



Australian Government

Department of Education, Employment and Workplace Relations

Initial Government Response to the Advisory Panel on Employment Services Administration and Accountability

Final Report

September 2012



The Australian Government is committed to streamlining administration associated with employment services, without risking accountability for the expenditure of tax payer funds, so that providers of employment services can focus on their core business of helping job seekers find employment.

In June 2011, the Hon Kate Ellis MP, Minister for Employment Participation, announced the establishment of an advisory panel to identify any further unnecessary administration in employment services.

The Advisory Panel on Employment Services Administration and Accountability's mandate was to provide strategic advice to the Department of Education, Employment and Workplace Relations (DEEWR), in the context of employment services 2015, on opportunities for streamlining administration and propose solutions to reduce unnecessary administration that have widespread industry support.

The Advisory Panel comprised Ms Susan Pascoe AM (Chair), Ms Su McCluskey and Professor Myles McGregor-Lowndes.

The Advisory Panel conducted an extensive program of consultation with representatives from; large and small providers (for-profit and not-for-profit); peak bodies; and government organisations in Australia and the United Kingdom, as well as job seekers and their representatives.

In addition to the consultative process, the Advisory Panel undertook analysis of the current employment services model and looked at previous reviews and research of the employment services system to determine what was working and what could be improved to enhance service provision.

On 14 November 2011, the Advisory Panel released a Discussion Paper where they tested ideas gleaned from its research, site visits and consultation. Twenty nine submissions were received. A second round of consultations were conducted February to March 2012, to seek further feedback from stakeholders on the Advisory Panel's proposed findings and recommendations.

The Final Report has 13 Findings and 13 Recommendations.

The Advisory Panel found that, against the backdrop of high public expectations of fraud prevention and value for money, the employment services model is complex in design and administration, and that there was a level of 'hyper-specificity' in administrative requirements, a risk-averse culture and a practice of risk-mitigation in order to meet those expectations. The Findings also noted:

- complexity was increased given the Stream structures and its effect on Outcome payments
- the limited scope for innovation by providers, given administrative and compliance arrangements
- high staff turn-over and no minimum qualification of provider staff

The Final Report's Recommendations focus on key areas including:

- establishing an Industry Consultation Forum – for future model development
- contract architecture – consolidate the Stream Structure and longer contract periods
- encourage greater provider innovation, through contract and system controls
- professionalisation of the workforce
- establishing an Accreditation scheme for providers – Industry Standards, and
- introducing a risk-based assurance framework.

It should be noted that work is already being progressed in a range of areas related to Recommendations 1.1, 9.1 and 11.1. Since the establishment of the Advisory Panel, DEEWR has also finalised a number of initiatives that streamline unnecessary administration in an operational context, including the Business Support Officer and 'Your-Own-Vision' initiatives.

The initial Australian Government response to each recommendation in the Final Report is provided below.

Reducing regulatory burden across the Programs as a whole

Recommendations	Australian Government Response
<p>R1.1 That a new Industry Consultation Forum be established, comprising representatives of jobseekers, employers, providers and the Government. The role of the new forum would be to identify administrative improvements and other opportunities to simplify, streamline and enhance the Programs. The forum would facilitate cooperation and information sharing.</p>	<p>The Australian Government agrees with this recommendation.</p> <p>The Government has established the 2015 Expert Reference Group which will provide advice on the 2015 contract and will then form the basis of the new Industry Consultation Forum.</p> <p>It will have an ongoing mandate of improving the balance between appropriate administration and accountability versus administration which is unnecessary.</p>
<p>R1.2 That DEEWR review each of the administrative controls in the Programs by applying the Panel's review framework, outlined in Appendix 1. The framework involves a fine-grained review to identify and address those administrative controls that are redundant or poorly designed.</p>	<p>The Australian Government agrees with this recommendation.</p> <p>DEEWR will implement immediately. The Government is committed to streamlining unnecessary administration associated with employment services, while not compromising the integrity of the model.</p> <p>The employment services model helps ensure the public accountability of approximately \$15 billion annually in social security payments. The individualised nature of employment services means there is 'no one size fits all' approach; as such there will always be some inevitable level of administrative complexity.</p> <p>The Government must get the balance right between appropriate administration, accountability, complexity and compliance. This ensures there are sufficient resources to make change and to maximise efforts to help job seekers find sustainable employment.</p>
<p>R1.3 That providers apply the same framework to review their own 'shadow' systems for data management, to ensure that the systems do not unnecessarily duplicate those of DEEWR, and to identify and remove unnecessary administration and red tape.</p>	<p>The Australian Government agrees with this recommendation.</p> <p>Job Service Australia (JSA) and Disability Employment Services (DES) providers are allowed to use third party systems to interface with DEEWR's IT systems. The contractual arrangements that underpin these programs allows DEEWR to put terms and conditions on the use of third party systems and these providers using third party systems to protect job seeker data that they store outside DEEWR's IT systems.</p> <p>Third party systems have developed over the years to assist employment service providers with the business side of managing government contracts. It is often the case that these third party systems interface with IT systems provided by DEEWR.</p> <p>As part of the BSO initiative's investigations, observations showed differing use of in-house-developed and commercial software in many aspects of employment services provider business. Providers predominantly use third party systems for job seeker case management and file-note tracking, and in some instances for payment and claims processing.</p> <p>DEEWR believes employment services providers would benefit from a</p>

