

Response to the Draft Report of the Independent Review of Job Network: Recent Growth of New Apprenticeships and the Job Network, the role of an Innovations Fund and Mechanisms to Promote Better On-the-ground Coordination

Dr Richard Curtain
Public Policy Consultant, Melbourne
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The purpose of this submission is to highlight three major omissions in the *Independent Review of Job Network's* Draft Report. The first is the failure of the Draft Report to analyse the significance of the large shift in the age profile of New Apprenticeships which has coincided with the growth of activity under the Job Network. I have suggested that New Apprenticeships to some extent may be acting as a surrogate wage subsidy, and, therefore, can be seen as 'double dipping' by Job Network providers (Cully and Curtain 2001: 206).

The second issue not canvassed in the Draft Report is how to encourage better collaboration among Job Network members around the diffusion of best practice. Section 2 describes a proposal for an Innovations Fund, first presented at the Jobs Australia Conference in 2001.

Third issue is the problem of integrated service delivery on the ground. There is some discussion of this in the Draft Report but there is no mention of the Victorian Government's Local Learning and Employment Networks which have been set up to promote, in particular, better coordination arrangements between schools and employment services providers. However, I note that these efforts at forming local area partnerships may have limited impact if the regional managers of the government funding agencies (at both federal and State levels) are not active participants in the processes developed to achieve better on-the-ground coordination.

1. Growth and aging profile of New Apprenticeships and the expansion of the Job Network

For the last three years I have been commissioned by the Dusseldorp Skills Forum to prepare an assessment of education outcomes for young people and how they are faring in the labour market once they leave school.¹ In 2000, I was also asked to look at young people and New Apprenticeships, which I did in a feature essay for that year's report. In 2001, I added an update on the age profile of New Apprenticeships.

In 2001, I also participated in a major study of the factors affecting non-completion among apprentices and trainees.² Further analysis of the results of this analysis was presented in an article with Mark Cully, 2001, 'New Apprenticeships: an unheralded labour market program' Australian Bulletin of Labour, Vol 27, No 3, September.

In these analyses, I noted the declining share of New Apprenticeships held by young people. This has taken place at the same time as New Apprenticeships commencements have expanded at very high rates since 1998 compared with the past. My conclusion, based on this association and on information gained from focus groups involving non-completing apprentices and trainees, is that the New Apprenticeship Scheme in recent years has acted more as a labour market program (ie wage subsidy) than as a skill formation system. This has been due, at least in part, to the pressure from Job Network providers to find ways outside their budgets to provide incentives to employers to achieve longer-term employment placements.

The following quotes, taken from the above reports, highlight the issues. More statistical evidence is available in the sources cited above:

The available evidence suggests that many New Apprenticeships are being taken up by older existing employees and the "hard to employ" from older age groups. The New Apprenticeship system could be in danger of being viewed by employers as a government subsidised training development opportunity to reduce their own commitment to training or alternatively, as a wage subsidy to take on and retrain workers over the age of 25. Its original primary objective to provide entry-level employment-based skills training for young people appears to be receding in importance.³

My 2001 report on How Young People are Faring noted:

New Apprenticeships have expanded rapidly in the last few years to reach 295,620 apprentice and trainees commencing in training at the end of 2000, an increase of 109 per cent since 1995.⁴ However, the

¹ *Young Peoples' Transition from Education to Work: Performance Indicators 1999; How Young People are Faring 2000: Learning, Work and Transition.* and *How Young People are Faring: a 2001 update about the learning and work situation of young Australians.* Dusseldorp Skills Forum, Sydney.

² M Cully and R Curtain, 2001, *Reasons for new apprentices' non-completions.* National Centre for Vocational Education Research, Adelaide.

³ *How Young People are Faring 2000: Learning, Work and Transition. Feature Essay: New Apprenticeships and Young People, p 10.*

⁴ According to the most recent quarterly report from NCVET (6 March, 2001), the number of apprentices

number of young people aged 15 to 24 in New Apprenticeships has increased more modestly by 43 per cent over the same period.⁵

There is considerable scope to increase teenage participation rates in New Apprenticeships. The take up rate of New Apprenticeships for the non-student population aged 15 to 19 year olds at the end of 2000 is only 19 per cent. For the 15 to 24-year old age group as a whole for the same period, the take up rate was only 12 per cent. In other words, New Apprenticeships are only taken up by a small minority of young people entering the full-time job market.⁶

The issue in relation to the Job Network is that New Apprenticeships without any age specific eligibility requirements have a distorting effect on Australia's intermediate skill formation. Partly as a result of the Job Network's use of New Apprenticeships as a surrogate wage subsidy, Australia's New Apprenticeship Scheme compared with the apprenticeship systems in other OECD countries has a number of features that are notably different in relation to skill levels, age coverage and duration.

