New public management and welfare-to-work in Australia:
Comparing the reform agendas of the ALP and the Coalition
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Accepted for publication in Australian Journal of Political Science (Taylor and Francis, 2014)

Abstract

Since the 1990s, the adoption of new public management (NPM) as a management philosophy has translated into multiple waves of reform in the employment services sector in Australia, namely Working Nation (1994–96), Job Network (JN: 1996–2009) and Job Services Australia (JSA: 2009–present). Each wave has sought to improve the preceding policy. In this article, we examine changes implemented during the Rudd/Gillard Labor governments. Using government policy documents and survey data from frontline employment services staff, we compare JSA to JN against five benchmarks. Our data indicate that JSA has generated modest improvement. JSA is also a system with less emphasis on strong forms of sanctioning. Our combined data suggest that policy actors operating under NPM conditions are indeed able to influence specific aspects of frontline practice, but they must spend great effort to do so and must accept new imperfections as a consequence.

Keywords: employment policy; employment service; labour market institutions; new public policy; public management; welfare state

Introduction

Over recent decades, governments have been searching for ‘tools and techniques that enable them to deliver quality public services at lower costs’ (Andrews and Van de Walle 2013: 763). Out of this quest emerged new public management (NPM). The various forms of NPM which Pollitt (2001: 473–74) identifies seek to introduce contestability and incorporate private agencies into the delivery of public services. Contestability is argued to be better than monopoly (Sturges 2011: 10). Neoliberal reforms are expected to bring about what

monopoly cannot, including efficiency (Andrews and Van de Walle 2013: 765; Davidson 2011: 213); improved service quality (Commonwealth of Australia 1994: 127; Sturges 2011: 21); responsiveness (Andrews and Van de Walle 2013: 765; Davidson 2011: 213); a wider range of consumer choice; equity of access (Davidson 2011: 213); enhanced accountability (Sturges 2011: 22); diversity (Sturges 2011: 17) and increased innovation (Sturges 2011: 25).

NPM has been a significant driver of public policy reform around the world for two decades and Australia has not been immune from the seismic changes associated with it. Australia's approach to the public management of employment services has earned it an international reputation as a bold reformer. By the second term of the Howard government, all Australian jobseekers were being streamed through a private, contracted agency, operating through a quasi-market in which 'independent actors compete for clients and resources, but the costs of services are underwritten by the state' (Kastberg 2008: 349). Yet despite being at the forefront of developing a quasi-market for employment services, steered by a rigorous contract management system and operated in a relatively benign labour market, the reform impetus has not subsided and continual restructuring of the system has occurred. There have been regular and non-trivial changes to the contracts and periodic recontracting episodes that put large parts of the system up for contest. This combination of restructure and re-allocation gives this policy field a uniquely dynamic and potentially unstable character. Dramatic changes have been introduced several times since privatisation, commenced under the Keating Labor government, namely Working Nation (1994–1996), Job Network (JN) (1996–2009) and Job Services Australia (JSA) (2009–present). But underpinning that pattern of change is an apparent consensus that welfare-to-work is best delivered by private agencies operating under short-term government contracts. This agreement has encompassed some very different ideas about the precise nature of the service that jobseekers should receive and the manner in which contracted providers would be required to operate.

Labor introduced JSA in 2009 and this involved the roll-out of a restructured service framework. Those reforms were designed to address shortcomings identified in JSA's antecedent program, the Howard government's JN. Concerns included fragmentation and the complexity of services, decreased flexibility in service delivery and a jobseeker compliance regime that was overly punitive (Perkins 2008: 4). Structural changes introduced within JSA included streaming jobseekers depending on their barriers to employment, the folding of a

complex series of programs into a single system and adjustments to the outcomes and incentives payment system. Moreover, Labor sought to shift the policy narrative by making the contracted welfare-to-work system less punitive in its approach and somewhat more sympathetic to the notion that investment in the jobseekers' skills would improve their employability.

This article seeks to contribute to an understanding of these services, with a special emphasis on identifying whether the policy ambitions identified by Labor at the commencement of the reform process are evident in its operating system. Specifically we are interested in the effectiveness of the JSA reforms in relation to placing jobseekers into work; the burden of contract compliance placed upon providers; the extent to which case management services are tailored to the individual jobseeker; the extent to which private providers work closely with employers and the operation of the sanctioning regime.

Research design

This study uses data collected via a survey of Australian frontline employment services staff. The survey was first developed and refined between 1996 and 1998 following interviews and surveys of frontline employment services staff in Australia, the UK, the Netherlands and New Zealand. The survey was repeated in 2008 and 2012. Only data collected in Australia in 2008 and 2012 are used in this paper (Table 1). JN was replaced in 2008. By 2012 JSA had been operating for three years. The data used in this paper are, therefore, expected to show key features of JN and JSA in operation.

Our respondents were all frontline staff working for one of Australia's contracted employment services providers. For the purposes of this research, frontline employment services staff are considered to be client-facing staff who work directly with job-seekers to either make them job-ready, place them into work, or help them maintain their job post-placement. The proposition driving this method is that staff working at the frontline are in a strong position to assess the dynamics of the service itself, and to describe the so-called 'black box' of otherwise hidden service instruments and micro-processes. And while they might be expected to express support and some slight bias in favour of a system they help to implement, they arguably have less incentive to distort the system's effects than managers, owners or the government purchaser.