	review of their own third party systems, to reduce unnecessary administration as a result of duplication and mitigate the risk of inconsistent data capture. This is particularly important where third party systems do not interface well or at all with DEEWR IT systems.
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A jobseeker-centred approach

Recommendations	Australian Government Response
<p>R2.1 That the Government define the Programs’ goals in terms of achieving economic participation and social inclusion for jobseekers.</p>	<p>The Australian Government agrees with this recommendation.</p> <p>DEEWR will implement immediately. The employment services model is premised on achieving economic participation and social inclusion for job seekers. DEEWR will continue to communicate the goals of the model, for example, as outlined in the <i>Request for Tender Job Services Australia 2012-2015</i> and the ongoing messaging around the <i>Building Australia’s Future Workforce 2011-12</i> Budget initiatives.</p> <p>Increasing productivity and workforce participation is essential for maintaining Australia’s economic growth and lifting long-term prosperity. The Government’s employment services and related programs provide disadvantaged Australians—those who have difficulty finding and maintaining work—with opportunities and support to develop their skills and capabilities so they can be financially self-sufficient and have positive levels of wellbeing throughout their life.</p> <p>For example, JSA is a streamlined and personalised service for job seekers enabling providers to more effectively respond to changing economic conditions. JSA is designed to provide job seekers with flexible and tailored support to better assist them to obtain sustainable employment. JSA focuses on the needs of the most disadvantaged Australian job seekers and assists them to achieve greater social inclusion. JSA boosts employment participation and productive capacity by better meeting the needs of employers.</p>
<p>R2.2 That DEEWR identify and pursue further opportunities to empower jobseekers as the key participants in, and the immediate beneficiaries of, the Programs. The opportunities include improved information provision, improved complaints processes, and greater tailoring of services to better meet the needs of jobseekers with special needs. This work would be informed by independent research on the experiences of jobseekers.</p>	<p>The Australian Government notes this recommendation and supports its intent.</p> <p>Government employment services are designed to provide participants with flexible and individually tailored support to assist them secure and maintain employment.</p> <p>Contracted employment services providers are committed to helping each participant find their pathway into employment and focus on tailoring assistance to the participant’s personal circumstances, skills, abilities and aspirations. Service providers work in collaborative partnerships with stakeholders and communities to deliver appropriate services.</p> <p>JSA and DES continue to deliver strong results, helping the most disadvantaged job seekers in the community including people who are very long-term unemployed, homeless, indigenous, have a mental illness or disability.</p> <p>The Australian Government supports employment services providers in delivering employment services by providing a free call Customer Service Line for participants to resolve service concerns or problems. DES clients also have a free Complaints Resolution and Referral Service.</p>

	This recommendation will be considered in the context of 2015 employment services arrangements.
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Simplifying the JSA Stream structure

Recommendations	Australian Government Response
R3.1 That the JSA Stream structure be simplified by combining Streams 2 and 3. This would be done in a way that reduces significantly the number of Outcome types, and has regard to how jobseekers would best be served with regard to their needs and the goal of sustainable employment.	<p>The Australian Government notes this recommendation. This will be considered in the context of 2015 employment services arrangements.</p> <p>JSA services are demand driven. As resources are finite, services and funding increase from Stream 1 to Stream 4 and are dependent on the level of disadvantage of the job seeker.</p> <p>On 30 March 2012, the Government announced that from 1 July 2012, Job Services Australia providers would be paid a single outcome payment for placing job seekers in employment for 13 and 26 weeks. The removal of Provider Broker Outcomes and Provider Assisted Outcomes from the JSA fee model and replacement with a Job Seeker Outcome saw an immediate reduction of 50 per cent in the number of outcome types for all Streams.</p>