Australia's New Apprenticeships compared with European apprenticeships are more likely to be concentrated at skill levels below the trade or equivalent level.⁷ New Apprenticeships also involve much shorter durations in the workplace than the minimum three years duration common in Europe (44 per cent of full-time New Apprenticeships commencing in 2000 are for durations of one year or less and 25 per cent are for one to two years duration).⁸

Most recently, Mark Cully and I highlighted the situation in the following terms: ⁹

and trainees in training at December 2001 was 333 000, an increase of 12.5 per cent from the previous December and more than twice the number in training at December 1996 (up 103 per cent).

⁵ NCVET, 2001, *Australian Apprentice and Trainee Statistics Annual 2000 At a Glance*, Table 2.

⁶ *How Young People are Faring 2001*, p 8.

⁷ Some 38 per cent of New Apprenticeships in 2000 were in terms of the Australian Qualification Framework (AQF) below the trade or equivalent level. However, AQF Levels are not an accurate guide to skill level as they vary so much from industry to industry. A recent study for the NSW Board of Vocational Education and Training showed that some 40 per cent of traineeships could be classified in the lowest ABS skill level and 85 per cent could be classified in the bottom two skill levels. These skill levels are below the level assigned to trade and advanced clerical skills.

⁸ NCVET, 2001, *Australian Apprentice and Trainee Statistics Annual 2000*, p 10.

⁹ M. Cully and R. Curtain, 'New Apprenticeships: an unheralded labour market program' *Australian Bulletin of Labour*, Vol 27, No 3, September, p 206.

Table 1 shows the remarkable rise in persons aged 25 years or older commencing new apprenticeships, from 4,400 in the year ended June 1995 to 68,000 five years later. Indeed, in the past two years more people aged 25 years or older have commenced new apprenticeships than those in the youngest age bracket. This is not so much evidence of an enthusiasm for 'lifelong learning' in the older age bracket as confirmation of stories in recent reviews about some employers mass enrolling existing employees to obtain the government subsidy. There is also the possibility that Job Network providers are using New Apprenticeships as a surrogate wage subsidy program, especially for the 'hard to employ' from older age groups (Curtain 2000, p10). It is interesting to note the doubling of New Apprenticeships in 1999 among those aged 25 years and over occurred at the same time as the expansion of the new Job Network arrangements from May 1998 (OECD 2001).

Table 1: Commencements in Year ended June, by Age ('000s)

Age	1995	1996	1997	1998	1999	2000
15-19	42.4	45.5	49.8	58.1	72.6	71.3
20-24	13.0	18.4	24.2	30.6	43.4	39.0
25 or more	4.4	12.3	21.4	36.7	79.9	68.0
Total	60.0	76.1	95.4	125.3	195.7	178.4

Source: NCVER (2001: Appendix A, Table 104)

The Silo effect

How has this situation come about? New Apprenticeships are a program funded by a separate government department to the Job Network and, therefore, were not subject to the 'cashing out' process that converted labour market programs into a 'flexible pool of funding' for employment services providers. The latter are able to use 12-month traineeships, as several States still call them, to provide subsidised probationary employment for the unemployed of any age and receive a full outcome payment for this placement.

This is not to claim that all traineeships merely perform the function of a labour market program. However, it is worth noting that as many as 41 per cent of all commencements for full-time apprentices and trainees to the end of 2001 were in programs of one-year duration or less. It is also worth noting that while 18 per cent of all apprentices and trainees in training in December 2001 were in programs rated at basic vocational skill level of AQF certificate II, as many as 45 per cent and 28 per cent of New Apprenticeships held by persons in the occupational groupings of 'Elementary' and 'Intermediate' Clerical, Sales & Service Workers respectively were at this basic skill level.¹⁰

I noted in the 2001 *How Young People are Faring* report:

Young people are not served by the dual messages of the New Apprenticeships program. On the one hand, the program is viewed

¹⁰ NCVER, 2002, *Australian Apprentice and Trainee Statistics-December Quarter2001*, Table 2, p 3

as part of Australia's skill formation process, with the aim in particular of addressing skill shortages.¹¹ On the other hand, New Apprenticeships are seen by government as a vehicle to "improve employment prospects for young people through a range of school to work pathways".¹² These tensions between skill formation and labour market objectives are also reflected in program funding and administration.

