

The New Employment Service Model Questions

1. The Enhanced Services – Job Seeker Factsheet indicates Job seekers will remain in digital for 12 months and then transition to Enhanced Services except where they, are currently or within the past 6 months have been in work, training, or a work placement and additionally it states that job seekers will be able to opt for Enhanced Services at anytime

- a. What methods will the department employ to ensure that job seekers are effectively educated about their rights and obligations including provisions to enable them to opt for Enhanced Services?

Job seekers will be provided with information about their servicing options via the website, dashboard, and notifications. They will also be informed of this as part of the claim process by Services Australia and able to access support and information via the Digital Services Contact Centre. This will include information on a range of topics, including referral and transferring to providers. The nature of this information will form part of the service design over the coming months.

- b. Will job seekers involved in work, training, or a work placement currently or past 6 months be eligible to request transfer to Enhanced Services at any time?

Yes.

- c. Will job seekers' involvement in work, training, or a work placement be considered in absolute terms or will thresholds apply e.g. will any training count - accredited/non accredited, packages on the digital platform, Employability Skills Training ? if a job seeker does a one day course or one day of a course and drops out will that count ? In relation to work will there be minimum declared earnings for job seekers to remain in digital services e.g. if a job seeker gets an odd day of work every six months will they stay in digital services unless they opt for Enhanced Services?

This micro policy is under development.

- d. What proportion of job seekers in digital services does the department anticipate will be placed in work experience, PaTH Internships, or training annually?

The department does not guarantee the proportion of job seekers who will undertake specific activities. Job seekers in digital services will have greater agency to choose the activities they undertake. The digital platform will better link job seekers with Online Learning Modules, Employability Skills Training (EST), Career Transition Assistance (CTA), New Enterprise Incentives Scheme (NEIS) and external training such as Job Trainer courses. Work trial opportunities such as National Work Experience Program and PaTH Internships will be supported through EST providers and Workforce Specialists for job seekers in Digital Services. Job seekers not in work or study at four months of Digital Servicing will be required to undertake EST, if they do not choose an alternative activity.

2. The Enhanced Services – Payments Factsheet indicates that the Very Long Term Unemployed (VTLU) Bonus is to be paid at 24 months service whereas the Information for current and future providers Fact Sheet indicates it will be paid automatically alongside outcome claims for job seekers unemployed for more than 2 years.

- a. Which is correct 24 Months Service or 2 years+ unemployment?

The VLTU Bonus will be automatically payable when a job seeker with more than 24 months period of unemployment (from the date at which a participant registers with Services Australia) at the time of job placement achieves a 12 or 26-week employment outcome. The Payments Fact Sheet on the website has been updated to confirm this.

- b. If 24 Months Service is correct, can the department clarify if job seekers transitioning from digital to Enhanced services will be considered day 1 of service? and if so provide rationale for this significant change to the proposed payment model using duration of unemployment as trialled in NEST?

See above response.

3. The Enhanced Services – Payments Fact Sheet indicates a Transition/Transfer Payment of \$600 will apply to existing NEST and jobactive job seekers transitioning to Enhanced Services and when transferring between Enhanced Services Providers. Transition payments have generally been set to account for services already funded at the point of transition. The once off upfront Engagement Fees replace the existing Administration Fee that for most job seekers is \$270 and is a maximum of \$377 paid every 6 months.

- a. Can the department provide the rationale of why the Transition payment has been set at 50% of the Engagement Fee reducing the upfront payment at commencement of Enhanced Services by \$600 per job seeker?

This is the same policy setting used for transition from jobactive to the NEST. However, the amount has been increased by \$100, from \$500 in the NEST, to \$600 in the NESM. The NESM also includes a new upfront payment of \$600 where a job seeker changes providers. The transition payment will result in a significant upfront funding injection for providers at the start of a licence. The transfer payment ensures immediate funding is attached to job seekers when they move providers, while recognising the job seeker has already received some level of servicing.

- b. Can the department confirm that there is no pro-rata/recovery of fees related to the \$600 Transfer Payment e.g. it is not derived from pro rata/recovery of a portion of Engagement Fees paid to the initial provider?

Unlike jobactive administrative fees, the upfront payments in the NESM will not be subject to pro-rata arrangements or recovered when a job seeker exits or moves off the provider's caseload, regardless of their time in service with the provider.

4. The Enhanced Services – Payments Factsheet indicates that a single credit to the Employment Fund (EF) for each job seeker of \$1,600 (equal to a credit for job seekers commencing Stream C in jobactive). The Employer Fact Sheet states providers will have access to a larger and more flexible EF to assist employers.

- a. How is the EF larger?

The EF will attract credits as job seekers enter the caseload, as it does now. The EF will be credited by \$1,600 for all job seekers (rather than \$800 for Stream B and \$1,600 for Stream C job seekers).

- b. How is the EF more flexible?

The EF categories will be simplified for ease of use and to enable greater flexibility for providers to support job seekers such as removing funding caps for driving lessons.