Sustainable employment

Recommendations	Australian Government Response
R5.1 That the definition of sustainable employment outcomes be extended to 52 weeks. Outcome payments would then occur at 13, 26 and 52 weeks. The new definition of sustainable employment would take account of the number of job changes that is accepted as the norm in certain vocations, e.g. the hospitality industry.	<p>The Australian Government notes this recommendation. This will be considered in the context of 2015 employment services arrangements.</p> <p>The employment services model, both JSA and DES, focus on the delivery of services to participants to assist them to find, secure and maintain employment. Employment service providers can claim outcome payments for placing job seekers in employment that continue for 13 and 26 weeks.</p> <p>DEEWR's Labour Market Assistance Outcomes (LMAO) report presents employment and education outcomes for job seekers who participated in JSA, DES and the Indigenous Employment Program. The reported outcomes are primarily based on data from DEEWR's Post-Program Monitoring surveys.</p> <p>DEEWR's LMAO report shows that 48.8 per cent of job seekers assisted in JSA Streams 1 to 4 in the year ending December 2011 reported to be employed after three months following assistance. Further, 45.2 per cent of job seekers that participated in DES – Employment Assistance/Post-Placement Support in the year ending December 2011 achieved a positive outcome (that is, working and/or studying/training) after three months following assistance.</p>

Increased scope for innovation

Recommendations	Australian Government Response
<p>R6.1 That DEEWR encourage greater service innovation among providers, and reflect this in the design of contracts and other features of the employment services model. This would include encouraging providers to innovate in the design and administration of services, and to identify more efficient ways to tailor services and to achieve the Programs' objectives.</p>	<p>The Australian Government supports this recommendation. This will be considered in the context of 2015 employment services arrangements.</p> <p>Employment services providers are required to build strong linkages and work collaboratively with stakeholders and communities, including local community and health organisations, Registered Training Organisations, state, territory and local government, employers and other service providers.</p> <p>The employment services model focuses on providing individually tailored services to participants. Providers are encouraged to work collaboratively with stakeholders and design innovative solutions that meet the needs of their clients.</p>

Contract length and certainty

Recommendations	Australian Government Response
<p>R7.1 That DEEWR introduce longer employment services contracts in the Programs. The longer contracts would be subject to renewed safeguards including for changes in ownership and significant changes in direction.</p>	<p>The Australian Government notes this recommendation. This will be considered in the context of 2015 employment services arrangements.</p> <p>Contractual arrangements between the Commonwealth and organisations that deliver employment services are typically for a three year term. The JSA <i>Employment Services Deed 2012-2015</i> has a three year term, where DEEWR has the option to offer an extension up to an additional maximum six years.</p> <p>Current Disability Employment Services – Employment Support Service contracts are scheduled to expire on 3 March 2013. DEEWR is currently undertaking a competitive tender process to appoint suitable providers for the <i>Disability Employment Services Employment Support Service 2013–2018</i>, a five year term arrangement.</p> <p>The Government must ensure that the commercial arrangements in place to purchase employment services provide sufficient certainty and flexibility for contracted providers without the Commonwealth risking accountability in the purchasing framework.</p>

Professionalising the employment services workforce

Recommendations	Australian Government Response
<p>R8.1 That DEEWR and the provider sector jointly pursue the professionalisation of the employment services workforce in a manner that is cost-neutral for Government and improves service flexibility and quality whilst reducing red tape. This would include developing agreed knowledge, skills and competency standards for provider staff, and removing Program controls rendered unnecessary by the introduction of competency standards. The professional standards would include recommended minimum qualifications, Recognition of Prior Learning (RPL), Recognition of Current Competency (RCC), explicit recognition of on-the-job learning and a range of pathways to acquire the necessary skills and knowledge.</p>	<p>The Australian Government notes this recommendation. This will be considered in the context of 2015 employment services arrangements.</p> <p>The delivery of quality employment services to disadvantaged job seekers is a key focus of the Australian Government’s employment services programs. Individuals who participate in employment programs have many challenges, and the employment services programs are designed so the providers can tailor services that best meet the needs of the participant and employers. Employment services providers are contracted to use their skills and expertise to determine and deliver the most appropriate services to job seekers. To do this, providers must have a capable workforce.</p> <p>The Government is committed to ensuring that all Australians have the skills and training to participate in the labour force and contribute to Australia’s economic prosperity. In this context, DEEWR and contracted employment service providers are committed to ensuring that staff have the skills and experience required to provide quality and culturally sensitive services to job seekers, employers and local communities.</p> <p>DEEWR recognises that further investigation regarding professionalisation of the employment services workforce is required. Any future discussion about how this recommendation would be implemented and constructed in the sector, will be considered in partnership with industry stakeholders.</p>

