



23 April 2008

Mr David Hatfield
Acting General Manager
Adjudication Branch
Australian Competition and Consumer
Commission

Dear Mr Hatfield

Thank you for your invitation to comment on applications for Authorisation by Job Futures Limited.

ACOSS is the peak council of non government community organisations and national voice for low income and disadvantaged Australians. We write in support of the application by one of our member organisations, Job Futures, for authorisation pursuant to Section 88(1) of the Trade Practices Act.

As indicated in their application, Job Futures secures funding for the provision of services to assist jobless people on income support to transition to sustainable employment, and sub-contracts the provision of these services to its member organisations. It is a condition of membership that service providers do not tender for these services in competition with Job Futures. Both Job Futures and its member organisations are non profit bodies established for charitable purposes.

We understand that these arrangements have continued since they were first authorised by the ACCC in 1997. However, the authorisation expired in 2002.

The key points we would like to make in support of the application are as follows:

- jobless people who are disadvantaged in the labour market benefit from a diverse employment services market that includes smaller, local or consumer based not for profit providers;
- Job Futures contributes to greater diversity in the market, and the survival of these providers through its arrangements;
- the arrangements therefore enhance competition rather than detracting from it;
- the public benefits delivered by these arrangements to disadvantaged jobseekers and the community outweigh any detriments.

An explicit aim of various Commonwealth Government initiatives to increase non-government involvement in the delivery of employment programs has been the fostering of support more closely tailored to the needs of specific individuals and communities. As the number of income support recipients on income support declines, the need for innovative, local responses to the needs of unemployed people becomes even greater. For example, our research indicates that over 60% of jobless people with disabilities, sole parents, and very long term unemployed people on income support payments have ten years of education or less, most have not been employed for at least a year, and many face social problems such as a mental health



condition or lack of stable housing. Consistent with the Government's social inclusion agenda, greater flexibility and attention to the needs of the hardest to place are key objectives in the current wave of employment services reform.

One of the aims of Job Futures and its internal arrangements is to ensure that small to medium sized locally-based community based organisations retain an important role in the provision of these services. These organisations make a unique contribution to service provision for disadvantaged jobseekers in at least two ways.

First, being established from and grounded in the local community or a specific user group (such as Indigenous Australians), these services have a close understanding of the needs of local jobseekers and employers.

As Professor Vinson's recent report on regional disadvantage, 'Dropping off the Edge' (Jesuit Social Services and Catholic Social Services Australia, 2007) has shown, joblessness and social disadvantage is increasingly concentrated in the most disadvantaged local communities. In these communities, policy makers are paying increasing attention to the need for 'joined up' locally responsive services that address a number of dimensions of social exclusion at once – for example unstable housing, poor mental health and lack of employment. A recent report from the Department for Victorian Communities on indicators of community strength emphasizes the importance of local networks and locally responsive services for improving social and economic outcomes for the most disadvantaged:

'What these results show is that different communities are facing different issues and that taking a 'one size fits all' approach to shifting these indicators [of community strength and participation] is unlikely to work. They also highlight the importance of involving local communities in planning and decision-making and the need for flexibility in the design of new state-wide programs and in funding arrangements for new local initiatives.' (Department for Victorian Communities, Indicators of community strength at the local government area level in Victoria in 2006).

Secondly, these locally or user-group specific services help prevent an over-concentration of market share in the hands of a few employment service providers, thereby fostering diversity and innovation.

While the need for locally targeted responses has increased, there has been an overall decline in the number of providers in the sector. There is also evidence that, over time, the practices of employment services providers are becoming more standardised. This is due in part to the tighter specification of service inputs by the purchaser and the growing complexity of employment services contracts. Maintaining and improving the diversity of the sector is an important check against this trend.

On the other hand, the increasingly complexity of contracts and associated administrative requirements for providers has made it difficult for smaller community based organisations to survive on their own in the employment services market. Recently, a significant number of organisations within the sector have merged or been acquired by other organisations.



In this context, Job Futures has made a unique contribution to the sector. Through participation in Job Futures up to 50 organisations at any given time are able to participate in the provision of various employment and related services, supported by a larger network of providers and the capacity of a national office. These include Indigenous organisations in parts of remote Australia that would have otherwise struggled to participate. They include many regional organisations, specialist youth, disability and migrant organisations each of which contribute to the diversity of the provider base. Around 95% of the members are locally based or 'user group specific' providers. Given the recent history of development of the market for Job Network services in particular, it is highly unlikely that most of these organisations could have effectively delivered these services in the absence of the arrangements that Job Futures has in place.

Job Futures has directly contributed to competition in the employment services sector. For example, in the last two tender rounds for Job Network services since 2002, only 9 new providers entered the market directly although hundreds tendered for contracts. Over the same period, through its centralised tendering arrangement, Job Futures has facilitated the participation of an additional 10 providers.

Job Futures also contributes to the quality of services providers to jobseekers through its service guides, service benchmarks, training of staff, and advice on practice improvements. For example, the Intensive Case Management program developed by Job Futures for its members assisting very long term unemployed people has achieved impressive results by comparison with the 'standard' forms of Job Network assistance available to this client group.

These arrangements require a high level of cooperation among members of Job Futures, and between the members and its national office. Such cooperation could be undermined if members could compete with Job Futures for contracts.

We note that membership of Job Futures is entirely voluntary, and that many not for profit employment services exercise their right not to take up membership of Job Futures.

The role of Job Futures in coordinating tenders for employment services is consistent with other features of the employment services market where competition is, on the face of it, restricted in order to improve the quality of service provision to jobseekers. For example, contracts for employment services are generally offered by the purchaser at fixed prices to maintain service quality and intensity, and the 'business share' of each provider in a region is allocated by the purchaser based on performance in improving employment outcomes.

Job Futures has also lodged an application for Interim Authorisation in order to ensure that the current arrangements are maintained during the next tender round, which will commence later this year. This would help reduce the uncertainties associated with the tender process for Job Futures, its members and their employees.



For the above reasons, ACOSS supports Job Futures' applications. Should you have any inquiries about this submission, please contact myself or our Senior Policy Officer, Peter Davidson at this office.

Yours sincerely

A handwritten signature in black ink, appearing to read "Alan Kirkland". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Alan Kirkland
Treasurer and Executive member