- c. Noting the continuation of a separate demand driven funding pool for Youth Bonus wage subsidies for eligible job seekers, does modelling indicate that the current volume of wage subsidies provided through jobactive and NEST for the equivalent cohort of all other job seekers in Enhanced Services can be sustained by the EF on an annual basis?

The Enhanced Services Wage subsidies will continue to be funded through the EF in the NESM. Providers will manage their use of wage subsidies, as is currently the practice, in line with the other categories available through the EF to support job seekers who need assistance.

- d. The Enhanced Services – Job Seeker Factsheet outlines the Points Based Activation System and indicates that mandatory activity requirements will form part of the model and include Work for the Dole. The inclusion of Mandatory activities was not trialled during NEST, how have these activities been accounted for in evaluating the adequacy of the payment model including credits to the EF?

Work for the Dole activities for Enhanced Services job seekers (including for mandatory activities) are directly funded and providers will not need to use the EF to fund Work for the Dole placements.

- e. The Factsheet states job seekers in Enhanced Services not intensively engaged in services will need to undertake an activity at 6 months of 2 months in duration with the default being Work for the Dole. How is intensively engaged in services is defined?

This micro policy is under development.

- f. The payment model does not mention any payment or EF credits for Work for the Dole as is the case under existing jobactive arrangements. How is Work for the Dole activity to be funded?

Work for the Dole activities for Enhanced Services job seekers (including for mandatory activities) are directly funded and providers will not need to use the EF to fund Work for the Dole placements.

- g. Will Regional loadings be applied to EF credits as indicated in the consultation on the payment model, and if so, what are the loadings? Also please clarify if any payment within the model will attract a Regional loading?

There are no regional loadings for any payments in the NESM. The department found that there is no substantive evidence demonstrating that a regional loading is required for EF credits or provider payments. jobactive outcome data does not indicate significant differences in the proportion of full outcomes achieved in metropolitan and regional

areas. There is also significant variability in the strength of labour markets across metropolitan and regional areas. Independent analysis was also unable to identify any consistency in regional and metropolitan cost differences. A summary of findings from the analysis can be found here: [New Employment Services Model Financial Viability Analyses—Summary of Findings - Department of Education, Skills and Employment, Australian Government \(dese.gov.au\)](#).

- h. Is it expected that any of the complementary programs available to eligible job seekers will be funded through the EF? And if so, please indicate the cost of each program?

As part of the 2021-22 Budget the Government agreed to the purpose, objectives and operation of the Employment Fund for participants in Enhanced Services. Complementary programs are not funded through the EF. Funding for complementary programs is designed according to the specific needs of each program.

- i. What are the assumptions about expenditure from the EF on categories other than wage subsidies such as clothing, work equipment, travel, interpreters, training, and professional services etc?

The Employment Fund is designed to suit the new policy and operating environment of the new employment services model. The assumptions for Employment Fund expenditure are based on the current expenditure under jobactive, as well as information gathered through the NEST.

5. Neither the proposed Progress in Service payment nor Tiers are mentioned in the Payment Factsheet.

- a. Will Tiers 1 and 2 remain part of Enhanced Services design or have Tiers been removed from the model?

Tiers have been removed from the NESM which gives providers more flexibility in their servicing approaches and reduces complexity and administration for providers.

- b. Why has the proposed Progress in Service Payment been removed?

The Progress in Services Bonus is primarily linked to Tiers in the NEST. This payment has been removed because Tiers will not apply in the NESM. Instead, the progress payment in the NESM has been applied at the higher Tier 2 rate used in the NEST and is available to claim for all job seekers every 24 months (in the NEST only Tier 2 job seekers get the higher progress payment rate and are payable more than once).

6. It is proposed that Enhanced Services eligibility and outcome payments will be based on Jobseeker Classification Instrument (JSCI) scores.

- a. When will there be transparency of proposed JSCI score thresholds for; service eligibility and moderate and high outcome payments; the release of any modelling undertaken by the department and associated caseload data and assumptions to enable potential bidders to model sustainability/viability of the Enhanced Services payment model?

The department's IT system currently identifies if a job seeker has a Moderate or High JSCI and will do so in the NESM.

- b. Will the JSCI thresholds for service eligibility or outcome payments change during the licence period?

The New Job Seeker Assessment Framework will be more dynamic and evolve as the system matures and the department's analytical capabilities are enhanced. In addition, the JSCI may be periodically updated to ensure it reflects the caseload characteristics and labour markets when determining the risk of long-term unemployment to an individual.

- c. What processes will be in place to ensure there is transparency in relation to changes to service eligibility or outcome threshold?

The department will consult with affected stakeholders in the event of any significant changes to service eligibility and outcome thresholds.

- d. Will Change of Circumstance provisions and Employment Services Assessments or their equivalent be in place with NESM?

Yes, with the micro policy for this under development.

7. The Payment Model Factsheet outlines the fees for partial and full outcomes but does not define them.

- a. What will constitute a partial of full outcome e.g., rate reduction and/or hours of work, consecutive weeks/average etc?

This is likely to be the same as jobactive settings, however, the final policy settings are under development.

- b. Will provisions for breaks in employment continue in NESM?

