

New Employment Services

Trial Update and Proposed Licensing System

27 July 2020

# Overview of webinar

* New Employment Services Model
* New Employment Services Trial
* Proposed licensing system

Recording of webinar will be available at: employment.gov.au/consultation-inform-new-employment-services

# New Employment Services Model

# New Employment Services Model Principles

The new model will commence in July 2022 and aims to:

* Help more **job seekers** into **work**, particularly the **most disadvantaged**
* Leverage **digital technology** and **data** for a personalised service delivery
* Improve **mutual obligation effectiveness,** increasing personal responsibility
* Increase **employer engagement** with the service
* Reduce **red tape** for all users
* Redirect resources from the job-ready to the disadvantaged
* Improve **provider performance**, exiting low performers more easily

Further information is available at: employment.gov.au/new-employment-services-model

# New model service levels

Digital First – For **job-ready job seekers** capable of self-managing online.

Serviced online through the digital employment services platform.

Digital Plus – For job seekers requiring some additional support, such as help gaining employability skills or a qualification.

Predominantly self-manage online via the digital service.

May receive face-to-face skills training and other targeted support.

Enhanced Services – For job seekers with **multiple** or **significant barriers to work**.

Receive face-to-face servicing from a provider, including:

* help finding a job
* case management
* access to training
* post-placement support
* referral to other social services

Two tiers of service, based on vocational and non-vocational barriers and capability to undertake intensive activities.

# New assessment framework

Initial assessment to determine level of service:

1. Digital First
2. Digital Plus
3. Enhanced Services

The **initial assessment** will capture a range of factors to find which service is best suited to the job seeker.

It will include an assessment of digital literacy and access to online services.

Reassessments will occur at regular review points and where there is a change of circumstances.

Comprehensive assessments will have a broader scope and can be conducted more than once.

Comprehensive assessment to inform personalised servicing:

* Career aspirations
* Language, literacy and numeracy
* Employability skills and motivation
* Work skills and experience
* Digital skills

# Digital services offer

Will be developed progressively over time, and include:

* Tailored job matching
* Tools to identify skills gaps
* A range of online training modules
* Digital literacy training for job seekers that need help using online employment services
* A Contact Centre to offer support, accessible via phone and online
* Link with existing players in the online jobs market

# New flexible activation framework

**Points-based system** with greater user choice and flexibility about meeting obligations

* Required: job search
* Other approved activities could include:
  + Work experience
  + Addressing non-vocational barriers
  + Addressing vocational barriers

Job seekers will be subject to the **Targeted Compliance Framework**

# Timeline to the New Employment Services Model

## Online Employment Services Trial (OEST) commenced in 2018

## 2019

* July: Digital First commenced
* October: Digital Plus commenced
* November: Enhanced Services commenced
* December: Volunteer Online Employment Services Trial started

## 2020

* October: Introduce points-based activation approach

## 2021

* January: Introduce prototype of new job seeker assessment
* Mid-late 2021: Procurement for new model expected to commence

## 2022

* July: New Employment Services Model starts

# New Employment Services Trial (NEST)

# New Employment Services Trial Regions

## The two locations are:

* Adelaide South – South Australia
* Mid North Coast – New South Wales

# Trial caseload by service level

As at 15 March 2020

Note: data does not necessarily represent the proportions expected in the new model

* Digital Volunteers – 1 per cent
* Digital First – 10 per cent
* Digital Plus – 9 per cent
* Enhanced Services Tier 1 – 66 per cent
* Enhanced Services Tier 2 – 14 per cent

The vast majority of job seekers that transitioned from jobactive moved into Enhanced Services.