Conflicting labour market and skill formation objectives for New Apprenticeships means that Federal and State Governments often judge success differently. From the labour market program perspective of the Commonwealth, take-up and retention statistics are the relevant measures used to assess performance.¹³ However, for State governments with their more direct responsibility for the publicly funded vocational educational and training system, meeting the skill needs of employers is likely to be a more important measure of performance.¹⁴

The separate identification, branding and marketing of arrangements that meet an intermediate skill formation function are needed to meet Australia's needs for technical skills. Skill formation arrangements are typified by structured training arrangements that meet international standards of 'skilled vocational' as distinct from 'basic vocational'. Young people need to receive clear signals about the value of employment-based qualifications that are linked to skills that are recognised as valuable by the labour market and are the basis for further skills acquisition. Confusing skill formation arrangements with job entry preparation debases the former and undermines Australia's long-term capacity to produce high quality technical expertise.

¹¹ Dr Kemp, Media Release *Skills Shortages In Traditional Trades Can Be Reversed* -National Skills Forum K055 Friday 28 April 2000

¹² DETYA, 2000, *Agency Budget Statements* - DETYA - Section 2 - Outcome 2.

¹³ DETYA, 1999, *Annual Report 1998-99*, Programme 3: Vocational Education and Training, Performance Information, Sub-programme 3.1: Industry Training Support

¹⁴ *How Young People are Faring 2001*, p 12.

2. Proposal for an Innovations Fund for the Job Network

Introduction¹⁵

The Draft Report notes that ‘the competitive model for the provision of Job Network services might reduce opportunity for the dissemination of best practice’ (p 14.19). However, the report appears to make no recommendation about how this might be addressed.

One way to promote innovation in the Job Network is through an Innovations Fund. The purpose of the Innovations Funds could be two fold. One objective might be to encourage the diffusion of good practice among Job Network providers by addressing the barriers to the exchange of information that currently exist. The second objective could be to encourage employment services providers within and outside the Job Network to develop and pilot test new strategies that go beyond the limitations of existing arrangements.

Background: R&D in the Services Sector

Employment placement services is part of the business services sector and is classified by the ABS, along with legal and marketing, as “Other Business Services”. The services sector has only recently been recognised as an increasingly dynamic part of the economy. The traditional view was that many jobs in the sector, compared to other sectors such as manufacturing, were poorly paid with little or no productivity growth due to an absence of new technology. The sector was regarded not having a culture which fostered innovation.¹⁶

Services sector performance remains poorly understood. This is partly due to a lack of statistics and measurement problems. However, it is also partly due to a lack of appreciation of the differences in the sources of innovation in the services sector compared to other sectors. Many drivers of service performance are similar to those of manufacturing, but their roles may differ. Innovation and technological change in many parts of the services sector is much less focussed on the development of new products as in manufacturing.

The nature of innovation in the services sector

Innovation in the service sector, in many cases, is much more dependent on the introduction of new processes involving often acquired technology, organisational change and human capital. Innovation in services may also be independent of technological change, and be more closely linked to consumer demand. These aspects of innovation in the services sector help explain a lower direct reliance on research and development as it has been traditionally understood.¹⁷

¹⁵ The following section is drawn from a proposal prepared for Jobs Australia entitled *Proposal for an Innovations Fund for the Job Network*, initially presented to the Jobs Australia Conference, June 2001 and revised in the light of feedback received at that conference.

¹⁶ Dirk Pilat, 2000, “Innovation and Productivity In Services: State of the Art” Paper prepared for the OECD/Australia workshop on Innovation and Productivity in Services, Sydney, 31 October - 3 November, p 3.

¹⁷ Pilat, 2000, p 12.

The OECD has noted that R&D in services is often different in character from R&D in manufacturing. It is less oriented towards new product development based on new technology. R&D in services is more focussed in process improvements through finding better ways to apply technology to deliver services. The research may, for example, be aimed at improving the interface with customers and increasingly involves human factors, psychology and design.¹⁸

Human input is particularly important to the innovation process in the business services sector. The OECD points out that innovation in services is strongly dependent on the skills, expertise and experience of service workers. Their tacit knowledge and experience with customers are crucial to the development of new service products or processes. As service performance is closely linked to the interaction between the consumer and the service provider, the quality of the service provided depends greatly on service workers' skills, such as creativity, resourcefulness, ability to communicate and strategic thinking.

If service workers who deal directly with clients are insufficiently motivated or trained, the company's performance is affected. Improving service performance is, therefore, often dependent on a stronger focus on customer service, changes to how the work is done and changes in the service provided.¹⁹ How service providers foster these skills and attitudes on a continuing and systematic way may be the major input into the innovative process in this sector.