In 2008, we surveyed 1512 frontline staff from 35 agencies. In 2012, we surveyed 1264 frontline staff from 26 agencies (Table 1). The response rates for the 2008 and 2012 surveys are 44.4 per cent and 45.2 per cent, respectively. No significant demographic bias was evident in the comparison of the sample to the general population of all contractors. Quantitative data analyses were conducted using SPSS software. The chi-squared test was used to detect differences between survey years where the responses were categorical, ordinal and ranking. In cases of numeric responses or continuous variables, t-test was used instead. Statistical significance was tested for at the 0.05 level. Precise p-values are provided where appropriate. Regarding qualitative data derived from an open survey question which asked ‘In your opinion, what’s one measure that could be implemented that would improve JSA?’, initial coding was conducted by two independent external researchers. The authors then employed relevant techniques such as noting patterns and themes, counting, making contrasts/ comparisons, pattern matching and content analysis.

From JN to JSA

JN was established by the Howard Coalition government in 1998. The Keating Labor government had been the first Australian government to introduce contracted private employment services. The Howard government, however, took a more assertive approach and by the second JN contract Australia had a fully privatised employment services system. As such Australia has been a world-leader in the application of NPM to employment assistance.

Table 1: Australian survey sample

<i>Year</i>	<i>Number of agencies</i>	<i>Number of respondents</i>
2008	35	1512
2012	26	1264

JN involved approximately 200 employment services agencies contracted by the government to assist the unemployed. By 2003, every agency in the JN system was a non-government entity working on either a for-profit or a not-for-profit basis. The JN model involved a strong focus on outcomes and a change in the government’s role as it moved from a provider of

assistance to a purchaser of services. There was also increased competition to drive greater efficiency and more choice for jobseekers (Perkins 2008: 1).

Kevin Rudd became Prime Minister for the first time in 2007. Labor had been out of office for 13 years. The previous government had already signalled that a large-scale review of the employment services sector was imminent. The new government maintained the momentum for change. Ten years after its implementation, a series of problems had been identified with JN and some observers felt that the existing policy settings were diminishing the system's effectiveness (Perkins 2008: 1). Examples include the manipulation of the incentive system, often referred to as 'creaming' and 'parking' (ACOSS [Australian Council of Social Services] 2008: 10; Murray 2006: 54), reduced flexibility and increased transaction costs (Finn 2011: 1) due to the administration and compliance burden (Considine, Lewis and O'Sullivan 2008: 20–21; Fowkes 2011: 7), insufficient focus on meeting local employer needs (Finn 2011: 13) and an approach that was relatively punitive and focused on low-cost, high pressure interventions (Perkins 2008: 4).

The impetus for the review was in no small part due to wide-ranging criticism of the system by service providers, commentators and several influential peak bodies. Prime among the criticism was that the Howard government had stopped listening and had allowed a once innovative system to become ground down in red tape and overly prescriptive service standards. Many in the system were also critical that the contracts had become significantly less profitable than at the start of JN. Furthermore, labour market conditions had changed since the introduction of JN. For instance, the unemployment rate had reduced, yet simultaneously there was an increased number of highly disadvantaged jobseekers and widespread skill shortages (Perkins 2008: 1).

Under JSA, seven national JN contracts were rolled into one, but they were now to be delivered across four service streams. This consolidation meant that service providers began working with a broader range of jobseekers, but did so within a system intended to be less complex. Jobseekers were assigned to one of these four streams, based on their assessed needs. Under the new rules, all providers entering into JSA contracts were required to assist jobseekers in all these streams, 'with no capacity for providers to specialise in assisting only one stream'. 'Sub-contracting and partnership arrangements' were, however, permissible and

were to be used as a means of providing assistance when in-house capacity was low (Perkins 2008: 2).

The outcome payments incentives were also significantly adjusted (Fowkes 2011: 7). In particular, payment to agencies made at the 26-week mark of the jobseeker's employment was increased to 50 per cent of the total payment, up from 30 per cent under JN. Incentives to encourage agencies to work closely with local employers were also introduced, including a larger payment for employment outcomes when agencies gathered vacancies directly from employers and filled them from among their caseload (Finn 2011: 23). Indeed, a focus on engaging with employers was a significant component of the redesigned system. While not necessarily articulated in policy documents, the view among MPs and within the Department seemed to be that JN providers were not doing a good job marketing their service to employers and as such employers did not necessarily think of them as a place to source new labour. There were also training bonus payments (Finn 2011: 23; Perkins 2008: 3) and a new provision to include employer feedback as an element of the performance management system. The payment structure under JSA was, therefore, a shift of 'resources away from the less disadvantaged jobseekers towards the more disadvantaged ... However, the overall investment in employment services has actually been reduced' (Perkins 2008: 4).

The new JSA compliance system was also substantially redesigned. The changes were expected to encourage participation and engagement while focusing the sanctioning regime on the most persistent and wilful non-compliance (Perkins 2008: 4). Specifically, under JN, if jobseekers were reported for three compliance failures, they automatically lost their payment for eight weeks (Disney, Buduls and Grant 2010: 17). Under JSA, more efforts were put into jobseeker participation. For example, if a jobseeker failed to participate in an activity without a reasonable excuse, they would lose a single day's allowance for each day missed. The loss of payment would cease when they reconnected with their employment service provider. Under the JSA jobseeker compliance framework, jobseekers also had the opportunity to avoid the loss of payment by negotiating with their providers to make up the missed activity on another day. More serious penalties were applied in cases where a jobseeker failed to attend a so-called reconnection appointment. Unlike JN however, under JSA the agencies had discretion in relation to whether or not to report a failure. The new official narrative adopted by the government purchaser was that providers were strongly encouraged to take jobseekers' personal circumstances into consideration when making decisions about whether to report

non-compliance (DEEWR 2008a: 29). All such practices stood in marked contrast to JN which, in its final year, included an eight-week 'no-benefit' period for jobseekers who had failed to meet expectations on three occasions.