This is mainly due to:

* Many job seekers being ineligible for Digital Services (in services for 12 months plus)
* Job seekers opting out of Digital Services (choosing to remain with their provider)

# 2020 has enabled us to stress test

Stresses include:

**Bushfires –** Parts of both regions were affected between November 2019 and February 2020

**COVID-19 –** Surge in income support recipients, largely due to social distancing restrictions

This has meant:

* Mutual obligations suspended for much of the Trial
* Doubling of the NEST caseload
* Delays to some parts of the Trial
* Fewer job vacancies
* Little to no face-to-face servicing
* Cancellation of many activities
* A shift to more phone-based and online support

But things are slowly returning to normal

# Early findings from the trial

**Provider staff** have appreciated greater flexibility in how they service job seekers and recognition for progressing them towards employment.

Some **Enhanced Services job seekers** have noticed longer appointment times with their provider, and welcomed greater choice around the activities they do.

**Digital Services job seekers** like the convenience and flexibility of online services, and appreciate not having to travel to visit a provider.

**Employers** have highlighted that timeliness and accuracy of information on candidates is important. We have also had great feedback from employers taking part in our Virtual Job Fairs and using the Jobs Hub.

# The Proposed Licensing System

# The licensing system is still being developed

In March 2019, the Government announced the new model would feature a licensing system.

This was informed by the Employment Services Expert Advisory Panel’s recommendations from 2018.

Many aspects of the licensing system are still under development.

The content in this presentation is **subject to change**, and includes some potential options.

Further consultation will also help shape the final design of the licensing system, including a public Discussion Paper.

# Key objectives of the licensing system

* Lower barriers to entry and exit
* Drive quality outcomes for job seekers and employers
* Reduce the cost and disruption of procurement

# Design principles

* Streamline procurement
* Respond to local needs
* Reward strong performance
* Encourage greater diversity of providers
* Harness specialist expertise
* Balance flexibility and market stability

# Establishing a panel to improve responsiveness

Should a provider exit a region, the panel enables them to be promptly replaced without the need for another tender.

**Sub-panels proposed for each Employment Region**

Deed of Standing Offer would be signed by all panel members, with selected organisations offered a licence.

Propose having the panel last for 6 years, with scope for rollovers. Alternatively, could be shorter or longer.

Propose that panel members would be required to confirm their interest and eligibility to remain on the panel periodically (e.g. every 12 months).

**Panel may be refreshed**

Where the department identifies the need to do so, in one or more regions.

# Issuing contractual licences

**A managed market of providers**

Propose capping the number of providers in each region.

Providers could service areas smaller than an Employment Region.

Market share would be set, with tolerance used to provide some flexibility.

Some market share could remain unallocated, to allow for greater job seeker choice and make it easier to add licences later.

**Duration of all new licences proposed at 3 years**

Alternatively, licences could be shorter or longer.

**Adding new licences where there is an identified need**

Also potential to have short-term licences e.g. for a major redundancy.

# Cohort specialists

**Specialising in a particular job seeker cohort**

Propose having specialists to only service job seekers from the target cohort, unlike under Job Services Australia.

Job seekers would be able to choose which provider they wish to be serviced by.

Specialists may be better suited to locations with higher concentrations of job seekers, to ensure viability.

The department will be consulting further on which cohorts should have specialists (e.g. Indigenous, CALD, mature age etc.) and where they should operate. A detailed analysis of relevant data will also be conducted.

# Specialist providers in selected locations

Heat Map shows:

CALD jobactive participants around Sydney.

# Industry specialists

Specialising in a particular industry, project etc.

Industry specialists:

* + could target growth industries, or large scale projects (e.g. Western Sydney Airport) helping to create smoother pathways to employment
  + could potentially source job seekers from the Digital Services caseload as well as Enhanced Services
  + could incorporate elements of, or integrate, existing employer-focused programs
  + may require a completely different approach, possibly with a separate Deed and guidelines, performance measures and/or incentives
  + may need to operate at a larger scale than other providers.

# Proposed approach to licence renewal

**High performers would be rewarded with licence extensions**

Allowing providers to invest in their staff and concentrate on service delivery.