In addition, the extensive use of computers in many services requires workers who are sufficiently skilled to use these technologies effectively. Whereas best-practice firms appear to benefit from the introduction of information technology and improve productivity, many firms have difficulty benefiting from the use of information technology. Management-related factors, a capacity for organisational change and a more effective use of human resources are commonly considered to be the main factors that distinguish the best, and often the most productive, service deliverers from those that perform poorly.²⁰

Expenditure on R&D in the business services sector

OECD data show that services account for an increasing share of total business R&D. In a number of countries, including Australia, Canada, Denmark and Norway, around one-third of business R&D is carried out in services. However, this expenditure in Australia is unevenly distributed across the services sector. The 'Other Business Services' sub sector in 1998-99 only spent \$43.1m out of a total of \$3,991.7m spent on R&D. As two of the elements of this sub sector, legal and marketing services, have been established longer than non government employment services, it is likely that employment services spends relatively small amounts on R&D.

Some sub sectors within services are technically based (eg software development and Internet-based services) and have a significant R&D effort. However, other service

¹⁸ Pilat, 2000, p 12.; see also Jeremy Howells, 2000, "The Nature of Innovation in Services", Report presented to the OECD 'Innovation and Productivity in Services Workshop' 31 October - 3 November, Sydney, p 6.

¹⁹ Pilat, 2000, p 25.

²⁰ Pilat, 2000, p25.

sectors have been largely adopters and implementers of technology developed elsewhere in the economy.²¹

Inhibitors to innovation in employment services

Innovation is taking place in the Job Network. Although there are few studies available about the implementation of the Job Network, a recent study of 10 non-profit, community-based employment services providers concluded that the new arrangements had fostered new approaches and innovative practices by finding creative ways to use the available resources more creatively.²²

Constraints of contractual obligations

However, two main inhibitors to the diffusion of innovation can be identified. The first is the constraint imposed by the contractual requirements of the Job Network. The Government has noted in its background paper for the OECD review of employment services that the existing commercial-in-confidence contractual relationships make it impossible to identify best practice within the Job Network and to promote it.

*The role of DEWRSB as purchaser of services combined with a desire to afford Job Network members every flexibility in providing Intensive Assistance services has meant that the strategies and practices being utilised by Job Network members to assist job seekers are not fully known.*²³

Constraints of competitive operating environment

The second factor is the perspective of the employment services providers themselves who cite concern about competitive advantage as the reason for severely limiting the exchange of information about successful and unsuccessful strategies. The study, cited above, noted that:

*While competition is fostering some innovative practices, it is also creating conflicts ...[about] information sharing and cooperation and the need to guard market knowledge and power.*²⁴

The constraints of the formal requirements of Job Network system as well as the competitive environment in which they operate are inhibiting service providers from developing more integrated strategies focused on the needs of individuals. What is needed is a framework which identifies good practice and encourages its diffusion. This

²¹ Jeremy Howells, 2000, "The Nature of Innovation in Services", Report presented to the OECD 'Innovation and Productivity in Services Workshop' 31 October - 3 November, Sydney, p 9.

²² Tony Eardley David Abello and Helen Macdonald, 2001, "Is the Job Network benefiting disadvantaged job seekers?: preliminary evidence of a study of non profit employment services", SPRC Discussion Paper 111, January, , 61-62.

²³ Department of Employment, Workplace Relations and Small Business, 2000, *Labour Market Review of Australia Background Paper for the OECD Review Team*. August, p 45.

²⁴ Tony Eardley David Abello and Helen Macdonald, 2001, "Is the Job Network benefiting disadvantaged job seekers?: preliminary evidence of a study of non profit employment services", SPRC Discussion Paper 111, January, , 61-62.

can take the form of making it easy for agencies to highlight what they see as an innovative practice, to evaluate and refine it. It can also take the form of encouraging experiments with entirely new forms of service delivery that go beyond existing arrangements and department responsibilities.

1. Proposal for an Innovations Fund

One way to address this lack of diffusion of information about innovation with the Job network is to step outside the existing system. This can be done by setting up a separate funding stream as a means of developing and promoting innovation. The funding stream could be viewed as a research and development fund, operating in a similar way to mainstream R&D funding. In other words, government funding could be made available in the form of a grant if it is matched by expenditure from the enterprise. The selection of projects for funding could be done according to a process that had the full endorsement of all parties.

The R&D Start program, for example, offers grants and loans totalling \$180 million per annum to small to medium sized businesses with “a strong focus on innovation and a commitment to research and development”. However, closer scrutiny of the guidelines suggest that the program could not be accessed by employment services providers as the focus is predominantly on product innovation as opposed to process innovation.

The R&D Start program supports innovation through funding research and development and commercialisation in Australian companies. The Industry Research and Development Board award grants and/or loans of up to 50 per cent of project costs on a competitive basis. Projects can range in size from those costing less than \$100, 000 to many millions of dollars.

Selection is based on merit criteria related to: the management capability of the applicant; the project's commercial potential; the innovation and the capacity of the company to undertake the project; national benefits from the project; and whether funding will ensure the project can proceed.