Comparing the two systems

In 2009, soon after the introduction of JSA, the government announced the criteria against which it would evaluate the success of JSA. They were:

- jobseeker participation;
- the extent to which this assistance is individually tailored;
- employer servicing;
- labour force capacity;
- participation and outcomes by different types of jobseekers (including demographic and disadvantaged groups);
- reducing administrative burden;
- servicing Indigenous jobseekers;
- social inclusion;
- effectiveness (including impact) and cost-effectiveness and
- capacity to respond to the economic downturn. (DEEWR 2009: 1)

The results of that evaluation were published in 2013. The government concluded that JSA was a success, having achieved significantly better results for jobseekers, compared to JN, despite the onset of the Global Financial Crisis (GFC) (DEEWR 2013b: 8). The Department reported that \$10 billion had been invested in employment services (DEEWR 2013a) and as a result, JSA had achieved almost 1.4 million job placements between July 2009 and October 2012 (DEEWR 2013a). According to the same report, the employment outcome rate for the most 'job ready' jobseekers who participated in JSA in the 12 months prior to 31 March 2012 was 52.3 per cent. This was compared to the JN figure, which was 50.6 per cent. JSA also achieved an increase in the extent to which highly disadvantaged job- seekers were assisted (DEEWR 2013b: 8). The Department's self-evaluation sends a clear message concerning the success of JSA compared to JN, but independent evaluation of these data is impossible due to DEEWR restrictions on data sharing.

In line with DEEWR's own evaluation, Finn (2011: 27) argues that the development and implementation of JSA represent a significant administrative achievement. By integrating a range of separate programs into a single differentiated service delivery system, 'JSA introduced new incentives that encourage providers to work with the most disadvantaged jobseekers, to broker vacancies with employers and to create better links with the skills system' (Finn 2011: 27). In addition, it allowed policy-makers 'to adapt contracted services quickly in response to changing economic circumstances, especially the increased rates of unemployment that followed the global slowdown' (Finn 2011: 27). In a review that examined Australian labour market policy from the point of view of 'activation', the OECD (Organisation for Economic Co-operation and Development 2012: 14) also concluded that the revisions to JN were effective. An alternative assessment was made by Fowkes (2011) who argues that JSA and JN are more alike than different. According to her, JSA 'rests on the same underlying assumptions about unemployment, and a very similar approach to addressing the problem' (Fowkes 2011: 5). For example, like JN, jobseekers under JSA are still 'streamlined' based on their barriers and competition, and the contract tendering model still requires providers to 'implement and monitor an intensive regime of activities, including Work for the Dole' (Fowkes 2011: 7). If Fowkes is correct in her assessment, then it should follow that the two systems should achieve similar outcomes, broadly speaking. Fowkes (2011: 10) believes that to be the case and argues that both programs fail to support people to adapt to a changing economy in a fair, risk-sharing way (Fowkes 2011: 13).

Like other studies, this paper seeks to inform the policy settings by considering how well JSA is performing against Labor's stated intentions and mandate. Unlike other commentators, however, we do so from the perspective of the service staff's relationship with jobseekers. The frontline is the point at which welfare policies are translated into a client's individual experience (Smith and Lipsky 1993: 98). Table 2 outlines the specific issues we consider in this paper. The first column details the issue and the second identifies the measure used to provide the assessment.

Table 2: Areas of reform and measures

<i>Area of reform</i>	<i>Survey items</i>
1. Effectiveness	1.1. In your judgement how effective is the whole system in helping jobseekers find a job?

	1.2. In your judgement how effective is the system in getting jobseekers off benefits? 1.3. Estimate of number of jobseekers you placed into regular work in the last month as percentage of your caseload
2. Compliance	2.1. What proportion of your time do you spend on contract compliance? 2.2. Do you think the amount of evidence required for each jobseekers is excessive?
3. Tailoring	3.1. How much does your agency emphasise jobseeker choice in the services they receive? 3.2. Do all your clients receive a similar service? 3.3. How influential are jobseekers' preferences in determining what activities are recommended to them? 3.4. Are the decisions you make about your jobseekers determined by standard program rules and regulations?
4. Employer engagement	4.1. What proportion of your time do you spend working with employers? 4.2. Excluding contacts associated with assisting a jobseeker obtain an interview, how often would you have contact with employers?
5. Sanctioning	5.1. When would you normally sanction a jobseeker? 5.2. Does your office encourage you to be lenient with sanctioning? 5.3. How many jobseekers have you sanctioned in the past two weeks?

Markers of efficiency and effectiveness

Of the five criteria chosen for review, the first four are related to how well the system works in relation to efficiency. The fifth criterion might be argued as slightly different. It is a reform that the Rudd government pledged to undertake. Its purpose is thus more ideologically driven than the other changes.