**Low performers may be exited by not having their licences renewed**

Would typically be replaced from the sub-panel in that region.

**Annual ‘Licence Reviews’ proposed, with regular performance data releases**

The department would determine which providers would be offered an extension, and whether the number of licences in each region is appropriate.

First Licence Review may occur slightly later than mid-2023, and be limited in scope.

# Licence renewal continued

**Licence Reviews would place providers into one of three performance categories**

| **Performance category** | **Licence Review outcome** |
| --- | --- |
| High performance | Licence extended by up to 2 years |
| Moderate performance | Licence extended by up to 1 year |
| Low performance (in-scope) | Licence extended after further consideration |
| Low performance (in-scope) | Licence not renewed after further consideration |

Licence extensions offered well in advance of licences lapsing, giving providers certainty.

In the event of serious non-compliance or significant underperformance, a provider’s licence could be revoked.

Informed by the performance framework, which is still under development.

# Potential scenario 1: a high performing provider

## Timeline:

* Initial three year licence: July 2022 to June 2025
* First licence review point, proposed for around September 2023. Provider is assessed as a high performer
* Provider is offered a licence extension of 2 years from 2025 to 2027
* The second licence review would take place in mid-2024
* High performing provider offered licence extension of 1 year to 2028
* The third licence review would take place in mid-2025
* High performing provider offered another year extension to 2029
* The fourth licence review would take place in mid-2026
* High performing provider offered another year extension to 2030

N.B. Scenario assumes panel is rolled over after six years

# Potential scenario 2: a moderate performing provider

## Timeline:

* Initial three year licence: July 2022 to June 2025
* First licence review point, proposed for around September 2023. Provider is assessed as a moderate performer
* Provider is offered a licence extension of 1 year from 2025 to 2026
* The second licence review would take place in mid-2024
* Moderate performing provider is offered licence extension of 1 year to 2027
* The third licence review would take place in mid-2025
* Moderate performing provider is offered another year extension to 2028
* The fourth licence review would take place in mid-2026
* Moderate performing provider is offered another year extension to 2029

N.B. Scenario assumes panel is rolled over after six years

# Potential scenario 3: a low performing provider

## Timeline:

* Initial three year licence: July 2022 to June 2025
* First licence review point, proposed for around September 2023. Provider is assessed as a low performer
* No extension is offered to this provider. They would continue to receive ongoing support to improve processes
* The second licence review would take place in mid-2024
* The provider is assessed as low performing again, no licence extension is offered and they are notified of potential exit in 12 months if performance doesn’t improve
* Six months later, confirmation would be given that licence will or will not be renewed
* If not renewed, provider exited and replaced from the panel
* Licence issued to another provider for an initial three years.

N.B. Scenario assumes panel is rolled over after six years

# Streamlining procurement

Less time and resources spent on tender applications in the long term.

Simpler, more targeted questions in the Request for Proposal, reducing the need to upload supporting documentation.

Potential to link in organisational data from other Government agencies, to avoid duplication.

The department is also examining ways to reduce administrative burden by making the Deed and program guidelines simpler and more concise.

# Consultation

**Range of stakeholders**

* + Employment services providers and their representatives
  + Job seekers and their representatives
  + Employers and their representatives
  + NEST Reference Group
  + Community organisations
  + Government agencies
  + Academics

## Discussion Paper

Will provide further details on the proposed licensing system to the market.

Gives ALL stakeholders the opportunity to provide feedback on the proposed licensing system and options.

Feedback will strengthen the evidence base for reforms.

# Timeframes

## Indicative procurement milestones

* + Consultation and policy design – **2020**
  + Announcement of model design (including licensing system) – **early-mid 2021**
  + Exposure Draft of Request for Proposal (TBC) – **post announcement**
  + Request for Proposal released – **mid-late 2021**
  + Announcement of panel and licence holders – **by end 2021**
  + Transition to new model – **from early 2022**

Please note these timeframes are subject to change.

# Further questions