practices.

Job seekers' own experience of the Job Network is mixed and seems highly dependent on the kind of treatment they have had from different member agencies and from Centrelink. Young people seem to be one group that has particular difficulty getting access to useful assistance. There is also scope for considerable improvement in the service job seekers receive from Centrelink, though it is recognised that in the first period of the Job Network Centrelink was still grappling with the impact of reorganisation and staff shortages.

While job seekers welcome many of the innovations of the new arrangements, there is a sense that for those with experience of the old system little has changed. Indeed some feel even more disempowered by the increasingly tight channelling of available job vacancies between employers and Job Network agencies. What they particularly value, apart from simple respect and friendly treatment by agency staff, is being kept fully informed of the nature and progress of any job applications. This, unfortunately, appears to be far from universal practice in the network as a whole.

This paper is the first published report from the SPRC/Brotherhood of St Laurence research. A second round of fieldwork is currently underway, looking at developments within agencies over the last year and following up on the progress of the job seeker sample. Future papers will discuss in more detail the impact of the competitive market on non-profit agencies and what is emerging as best practice in employment assistance, linking organisation and delivery of services under different labour market conditions with achieved outcomes. The final report will also attempt to draw conclusions on the broader significance of the employment assistance reforms.

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