The four measures concerning effectiveness rely upon the estimates of frontline staff of their own ability to produce results. Since neither the Howard and Rudd/ Gillard governments, nor the agencies, publish performance data at this unit level, reliance upon frontline estimation is the only available measure. We accept that such estimates may have a tendency to inflate the performance of the system as staff seek to put a positive inflection on the work they do. But

in comparing these estimated outcomes with what we know of aggregate performance, we find no systematic exaggeration.

Our survey data suggest that JSA is less effective than JN as a system able to move people from welfare-to-work. Australia's employment services system is specifically designed to assist jobseekers find work and to help employers find the labour they need. Both sides of politics see this as the system's rationale, and where the service is seen to be unable to achieve outcomes against that benchmark, it must be regarded as a sub-optimal system by governments of all political persuasions. In 2008, 67.9 per cent of Australian frontline employment services staff evaluated JN as effective in helping jobseekers find a job (Table 3). Likewise, 51.4 per cent of staff in the same year agreed that the system was effective in helping jobseekers move off benefits. These numbers fell to 32 per cent and 39.2 per cent, respectively, in 2012. The differences are both large and statistically significant at the 0.05 probability level (Table 3).

Table 3: Effectiveness

<i>Year</i>	<i>1 Not effective</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7 Very effective</i>	<i>Total</i>
<i>1.1. In your judgement how effective is the whole system in helping jobseekers find a job?</i>								
2008	3 (0.30)	32 (2.90)	87 (7.90)	231 (21.00)	402 (36.50)	245 (22.30)	100 (9.10)	1100
2012	8 (0.90)	41 (4.40)	98 (10.60)	204 (22.10)	307 (33.30)	172 (18.60)	93 (10.10)	923
Total	11	73	185	435	709	417	193	2023
Chi-squared (6) = 16.112, $p = 0.013$								
<i>1.2. In your judgement how effective is the system in getting jobseekers off benefits?</i>								
2008	25 (2.30)	66 (6.00)	158 (14.40)	286 (26.00)	350 (31.80)	171 (15.50)	45 (4.10)	1101
2012	29 (3.20)	86 (9.40)	171 (18.70)	270 (29.50)	217 (23.70)	101 (11.10)	40 (4.40)	914
Total	54	152	329	556	567	272	85	2015
Chi-squared (6) = 36.367, $p < 0.0001$								
<i>Year</i>		<i>Frequencies</i>		<i>Mean</i>		<i>Standard deviation</i>		
<i>1.3. Estimate of number of jobseekers you placed into regular work in the last month as a percentage of your caseload</i>								

2008	763	13.92	14.74
2012	748	9.71	13.20
<i>t</i> -Test (1497) = 5.855			
<i>What proportion of the clients you see are 'more difficult to place into a job'?</i>			
2008	1223	43.38	24.48
2012	1040	35.60	23.82
<i>t</i> -Test (2261) = 7.626			

Note: Numbers in brackets following frequencies are percentages.

These results run contrary to expectations. They are also at odds with the Rudd government's own evaluation. For example, in December 2012 the Minister for Employment Participation, the Hon. Kate Ellis MP, released an Issues Paper in which she claimed that 'compared to the Job Network which operated prior to July 2009, JSA is getting significantly better results for jobseekers; even against the back- drop of the Global Financial Crisis' (DEEWR 2013b: 8). That claim is not reflected in our frontline data. In addition to their perceptions about the system we asked frontline staff how many jobseekers they had actually placed into work in the previous month. We also asked them to calculate their placement rate as a proportion of their caseload to ensure that the estimates did not become skewed as a result of differences in case- load size. Moreover, by calculating job placements as a proportion of caseload size, we further avoid the potential for bias associated with fluctuations in the flow of job- seekers through the system. Disney, Buduls and Grant (2010: 30) argue that there was a 'shortfall' in the number of referrals to providers due to a decrease in unemployment across Australia from about 5.9 per cent in June 2009 to 5.2 per cent in November 2012 (DEEWR 2013b: 9), which might in turn influence placements as an absolute value. With this issue in mind, our results in Table 3 show that under JSA an average of 10 jobseekers are placed into work per staff member each month, compared to 14 under JN (as a proportion of caseload). This difference is statistically significant ($t = 5.855$, $df = 1497$, $p < 0.0001$). The unemployment rate did increase from 4.5 per cent in December 2008 (ABS [Australian Bureau of Statistics] 2009) to 5.4 per cent in December 2012 (ABS 2013), but the decrease in placements into work is clearly too large to be explained with reference to labour market conditions alone.

Our survey's specification about jobseekers 'placed into work' rather than moved onto another service or placed into training may account, at least in part, for the difference between what frontline staff report and the Department's self-evaluation data. Again, this

explanation is only partial. To further guard against sample bias, resulting from structural changes between JN and JSA, we also asked frontline staff to calculate the proportion of their clients they consider to be ‘the more difficult to place into work’. The reason for this is that JSA includes Stream 4 clients who are considered to have the most serious barriers to employment. In some cases, Stream 4 clients were not serviced under JN, but rather were assigned to a different program called the Personal Support Program. We, therefore, have to address the question of whether the decrease in the number of jobseekers placed into work detected by our study could be caused by a change in caseload composition towards the most disadvantaged (OECD 2012: 13). Interestingly, respondents indicated that they had fewer difficult-to-place clients in their caseload than before. Table 3 shows that in 2012, 35.6 per cent of jobseekers were considered to be difficult to place into work. That is compared to 43.38 per cent in 2008. The difference is statistically significant ($t = 7.626$, $df\ 2261$, $p < 0.0001$). With those two possible influences eliminated, we can conclude that under JSA frontline staff placed fewer jobseekers into work than under JN.

