

Proposed Licensing System for the New Employment Services Model

Upon review of the issued discussion paper exploring an approach for the New Employment Services Model, Bayside Group provides below, its comments in response to the questions posed around the new licencing system. We appreciate the opportunity to be part of this consultative process.

Chapter 2

Should generalist and specialist organisations be included on the same panel?

Yes. A mix of generalist and specialist organisations on the same panel will encourage collaboration and cooperation as specialist providers will need referrals from generalist providers. Furthermore, in Australia's current and ever changing employment landscape, regions that currently do not require certain types of Specialist Providers, may well find that they will in the future. Having both Providers on the same panel will allow greater transparency of specialist requirements and the opportunity for generalists to step up to fill gaps in various regions.

Where a Provider has a licence to be a specialist in one region and collaboration between that specialist and a generalist results in exceptional outcomes, having both Providers on the same National panel will better enable collaboration in other regions where they both operate. Additionally, having both Providers on the same panel nationally will allow for quicker identification of regions where only one may hold a licence, yet they wish to replicate the same collaborative partnership

How long should the panel be in place for?

A minimum of 6 years.

In what circumstances should a panel refresh occur?

A panel refresh should occur:

- in instances where multiple licence holders in one region are underperforming and no existing panel member is accepting nor applying for a licence to operate within said region
- when a licence holder has had their licence to operate withdrawn in more than one region
- when more than one licence holder has their licence withdrawn in any one region

These three scenarios will allow for smaller independent organisations with strong ties to local business and community, the opportunity to gain access to the panel and service their region.

How else could the panel be used?

This panel could also be utilised to assist to deliver logistics and human resource requirements in instances of disaster and disaster recovery e.g. fire, flood, disease disaster recovery. Having one central location, one central point of contact and one source of data would improve response times and reduce the cost of disaster recovery.

As an example, with the massive reduction of available working holiday labour due to COVID 19, multiple state government agencies set up websites and landing pages for Employers to log work opportunities and for people to register for harvest and other agricultural work. These efforts by State Governments were simply a replication of the already established Federal Harvest Trail Services Program. Not only did this result in a waste of time and money through replication, it has actually created confusion, and therefore delay, for potential workers and employers alike. Utilising a centralised national panel of Providers in this instance would have relieved administrative burden, replication, confusion and unnecessary government spending.

Similarly, in instances like our current employment climate due to COVID 19, which has seen an extraordinary increase in unemployment, each State could utilise a National Panel across their activities to redeploy or reengage unemployed persons, or those stood down. At present, each State Government has their own individual and independent hub offering services to support and connect jobseekers and employers. This could be centralised utilising a National Panel of Employment Services Providers.

Chapter 3

How long should licences be issued for initially?

It is our suggestion that initial licences should be issued for 2 years. We believe this period is long enough for a Provider to demonstrate their capability and capacity to deliver on Program outcomes. It would require therefore, close monitoring by the Department, and still attract annual performance reviews with time for corrective measures to be implemented based on low performance feedback.

Under the proposed licencing and review mechanisms, an underperforming Provider would have at least one year to demonstrate an improvement in supply. We don't believe granting licences for two years would deter Providers from applying, but in fact would attract and encourage Providers who have genuine capability.

Should an organisation be allowed to service areas smaller than an Employment Region?

Yes, there should be an option for a Provider to service a part or parts of an Employment Region. There are many smaller organisations nestled within regional communities with intrinsic knowledge specific to those communities and the local industries which operate in them. Issuing licences to local organisations ensures local solutions for local problems. It also couples local industry and job seekers with support by members of their own

community. Local Providers hold a greater understanding of their community and the nuances specific to individual areas within a region.

Should the number of licences be capped in each Employment Region?

Yes. Flooding a region with an oversupply of licenced Providers runs the risk of diluting the market share. Capping the number of licences per region assists with larger market shares and greater chance of economic viability, encouraging more applications for licences amongst small organisations within regional areas.

When should new licences be added to a region?