Source:

http://www.isr.gov.au/iap/info_pack/templates/facta10.doc?ois=y:template=inntem.html

Role for government

There are also specific features of the Job Network that suggest that Government needs to address the issue separately. Government is the purchaser of the services provided and has a major role in specifying the framework within which service delivery takes place. Government, therefore, has a responsibility to not only evaluate the effectiveness of its framework but also to continuously promote ways of improving it. Government has a direct interest in ensuring that the benefits of innovation introduced in one part of the Jobs Network are diffused more widely to improve the cost effectiveness of the system as a whole. The Job Network is an example of a public private partnership where the risks are shared between the purchaser and the provider. A partnership

arrangement suggests that the parties accept responsibility for finding ways to improve how the partnership works.

The OECD has noted that Government has a responsibility to promote an innovation culture in services. According to the OECD, governments can help businesses in the services sector to become more innovative by creating favourable framework conditions and encourage business, both large and small, to adopt best practices in innovation and business management. In particular, governments have a clear role to help where market or systemic failures hinder the adoption of innovation.²⁵

Need for industry contributions

However, it is essential that the Innovations Fund also reflect closely the needs of the employment services providers. This requires that funding from non-government sources be also used to foster innovation in the industry. An industry contribution may need to include a cash component to give the industry an uncontested 'place at the table' in setting the guidelines with government on how the Fund should operate.

The Innovations Fund, to achieve its objective of diffusing best practice, needs to demonstrate that it is independent of Government as funder of Job Network. This can only be done if industry funding is at least equal to government funding so that both parties, government and industry, can negotiate as equals to produce guidelines that meet the needs of both parties.

One way to express this independence is to ensure that the Innovations Fund has a small, independent board with a high profile chair, backed by a small secretariat that is not drawn from the public service.

Evaluation focus crucial

An important condition of funding needs to be not only agreement to providing information about the strategy being implemented but also information about its effectiveness. This requires building into a proposal a monitoring and evaluation component. This methodology would need to include not only monitoring data on progress against agreed performance measures. Also required would be a research design that could measure effectiveness in terms of outcomes achieved. One condition for funding an Innovations proposal should be that the evaluation results be published on a regular basis in the form of agreed performance indicators.

Innovation as more than incremental change

Scope should exist for funding significant projects that could break new ground in terms of existing approaches. One example could be a project that seeks to offer a range of services to individuals who are empowered to make choices about key components of the service.²⁶

²⁵ Pilat, 2000, p 31.

²⁶ See MDRC evaluation of the Jobs Plus Program. This program combined employment services with enhanced financial incentives to work backed by a range of community support services.

Demonstrating the effectiveness of integrated service delivery may require using an experimental evaluation design which randomly assigns people to a program group and a non program group (but still eligible for normal job Network services). This design is the most robust way for demonstrating that a particular approach works. It is particularly appropriate for trialling new approaches such as linking employment placement services with other services such as drug referral and housing services. The intractability of resolving issues related to achieving on-the-ground coordination and access to difficult to reach groups of unemployed to meet their needs justify the use of demonstration projects that embody major changes to current practice.

However, the incorporation of a suitable monitoring and evaluation component requires expert input. Assistance is likely to be needed for agencies in developing their proposals to work out with expert advice what would be an appropriate methodology, acceptable internally and able to produce results that meet the requirements of eternal scrutiny. A framework for defining what a suitable methodology, including the operating principles for developing appropriate performance measures, also needs to be developed.

Need to reduce the costs of participating in the selection process

An open, contestable process for allocating funds entails significant costs for the party participating in the process. From a service providers' perspective, the costs need to be covered of developing a proposal with a well-through methodology that is both acceptable to internal and external stakeholders. This suggests the need for a selection process that takes works on a two-tier basis. An initial call for expressions of interest could merely seek a two-page outline describing what the innovation the funding was sought for. Step 2 of the selection process would involve those meeting the short listed criteria, selected by an independent panel, preparing a more detailed proposal. This step could be at least partly funded by the Innovations Fund with each shorted listed applicant being given a grant to prepare and present their proposal to the independent panel.

Issues to consider

Any attempt to encourage employment services providers to develop innovative strategies should start with the providers' own ideas on how such a fund should work. For providers to view the exercise as worthwhile, they first of all need to have input into how the Fund would work. This involves seeking input through a representative consultative process on the selection process.

Issues to consider are:

- Whether and to what extent should there be a specific focus for the innovative strategies related to new or more effective forms of service? Examples of specific issues might be how to better address the needs of ethnic minorities, inner city areas, regional labour markets, rural and remote providers. Other, more systemic issues that go beyond existing practice might be how to improve job retention through, for example, making placements in better quality jobs, however defined.