Turning to contract compliance and the administrative burden placed on frontline staff by the purchaser (DEEWR), or by the frontline staff member’s own agency, our results indicate that, despite the newly elected Labor government’s emphasis on red tape reduction, the problem persists. Our results show that the total time spent on contract compliance decreased from 25.16 per cent under JN to 23.35 per cent under JSA ($t = 2.262$, $df\ 2157$, $p = 0.024$) (Table 4). This difference is modest, yet statistically significant. The number of respondents who reported that the amount of evidence required for each client was excessive, however, significantly increased from 45.8 per cent in 2008 to 62.2 per cent in 2012 (Chi-squared = 53.387, $df\ 4$, $p < 0.0001$) (Table 4).

Table 4: Compliance

<i>Year</i>	<i>Frequencies</i>		<i>Mean</i>		<i>Standard deviation</i>	
<i>2.1. Compliance: What proportion of your time do you spend on contract compliance?</i>						
2008	1193		25.16		19.32	
2012	991		23.35		17.88	
<i>t</i> -Test (2157) = 2.262, <i>p</i> = 0.024						
<i>Year</i>	<i>Excessive</i>	<i>Fair enough</i>	<i>Inadequate</i>	<i>Not part of my job</i>	<i>I don't know</i>	<i>Total</i>

<i>2.2. Compliance: Do you think the amount of evidence required for each jobseeker is excessive?</i>						
2008	497 (45.80)	524 (48.30)	9 (0.80)	40 (3.70)	16 (1.50)	1086
2012	527 (62.20)	291 (34.40)	6 (0.70)	15 (1.80)	8 (0.90)	847
Total	1024	815	15	55	24	1933
Chi-squared (4) = 53.387, $p < 0.0001$						

Note: Numbers in brackets following frequencies are percentages.

The compliance results raise questions about the ability of both Labor and the Coalition to regulate the employment services sector while not overly burdening contracted agencies. Under the Howard government, with its commitment to business and small government, the amount of time frontline staff spent on contract compliance peaked at 25.16 per cent (Table 4). Likewise, our contract compliance data suggest that Labor was equally unable to develop a system that limited red tape. There was a slight decrease in the compliance burden placed on providers under Labor's JSA, as measured by the amount of time spent on contract compliance, but other indicators suggest that the design of JSA was still problematic. Of all the priorities identified by the Rudd Labor government, reducing the amount of red tape was key. For example, a 2008 press release issued by Ministers Julia Gillard and Brendan O'Connor pledged to 'reduce administrative red-tape for employment service providers, allowing them to spend more time delivering outcomes for jobseekers' (DEEWR 2008c).

A sense of exasperation was expressed by many frontline staff who responded to the open question: 'In your opinion, what's one measure that could be implemented that would improve JSA?' The expression 'less admin' was used extensively. Some expanded and responded with statements such as 'Less admin work and have more time to work with clients'. Another wrote: 'Less % of administration work, and more % time available to assist jobseekers that are truly interested in up-skilling or working'. A common sentiment was expressed by the person who wrote '[the] administration is still burdensome and compliance activities hinder the relationship building between all parties, any reduction is a good reduction'. Another respondent detailed:

less admin and government red tape to claim an outcome – I have been in [the] industry a long time and never have I seen so much government red tape creating a barrier and distraction to getting on with the job and assisting jobseekers.

We see this high administrative burden as a structural dilemma caused by the low-trust bargaining required of all the parties and underscored by the purchaser's constant concern about fraud, creaming and parking. This helps explain the dynamic of almost continual restructure.

The provision of personalised or tailored services has been an ongoing goal of Australia's contracted employment services system, and one which was also emphasised during the transition from JN to JSA. JN was not nearly as innovative or tailored as had been anticipated at the time of privatisation (Considine, Lewis and O'Sullivan 2011: 811). We, therefore, looked at whether the design of JSA had successfully addressed that perceived deficiency (Table 5). We find overall that JSA has not regressed in relation to the provision of a tailored service and on some measures the service flexibility at the frontline improved under JSA.