This is likely to be the same as jobactive settings, however, the final policy settings are under development.

- c. Will all requirements for outcomes to be eligible be communicated prior to procurement to enable financial modelling?

Requirements for outcomes will be communicated with the Request for Proposal, if not earlier.

8. The Information for current and future providers Factsheet states that the payment structure will support smaller caseloads than jobactive?

- a. Can the department provide any modelling to support this contention?

Information to support modelling by potential respondents has been included with the Exposure Draft (see, for example: [New Employment Services Model Financial Viability Analyses—Summary of Findings - Department of Education, Skills and Employment, Australian Government \(dese.gov.au\)](#)).

9. Workforce Specialists & Employer Services

- a. What is the proposed payment model for Workforce Specialists e.g., set schedule or fees, proposals for each assignment?

A panel of Workforce Specialists will be established to deliver projects to meet the workforce needs of identified key industries and occupations, connecting them to suitable job seekers in Digital and Enhanced Services. A Workforce Connections Plan will be developed to identify the key industries and occupations for targeted investment as part of this initiative, particularly those well suited to job seekers in employment services. The payment structure for each project will meet project requirements and value for money principles.

- b. What measures will be put in place to coordinate support to employers and ensure the various labour market intermediaries are working efficiently and effectively e.g. Workforce Specialists, DESE Labour Market Support Stream, Local Jobs, Contact Centre and Enhanced Services?

Services and initiatives under the new model are designed to be complementary and to work together to provide tailored support to employers. Employers will be able to seek support to fulfil their recruitment needs, as well as targeted industry projects and solutions, via a range of avenues including the digital platform, Enhanced Services providers, Employment Facilitators or Workforce Specialists. The newly established Employer Reporting Line will continue to provide a dedicated feedback channel for employers. Employers with unmet recruitment needs will be triaged for assistance and referred to the most suitable service.

10. The Information for current and future providers Factsheet states that a capacity building fund of 5 million will be established to assist eligible providers to achieve certification and requirements for cybersecurity, quality and governance.

- a. What are the criteria to be eligible to get assistance from the capacity building fund and how has this criterion been developed?

The micro policy is under development.

- b. How will the department ensure equity of access between existing and potential providers?

The intent is to reduce barriers for providers who face IT accreditation costs for the first time under an employment services contract. Further information is available in the Exposure Draft, with the micro policy under development.

- c. What measures will ensure that providers who have met the schedule for accreditation and certification are not disadvantaged in relation to access to support from the capacity building fund?

See response above.

- d. When will providers/potential providers receive clarity about timelines to have all necessary cybersecurity and quality accreditations in place? E.g., will they need to be in place to bid, commence in the market or at what point after commencement?

The timelines for potential tenderers to comply with the cybersecurity and quality accreditations will be announced at a future date in accordance with the Procurement timelines. The department will publish this information in keeping with probity rules and to be equitably accessible to all potential tenderers.

- e. Will QAF requirements remain in place for NESM?

Information will be released as part of the Exposure Draft.

11. The Information for current and future providers outlines licencing arrangements.

- a. Is there any consideration to using Invitation to Treat processes for NESM?

As per the licensing discussion paper and the Exposure Draft the department will be releasing a Request for Proposal.

- b. Will providers appointed to an Employment Region Panel but not issued a licence be required to maintain commitment to sites listed in their initial Request for Proposal?

See the Exposure Draft for information on this.

- c. How many providers are expected to be appointed to each Employment Region Panel and how many with Contractual Licences?

See the Exposure Draft for information on this.

- d. How will market share arrangements operate?

The Exposure Draft outlines that licenced providers will have an allocated business share within each Employment Region. Referral of job seekers will be based on available capacity within business share, with a tolerance of 30 per cent.

- e. What arrangements will be in place to achieve geographic coverage while avoiding market saturation and risk of market failure?

See above response on market share arrangements.

- f. Will there continue to be opportunities to have visiting and outreach sites under NESM?

See the Exposure Draft for information on this.

- g. Will there be opportunities to negotiate site locations when the composition of Contractual Licences is known for each Employment Region?

See the Exposure Draft for information on this.

- h. What is the anticipated frequency that Employment Region Panels will be refreshed?

Panel refreshes will be undertaken on an 'as needed' basis. This may be limited to single sub-panels. It is not anticipated that the entire panel will be refreshed through a single process through the life of the Deed of Standing Offer.

12. Some of the Factsheets refer to the new Provider Performance Framework and inclusions that will inform licencing decisions.

- a. When will consultations about the new Provider Performance Framework commence?

The Exposure Draft provided an opportunity for stakeholders to submit their views on the performance framework.

- b. When will the final Provider Performance Framework be released?

Information will be released as part of the Request for Proposal.

13. Can the department provide an indicative forward procurement plan for complementary programs other than TTW? E.g., will NEIS be part of the NESM Procurement?

- a. Can the department provide an indicative forward procurement plan for complementary programs other than TTW? E.g., will NEIS be part of the NESM Procurement?

Information on the indicative purchasing timelines for complementary programs is included in the Exposure Draft.