- If the focus for the Innovations Fund is on, at least in part, an open ended call for proposals aimed at fostering process improvements, what guidelines need to be in place to select projects?
- How much funding should be allocated to each project? If there is a distinction between project aimed at making process improvements, how much should the ceiling be? If projects are aimed at pioneering new service delivery arrangements, how much should the funding ceiling be?
- How much of the funds should be allocated for the monitoring and evaluation component.
- What dissemination strategies should be encouraged and how should these activities be funded?
- What ways can employment services providers be assisted to develop detailed proposals through a two tier selection process. How much funding should be allocated for this?

Conclusion

Employment services rely heavily on the tacit knowledge of its frontline workers to produce better ways of working. Innovation in this sector comes from the ability to turn this tacit knowledge into codified knowledge to enable it to be disseminated through an organisation and more widely through a network. Information sharing can be seen as a threat or an opportunity. Leading companies do not see the release of information about their in-house practices as a threat undermining their competitive position. They realise that simply describing how they do things better does not make it easy for others to copy because organisational change or particular changes to work processes cannot be implemented in a template fashion.

The benefits to a service provider of going public about innovation are an enhanced reputation. Opening up and providing information about one's processes or how they work to achieve a high level of on-the-ground collaboration between programs can build up an intangible and often invaluable asset called reputation. From an enhanced reputation flows more tangible benefits such as invitations to collaborate on projects of mutual benefit and an enhanced bargaining power in negotiations with government.

Innovation surveys of the service sector have often discovered that respondents who initially replied that their firms did not innovate or use technology, were subsequently found to be in follow-up questions highly innovative. This low level of innovation esteem is accompanied by the low status and lack of cultural and institutional recognition of technological innovation within many service firms.²⁷ Service providers need to become more proactive in the innovation process in their own right. This requires getting government to acknowledge the particular characteristics of the innovation process in this sector. If these features are not recognised as eligible for funding under existing R&D guidelines, a special case needs to be made for an equivalent treatment to other sectors which are eligible.

²⁷ Jeremy Howells, 2000, "The Nature of Innovation in Services", Report presented to the OECD 'Innovation and Productivity in Services Workshop' 31 October - 3 November 2000, Sydney, p 32.

3. Improving program coordination

The Draft report acknowledges that young people have low take-up rates for Job Network programs and that:

Very little is known about young job seekers not registering with Centrelink, including the extent to which they are accessing services other than Job Network.²⁸

The Draft report offers no information about the Local Learning and Employment Networks in Victoria as an explicit mechanism to set up better linkages between education, training and employment service providers. The Area Consultative Committees are mentioned but their role is not placed in the context of how they might improve local area coordination in the delivery of education and employment related services.

Area-based Partnerships

The new practice of governments creating and supporting local networks is known as area-based partnerships.²⁹ The aim of these partnerships, according to the OECD, is to identify ways that synergies can be produced by drawing on local knowledge and goodwill to coordinate the delivery of existing services better. The Victorian Government has created Local Learning and Employment Networks with the explicit aims of:

- Identifying gaps in the provision of education and training;
- Develop new programs to fill the identified gaps and develop new opportunities for young people and
- Linking education and training provision with local employment opportunities

Local area partnerships seek to pursue a policy goal through increasing the coordination between policies and programs across government services and levels and adapting them to local conditions. They work at the local level to involve local actors in the definition of priorities and development of projects by drawing on local resources and skills.³⁰

The OECD study suggests that local area partnerships progress through four stages a from initial consultation, to information exchange, reaching agreements to coordinate (usually expressed in the form of a memorandum of understanding) and finally producing integrated outcomes based on adaption to local conditions.

²⁸ Draft Report, P 5.8

²⁹ OECD, 2001, *Local Partnerships for Better Governance*. Territorial Service, Organisation for Economic Cooperation & Development, Paris

³⁰ OECD, 2001, p20.

Changing context

Several changes have taken place in recent years which make area-based partnerships more attractive to governments and to local regional communities. The acknowledgment that significant differences in quality of life outcomes such as levels of education attainment still persist for specific regions and for the indigenous population has generated a political momentum for change. With this has gone an awareness among policy makers that existing programs have failed, in many cases, to have had a significant impact on problems such as the persistence of long-term unemployment.