Table 5: Tailoring

Year	1 None	2	3	4	5	6	7 A great deal	Total
3.1. Tailoring: How much does your agency emphasise jobseeker choice in the services they receive?								
2008	19 (1.90)	77 (7.70)	119 (11.80)	229 (22.80)	269 (26.70)	190 (18.90)	103 (10.20)	1006
2012	15 (1.70)	53 (5.90)	74 (8.20)	245 (27.30)	231 (25.80)	146 (16.30)	133 (14.80)	897
Total	34	130	193	474	500	336	236	1903
Chi-squared (6) = 22.227, $p = 0.001$								
Year	Strongly agree		Agree	Neither	Disagree	Strongly disagree		Total
3.2. Tailoring: Do all your clients receive a similar service?								
2008	217 (24.50)		478 (54.10)	59 (6.70)	108 (12.20)	22 (2.50)		884
2012	176 (21.10)		451 (54.00)	80 (9.60)	107 (12.80)	21 (2.50)		839
Total	393		929	139	215	43		1719
Chi-squared (4) = 6.871, $p = 0.143$								
Year	Not at all influential		Somewhat influential	Quite influential		Very influential		Total
3.3. Tailoring: How influential are jobseekers' preferences in determining what activities are recommended to them?								
2008	28 (4.20)		428 (37.00)	543 (47.00)		137 (11.90)		1156
2012	20 (2.00)		256 (25.80)	522 (52.70)		193 (19.50)		991
Total	68		684	1065		330		2147
Chi-squared (3) = 52.327, $p < 0.0001$								
Year	1 Very little	2	3	4	5	6	7 A great deal	Total
3.4. Tailoring: Are the decisions you make about your jobseekers determined by standard program rules and regulations?								
2008	6 (0.60)	15 (1.60)	35 (3.80)	105 (11.30)	247 (26.50)	355 (38.00)	170 (18.20)	933
2012	2 (0.20)	7 (0.80)	29 (3.20)	160 (17.90)	217 (24.30)	236 (26.40)	242 (27.10)	893
Total	8	22	64	265	464	591	412	1826
Chi-squared (6) = 54.520, $p < 0.0001$								

Note: Numbers in brackets following frequencies are percentages.

On the question of choice for jobseekers, our data suggest that there was less emphasis on choice under JN compared to JSA, with 21.4 per cent of the 2008 staff reporting that they placed little emphasis on jobseeker choice, compared to 15.8 per cent in 2012. This difference is statistically significant (Chi-squared=22.227, df 6, $p=0.001$) (Table 5). When asked if frontline staff offered all their jobseeker clients the same level of service, we found no statistically significant difference between responses offered in 2008 and 2012 (Chi-squared=6.871, df 4, $p=0.143$). This not only suggests no improvement under JSA but it also demonstrates that in relation to that issue JSA was certainly not inferior to JN (Table 5). On the question of how much influence jobseekers had in helping to determine the activities they are recommended to undertake, there was increased tailoring under JSA, compared to JN. Frontline staff reported that jobseeker preferences were either very influential or quite influential 72.2 per cent of the time under JSA compared to 58.9 per cent of the time under JN. This difference is also statistically significant (Chi-squared=52.327, df 3, $p<0.0001$) (Table 5).

Finally, we asked client-facing staff whether their decisions about how to work with jobseekers reflected their own sense of what would work best for the individual jobseeker, or whether their decisions were mostly determined by standardised rules established centrally. Service standardisation had been a significant feature of JN, with 82.7 per cent of those surveyed reporting that they tended to follow centrally prescribed rules when deciding how to assist jobseekers. Under JSA this proportion dropped to 77.8 per cent. The decrease in service standardisation is still within a strongly positive range, but it is statistically significant (Chi-squared=54.520, df 6, $p<0.0001$) (Table 5) and does suggest that some of the measures adopted as part of the JSA reforms had resulted in increased frontline flexibility.

The extent to which contracted employment services agencies worked closely with employers was another matter identified for attention at the time the Labor government designed JSA. In its 2008 discussion paper *The future of employment services in Australia*, DEEWR (2008b: 8) wrote ‘There is too little cooperation and communication between providers in servicing employers’ and ‘evaluations also support the value of greater employer engagement’. To test for improvements in employer engagement we asked frontline staff what proportion of their time was spent working with employers and how much time they spent being in contact with

employers, other than contact directly associated with job placements (the latter being a non-discretionary form of engagement).

Our data suggest that no advancements were made in employer engagement. Despite an increase from JN to JSA in the proportion of time spent working with employers, the difference is not statistically significant. In 2008, frontline staff reported spending 11.85 per cent of their time with employers. By 2012 this figure had increased to 12.40 per cent (Table 6). The results from the second question also show no statistically significant increase in the frequency of contact with employers (Chi-squared = 7.500, df 5, $p = 0.186$) (Table 6).

Table 6: Employer engagement

<i>Year</i>		<i>Frequencies</i>		<i>Mean</i>		<i>Standard deviation</i>	
<i>4.1. Employer engagement: What proportion of your time do you spend working with employers?</i>							
2008		1193		11.85		17.00	
2012		991		12.40		17.65	
<i>t</i> -Test (2182 = -0.745, <i>p</i> = 0.457)							
<i>Year</i>	<i>Daily</i>	<i>Weekly</i>	<i>Monthly</i>	<i>Quarterly</i>	<i>Less than quarterly</i>	<i>Never</i>	<i>Total</i>
<i>4.2. Employer engagement: Excluding contacts associated with assisting a jobseeker obtain an interview, how often would you have contact with employers?</i>							
2008	465 (40.10)	384 (33.10)	149 (12.80)	34 (2.90)	66 (5.70)	63 (5.40)	1161
2012	355 (36.50)	342 (35.20)	149 (15.30)	36 (3.70)	46 (4.70)	44 (4.50)	972
Total	820	726	298	70	112	107	2133
Chi-squared (5) = 7.500, <i>p</i> = 0.186							

Note: Numbers in brackets following frequencies are percentages.

A more compassionate system?