Accreditation of providers

Recommendations	Australian Government Response
<p>R9.1 That the provider sector, with support from DEEWR, establish a new accreditation scheme to help assure the performance and capability of providers. The scheme would be based on new standards for the delivery of employment services and would be linked to the audit and assurance framework for providers and the red tape burden reduction agenda.</p>	<p>The Australian Government agrees with this recommendation.</p> <p>The Australian Government is committed to working in partnership with employment services providers to drive performance and continuous improvement in the delivery of quality services to all participants.</p> <p>Under the Commonwealth <i>Disability Services Act 1986</i>, all DES providers must maintain certification against the Disability Services Standards to receive funding from the Government. DES providers are required to engage a certification body and undergo an independent assessment to be certified as complying with the Disability Services Standards. There are 12 Disability Services Standards and 26 associated Key Performance Indicators that define the elements of quality service delivery for people with disability. To achieve certification, service providers need to comply with, and demonstrate continuous improvement against, the Disability Services Standards.</p> <p>For JSA, the Performance Management Framework is used to inform and support high quality outcomes. The Quality Framework (Key Performance Indicator 3) focuses on the quality of services delivered by JSA providers.</p> <p>Feedback from industry and from the DEEWR’s contract management activity indicated that the Quality Framework was not providing practical information for JSA providers to continuously improve their quality of service delivery.</p> <p>DEEWR is currently working with industry to develop a model for assessing JSA providers’ delivery of quality services. A key element of the new JSA Quality Framework will be certification against an acceptable quality standard.</p> <p>The introduction of acceptable quality standards will ensure that JSA providers have clear structures, processes and organisational commitment to support continuous improvement and delivery of quality services. To ensure that the focus is on the delivery of quality JSA services, independent auditors from a panel chosen by DEEWR will assess each JSA provider against an acceptable quality standard and the principles developed by DEEWR. The independent accreditation of quality standards for JSA will provide DEEWR will assurances about an organisation’s capacity and capability to deliver employment services as outlined in the contractual arrangements.</p>

A new risk-based assurance framework

Recommendations	Australian Government Response
<p>R11.1 That DEEWR implement the Panel’s proposed risk-based assurance framework, as detailed in this report. The framework features a more risk-based approach to the scheduling and conduct of audits. This would involve random audits for providers, plus targeted and more frequent audits for higher risk providers, such as those with a poor track record of compliance and performance, and potentially narrower and less frequent audits for providers whose program delivery outcomes, governance and administration are of a consistently high standard.</p>	<p>The Australian Government notes this recommendation and supports its intent and is currently developing revised program assurance arrangements.</p> <p>Employment services compliance operates under a risk based framework. It is informed by intelligence including:</p> <ul style="list-style-type: none"> • a network of State based account managers and contract managers; • an information technology system that provides extensive operational and management data to enable trends and variations in patterns to be identified; • on-line verification with Centrelink data; • complaints and feedback from end users of the services; and • feedback from providers. <p>DEEWR employs four strategies to provide assurance for its programs:</p> <ul style="list-style-type: none"> • prevention – making it easier for employment services providers to comply • deterrence – making clearer the risks and penalties of non-compliance • detection – processes are in place to detect identify non-compliance • correction – acting on detected non-compliance. <p>DEEWR undertakes program assurance to ensure that all the employment services are of a high quality and comply with contractual guidelines and principles.</p> <p>DEEWR will continue to work with industry stakeholders to refine its approach to program assurance, adopting a targeted approach based on specific areas of program and provider risks.</p>

Implementation of the Panel's recommendations

Recommendations	Australian Government Response
R12.1 That the Panel's recommendations be implemented according to the timeline set out in the report, with suitable arrangements in place for implementation planning; DEEWR-led consultation with jobseekers and employers occurring during 2012; and reporting of progress in implementing the recommendations.	The Australian Government agrees with this recommendation.