As the OECD notes in explaining the pressure for change to local level governance arrangements:

Disappointing results from government policy ...has shed light on institutional and administrative weaknesses: rigid institutions and policy frameworks, vested interests slowing adjustments to the changing context, low degree of cooperation and coordination between compartmentalised government departments, absence of long-term planning, policies weakly adapted to the needs of target groups, [and] long delays in government reaction.³¹

The delivery of government-funded services have suffered from a number of shortcomings, particularly in a regional setting. Accountabilities tend to be department and program focused rather than directed at meeting the needs of the targeted individual or region. Where three levels of government are involved, as in Australia's federal system, the scope for overlap and inefficiencies in the deployment of resources is considerable.

In addition, local actors are increasingly expressing a strong interest in participating more systematically in the design of strategies for their area. This is due to both the increase in expertise in the regions and local frustration at the poor results achieved by government programs in the past.

In Australia, efforts by government to improve the delivery of employment services to better focus on individuals have been made through the use of independent service providers in the case of the Job Network. This has introduced a greater focus on outcomes compared with the previous government based delivery of employment services through the CES. However, this reform through its proliferation of service providers, has also increased the need for better on-the-ground coordination. This applies particularly in relation to the needs of young people leaving school:

The complexity of the requirements for early school leavers to negotiate their entitlements between Centrelink, the various Job Network alternatives, and revamped labour market programs makes the pathway through the employment services sector very problematic.³²

³¹ OECD, 2001, p25.

³² Peter Kellock, 2001, The Whittlesea Youth Commitment: A Review. The Asquith Group, December, National Youth Commitment web page via www.dsf.org.au, p11.

Changes in types of local area partnerships

It is possible to identify several different types of local area partnerships, each with their own impetus for change. These are outlined in the table below. The initial focus of partnership arrangements was often as a means used by government of mobilising local support and resources to lessen the impact of a one-off local crisis such as a plant closure. The approach was top down because it involved large injection of funds into the affected region, usually to generate employment opportunities.

More recently the focus has moved from governments working through partnerships to develop specific social and employment initiatives to the use of partnerships to develop comprehensive or integrated development strategies. An example of this new approach is the Sustainable Regions program of the Commonwealth Department of Transport and Regional Services (\$100.5 million over four years). Another recent example of a new regional governance arrangement is the Latrobe Valley Ministerial Taskforce to develop a whole of government approach to the identification of priorities for the allocation of government funding on initiatives such as an integrated learning centre.

The third type of partnership arrangement outlined below has as its focus better coordination arrangements among a range of service providers focused on the needs of a particular age group during a critical stage in the lifecycle – the transition from education to work. One key feature of this type of partnership is the strong input from local networks of service providers with a focus on achieving better outcomes from existing services to form the basis for the partnership. Another key feature is the absence of new funding for particular projects.

A good example of this type of new local level partnership in relation to education and employment service delivery are the Local Learning and Employment Networks of the Victorian Department of Education, Employment and Training. Primary Care Partnerships are another example as they are also based on local networks of service providers in the health and welfare sector and do not involve significant additional expenditure of funds.

The fourth type of local area partnership identified in Table 1 below is the Whittlesea Youth Commitment. In contrast to the other partnerships types, this is not a top down government-initiated partnership. It has been termed a “community collaboration” because it has brought together schools, community agencies, training providers, employment services providers and employers.³³ The National Youth Commitment web site lists ten similar Youth Commitment initiatives in four states, including two involving LLENs in Victoria.

A feature of the bottom-up approach is key role played by bodies other than the service deliverers such as City of Whittlesea, the Area Consultative Committee, RMIT University’s Northern Interactive Education Coordinated Area Program (NIECAP) and the Dusseldorp Skills Forum. This role has included providing the framework in the form of a ‘spirit of cooperation agreement, the information about local conditions and the ‘glue’ that has enabled the service providers to change the way they “do business”.³⁴

³³ Peter Kellock, 2001, p11

³⁴ Peter Kellock, 2001, p56.

Table 1: Types of area-based partnership arrangements

Funding source	Motive	Locus	Impetus	Purpose	example	Focus
Federal government - single department	Response to a one off local crisis	Depressed region	Top down	to develop proposals for new expenditure to generate local employment	Newcastle: BHP closure	Labour market adjustment
Federal government - single department	a planned, integrated approach to structural adjustment	Low socio economic indicators and demonstrated commitment to community action.	Top down	implement viable development options	Sustainable Regions Program	Regional development
State government multi department	Response to local crisis	Specific areas	Top down	"...to refine existing govt programs to better promote development..."	Latrobe Valley Ministerial Taskforce	Whole-of-government approach to identifying priorities and allocating funding
State government single department	Response to persistent problem of social exclusion	State wide - regional focus	Top down	coordinated service delivery	Victorian LLENS	critical stage in young people's lifecycle - school to work transition 15 to 24 yrs
Pooling of existing funding with some non government support	Response to persistent problem of social exclusion	Specific local areas - sub region focus	Bottom up	integrated approach to deliver on guarantee to help young people achieve Year 12 or equivalent	Whittlesea Youth Commitment	Reduction in students leaving before Year 12 and not achieving equivalent outcomes

Whittlesea Youth Commitment: a successful local area partnership

The Whittlesea Youth Commitment (WYC) exemplifies these two characteristics as a successful local area partnership. A good indicator of success is the concrete action taken by the partnership to establish a clear goal (reduce the number of early school leavers), supported by a key performance indicator (information on immediate post school destinations) and a concrete strategy to achieve the goal by appointing transition brokers to collect this information and liaise with early school leavers.