Not all changes made to contracted employment services by the Rudd and Gillard governments were focused on efficiency. One of the areas targeted for reform by the newly elected Government was the nature of the jobseeker sanctioning regime. The system was seen to have become increasingly punitive throughout the life of JN. The perceived harshness of

the JN sanctioning regime was part of a wider narrative popular at the time, in which the Howard Coalition government was portrayed by its opponents as cold-hearted, uncaring and focused on the fortunes of the wealthy at the cost of those in need. This perception was aided in no small part by the changes the Howard government made to industrial relations under the banner of Work Choices. One of the Australia Labor Party's (ALP) strategies going into the 2008 federal election was to position itself in opposition to that perceived harshness. Jobseekers under Howard faced up to eight weeks without benefit payments if they were found to have been in breach of their jobseeker requirements on three occasions. These 'breaches', as they were called, often included administrative matters such as not attending a meeting, but they also included substantive issues, such as failing to apply for a particular job. This 'three strike' rule was introduced in 2006. In the first year, 15,509 people received an eight-week 'no pay' penalty. At the time the Rudd Government was elected some 200,000 people were said to have reached the 'second strike' risk-point, meaning a single misstep would result in eight weeks' suspension of their benefit payment (Ramia and Carney 2010: 36). In its discussion paper, released during the JSA design phase, DEEWR (2008b: 9) acknowledged that 'there is also a significant social cost [to the eight week no payment rule] as many vulnerable people are not eligible for financial case management and therefore are unable to pay for necessities such as food or accommodation'. In addition to the personal cost to jobseekers and their families, such penalties were also likely to distract from efforts to find work.

On coming to power the Rudd government moved towards a more subtle 'no show, no pay' policy, which reduced the number of offences for which a sanction might be applied, and where a sanction was applied, the penalty was rolled out one day at a time until the behaviour had been corrected. In practice, this meant that if a jobseeker failed to attend a meeting, she would only lose one day's benefit payment, as long as she made and kept an appointment for the next day.

Despite the changes introduced by the Rudd government, it cannot be assumed that JSA would naturally become a less severe system. One of the challenges associated with the management of a quasi-market is implementing the right policy mix to generate the desired frontline behaviour. At least one commentator speculated that the shortfall in jobseeker referrals anticipated under JSA, in part as a result of the GFC, would place providers under substantial financial pressure, which would in turn induce a tougher approach towards

jobseeker compliance (Disney, Buduls and Grant 2010: 30). Our data indicate that this did not occur. Rather, responses by frontline staff suggest a general tendency towards greater leniency in relation to managing job- seeker behaviour.

In Australia, contracted employment services staff cannot issue sanctions directly. Instead, they issue something called a ‘Performance Report’ (PR) when a jobseeker is thought to be in violation of his or her obligations. That PR goes to Centrelink, which then makes a determination as to whether to uphold the recommendation. Our study reveals nothing about the extent to which Centrelink changed its behaviour in relation to upholding or denying PRs. Our measures are limited to frontline staff recommendations only. In 2008 and 2012 frontline staff were asked the same set of questions regarding how they make decisions about when to request a sanction (or issue a PR) for a jobseeker (Table 7). They demonstrate a general trend towards greater leniency under JSA, compared to JN. When asked when they would seek to sanction a jobseeker, we found a statistically significant difference in responses, between survey periods, in five out of eight items. Moreover, where there is a statistically significant difference, in all cases that difference is in favour of being more lenient, or more for- giving, of the jobseeker (Table 7).

Table 7: Sanctioning

	<i>Statistically significant difference between 2008 and 2012?</i>	<i>More lenient in 2012?</i>
<i>5.1. Sanctioning: When would you normally sanction a jobseeker?</i>		
A jobseeker is dismissed from a job or a training programme	No	n/a
A jobseeker refuses to apply for a suitable job	Yes	Yes
A jobseeker refuses a suitable job offer	Yes	Yes
A jobseeker fails to commence an employment programme or training course	No	n/a
A jobseeker leaves a training course	No	n/a
A jobseeker fails to contact our office	Yes	Yes
A jobseekers fails to attend a job interview	Yes	Yes
A jobseeker voluntarily leaves a job	No	n/a
A jobseeker does any of these for a second time	Yes	Yes

5.2. Sanctioning: Does your office encourage you to be lenient with sanctioning?								
Year	1 Not to be lenient	2	3	4	5	6	7 To be lenient	Total
2008	240 (22.10)	292 (26.80)	191 (17.60)	232 (21.30)	86 (7.90)	36 (3.30)	11 (1.00)	1088
2012	173 (19.60)	182 (20.60)	174 (19.70)	264 (29.90)	52 (5.90)	15 (1.70)	23 (2.60)	883
Total	413	474	365	496	138	51	34	1971
Chi-squared (6) = 36.619, $p < 0.0001$								
Note: Numbers in brackets following frequencies are percentages								
5.3. Sanctioning: How many jobseekers have you sanctioned in the past two weeks?								
Year		Frequencies		Mean		Standard deviation		
2008		858		5.87		8.66		
2012		914		6.53		11.95		
t -Test (1665) = -1.337, $p = 0.181$								

Yet despite deciding to be more lenient in their own practice, when asked whether their agency's policy is to be lenient with jobseekers, a more complicated picture emerges. On the 'to be lenient' side of the scale we see a decrease in the level of leniency from 12.2 per cent in 2008 to 10.2 per cent in 2012. At the other end of the scale: 'not to be lenient', we see the opposite trend, with 66.5 per cent of frontline staff reporting that they were encouraged not to be lenient in 2008 compared to 59.9 per cent in 2012. Complicating the picture further are the changes to sanctionable offences introduced under JSA, meaning that agencies may not have felt the need to discourage sanctioning, as they perceived the system overall to have become less harsh. The differences between the leniency in sanctioning data are statistically significant (Chi-squared = 36.619, df 6, $p < 0.0001$).