The result of this focus on local data collection has been to produce a more complete picture of the actual destinations and pathways being taken by early school leavers. An

impact of these data, according to the review of the Whittlesea Youth Commitment, has been to reduce dramatically the numbers of early school leavers going to unknown destinations.³⁵

The benefits of this clear focus on a local objective are also evident in relation to the participating schools which, according to the review, are ‘beginning to modify their curriculum, provide flexibility in learning programs for particular students, and generally provide more support for students considering leaving school early’.³⁶

The strategies developed by the Whittlesea Youth Commitment have also, according to the review,:

*created stronger links and much greater awareness between sectors and agencies of the local systems and services that support young people, particularly early school leavers. These links and greater awareness are already having ‘spin-off’ effects in facilitating other collaborative ventures of benefit to young people in the region.*³⁷

However, the Whittlesea Youth Commitment (WYC) has achieved only partial success in providing a framework for the exchange of data between agencies and to contribute resources to a common pool of funds to provide specific services for young people.³⁸ Nevertheless, agreement has been achieved for all government schools in the WYC to pool a proportion of their Managed Individual Pathways (MIPs) program funding to appoint three transition brokers to work across the schools. Another success is the joint production of a Guide for School Leavers that is widely used. The Guide for School Leavers has provided a resource that is used by both agency staff as well as for young people.

Shortcomings of existing arrangements

The OECD has outlined several problems that the ‘looseness’ of the partnership arrangement can produce.³⁹ Of their nature, partnerships lack the institutional and democratic legitimacy of more established bodies such as government agencies or local government. Public servants on the partnership bodies may find it difficult to reconcile the desire of the local area partnership to achieve greater local flexibilities with their own institutional responsibilities for accountability and requirements for standardised approaches. Partnerships may also challenge the power of local elected officials where they have a specific mandate that differs from that of the partners. The appointment of people to the partnership who are not seen as representative of the wider community may also undermine the legitimacy of the partnership’s efforts.

The OECD notes that partnerships can be regarded as black boxes because their capacity to achieve results is dependent on an unknown combination of factors. These include: the role of local actors, the extent and nature of involvement of central government agencies and the impact of environmental factors such as the ‘tyranny of distance’.

³⁵ Peter Kellock, 2001, p 4.

³⁶ Peter Kellock, 2001, p 4.

³⁷ Peter Kellock, 2001, p 4.

³⁸ Peter Kellock, 2001, p 4-5.

³⁹ OECD, 2001, p 14-15.

A 1993 study of partnership led local employment initiatives identified two common features of the most successful partnerships. The first was clear and realistic local objectives and strategies based on an assessment of local strengths and weaknesses and a sound understanding of local capacities. The second was that long-term sustainability depended on mobilising local human and financial resources rather than relying on external personnel or funding.

Regional representatives of key funding agencies

The capacity to achieve better coordination depends on the good offices of the local service providers. The key stakeholders missing in the Local Learning and Employment Networks are the regional representatives of the federal and State funding agencies. The involvement of these officials in the LLEN would make it easier to achieve changes to program guidelines or protocols which would facilitate information sharing between programs. The following conclusion of the 2001 evaluation of the School Focused Youth Service highlights this deficiency:

Partnership approaches require reciprocity and the Government of the day had a policy approach which distanced departmental staff from community agencies, providing little management support and leadership. In those regions where there was a strong relationship between DEET, DHS, schools and community agencies, there was a model which could be used locally.⁴⁰

Conclusion

This submission has highlighted several problems confronting public policy and program delivery. One is the silo effect whereby a program funded by one department falls outside the purview of arrangements managed by another department. This provides ample scope for service providers to use the system to their short term benefit.

The second is the difficulty government, as managers of the service delivery through an arms length process, have in promoting collaboration and the diffusion of best practice. Simply setting up a new funding source to do this under the control of government will not be sufficient unless a different approach is tried.

The third problem highlighted is how best to bring together all the key stakeholders at the point where the need is greatest – on-the-ground, focused on the complex and multifaceted needs of individuals.

⁴⁰ *Evaluation of the School Focused Youth Service Summary March 2001*