Finally, we asked frontline staff how many jobseekers they had actually sanctioned ('for how many jobseekers have you issued a PR?') in the preceding two weeks. We then calculated the sanctioning rate as a proportion of caseloads to ensure that the data do not become skewed as a result of variations in caseload size (Table 7). They suggest that while each individual frontline staff member may report increased levels of personal leniency in his or her treatment of jobseekers, and while Australia's contracted employment services system may

have been reformed specifically to make it less punitive, the actual number of PRs issued in a two-week period was unchanged between 2008 and 2012 ($t = -1.337$, $df 1665$, $p = 0.181$). Frontline staff responding to both surveys reported having issued between seven and eight sanctions against job-seekers in the preceding two weeks (calculated as a proportion of caseload).

Yet despite unchanged sanctioning rates, many respondents to the question about how to improve JSA argued for a tougher sanctioning regime. One respondent wrote:

(The government should) give JSA providers the power to suspend payments/ allowance until the jobseeker turns up and fully participates in whatever it is they have stopped doing ... Currently we are toothless tigers being undermined by Centrelink decisions which reinstate jobseeker payments without the jobseeker having to comply. This is not the way it is supposed to work but unfortunately Centrelink is the organisation that manages the payments of the jobseekers. The rule should always be 'no show - no dough'.

Another told us that JSA would be a better system if there were 'tougher penalties for not accepting suitable employment'. The expression 'no show no pay' was used by many frontline staff and it was typical among survey respondents to view Centrelink as weak on jobseeker compliance, and therefore a force that undermines the work case managers are trying to perform. For example, one respondent wrote: 'Not being so lenient when Centrelink decline PR's [sanction applications]', while another said: 'Not [to] be so lenient on jobseekers. PR's to be reinforced by Centre-link more often'. These were commonly expressed views and suggest that a strict sanctioning regime may be a concern for some stakeholders, but considered an important tool by others.

Conclusion

In this study, we have investigated whether JSA, the latest restructure of the billion dollar Australian employment services system, has delivered its proposed objectives. We have chosen to consider these issues from the perspective of the frontline, where the grand sweep of policy pronouncements must meet the working reality of day-to-day decision-making. This is not a perspective that enables us to evaluate the whole system, but as a view from the

service delivery end it is, in our opinion, less distorted than the available alternatives. By taking testimony from those who run the service, by relying upon the insights, judgements and experiences of those who actually deliver the program, we learn a lot about what may happen between ‘the cup and the lip’, or between policy ambitions and delivery capacity.

We found that JSA halted further increases in ‘red tape’ and made the work of frontline staff somewhat more flexible. JSA is also a system with less emphasis on stronger forms of sanctioning, in line with promises made by the Government. But despite such advancements, improvements generated by JSA were modest. Australia’s experiences in reforming employment services have shown that, like any other complex public service, employment services involve judgements about levels of disadvantage and the allocation of scarce resources. As such it invites criticism and attracts controversy. Rarely in the development of such systems can we find an acceptable level of expenditure producing a satisfactory set of client outcomes. Instead we continue to search for a ‘sweet spot’ where even better services can be achieved with reduced cost to the public budget. When this search is conducted with the help of private agencies motivated by the search for profit, we have a recipe for continuous restructure. Part of the inevitable cost of doing business this way involves a relentless turning over of the system itself to prevent gaming and to reduce opportunistic decay. This is one of the legacy effects of this aspect of NPM.

From a political perspective it is also clear that a consensus has been reached on the Australian political left and right; employment services are best delivered by private agencies working for the government under short-term contracts. Furthermore, the services remained focused on the same instruments, helping prepare jobseekers for job interviews and urging them into a job. But within the broader context it is also fair to conclude that JSA did represent a significant policy reform, and compared to many other areas of policy reform, policy redesign has been quite bold in the case of employment services. The purchaser confidently rewrote many of the rules and introduced new cohorts of jobseekers while also making significant changes to the payment system. The failure to materialise the bold changes under JSA could then be related to the challenging nature of operationalising the NPM instruments of tenders, contracts and compliance to achieve the expected outcomes.

A broad conclusion to be drawn from these data is that governments are often finding reasons and opportunities to change and reorganise such complex service delivery systems. Probably

such systems are more open to change than traditional bureaucracy, but they also need to be – because the stakes are higher. The contracting regime provides powerful instruments with which to compel both bureaucratic and contractor attention. But we also find that this highly manipulable system comes with some major costs. Once in motion the contracted services require almost constant restructure and it often takes major reorganisations to achieve relatively modest improvements. This is less a matter of ‘steering not rowing’ – or ‘steering from a distance’ – and more a question of evermore exacting forms of system redesign conducted in the certain knowledge that, once in place, the new program will only survive decay for a year or two, at which point another major rebuild will be needed.

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The authors thank the Australian Research Council (ARC) and our industry partners: Jobs Australia (JA); the National Employment Services Association (NESA) and Westgate Community Initiatives Group (WCIG). The authors also thank all the employment services agencies that participated in this research and the many frontline staff who took time out of their busy day to complete the survey. Finally, the authors thank the AJPS editorial team and anonymous referees for their thoughtful feedback.

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