New licences should be added as existing licence holders exit a region or have their licence withdrawn. It will be important to keep a stable pool of licence holders, to ensure:

- adequate service providers for both employers and job seekers alike
- a continuum of market share across licenced Providers

New licences could also be added to a region in response to long-term major changes within a region. For example, the creation of a major transport and logistics hub where one did not previously exist. Examples like this could see Workforce Specialists operating in other regions, provided with a licence to assist major developments in supplementary regions. As outlined in the Discussion Paper, Workforce Specialists should be able to operate across large geographical regions in response to industry demand.

In what circumstances should short-term licences be issued?

Short-term licences should be issued in response to short-term events. These may include natural disasters or the requirement of Outplacement services in the event of an Employer exiting the market, or as a result of major changes to their requirement for employees. The provision of short term licences can assist with quick and timely deployment for workers facing retrenchment.

Short-term, or FIXED term licences should also be considered for Workforce Specialists in regions in which they may not currently operate, allowing them to respond to industry or an employer need. In many instances of expansion, new sites being opened and new industry entering a region, a Workforce Specialist could be an integral part of the collaboration between generalist Providers, TTW and Youth Providers, DES and other Providers. This cooperative approach will ensure industry achieve the employment outcomes they need, and jobseekers are able to access available roles through a workforce planning, training and engagement piece set up by a Workforce Specialist. Once the initial screening, training and on-boarding program is set, tested and running, the Workforce Specialist licence would be revoked and generalist Providers would continue to provide these services, using the systems set in place with industry in an ongoing capacity.

Using a Workforce Specialist in short bursts like this ensures that other Providers can continue to focus on their caseload, be introduced to the process at the appropriate time and engage with a system set up by specialists in Workforce mapping, planning and

engagement. This would lift the capability of every Provider, every time they engage with a Workforce Specialist.

Chapter 4

How many performance groupings should there be?

We believe there would be benefit in having four performance groupings with the following Review Outcomes.

Performance grouping	Licence Review outcome
High performance	Licence extended by up to 2 years
Moderate performance	Licence extended by up to 1 year
Low performance	Licence extended after further consideration
	Licence not extended after further consideration
Critically Low performance	Licence continues for a second 6 month period with opportunity to improve critically low performance.
Following 2nd 6 month review	Improved Performance Data - Licence extended after further considerations, for up to 1 year.
	No Improvement, licence may be withdrawn.

How frequently should Licence Reviews occur?

Licence Reviews should occur every 6 months. Continued High Performers may be transitioned to annual reviews, at the Department's discretion, to reduce administrative burden.

Moderate, Low and Critically Low Performers (as proposed in the above model) would continue to be reviewed every 6 months to allow for identification of areas for improvement, potential causes for low performance and assistance to identify corrective actions and develop strategies to improve Provider outcomes. As per the Discussion Paper, those Providers who fail to demonstrate improvement across Performance Outcomes may, with 6 months' notice to allow for transition activities, have their licences revoked.

How often should providers receive performance data?

Performance data should be issued to Providers following each review (annual and/or 6 monthly) in addition to periodic performance feedback from data captured across individual licenced Providers.

Should provider performance be publicly accessible?

Publicly accessible data drives positive performance and allows transparency across Provider activities. The provision of Employment Services is funded through public purse, and therefore outcomes should be clearly visible to the public.

When should the first Licence Review occur?

The first Licence Review should occur 6 months from the licence being issued, and should be applicable to all Providers. Given this is a short period from commencement of licence, licence extensions at this first Review may not be applicable. An early Review does however, afford the Department opportunity to provide open and clear feedback on a Provider's performance, supporting improvement within the first 12 months of the licence period.

Should the first Licence Review be any different to later reviews?

No. As there is a clear set of KPIs, Providers should be scored against these from licence commencement. Having a soft set of initial KPIs and /or an alternate marking model in the first 6-12 months, may discourage initial high performance as some Providers will only aim for the minimum standard required at the first review.

Chapter 5

Should cohort specialists only be referred job seekers from their target cohort?

Yes. Cohort specialists have taken the path of providing a niche service based on their skills, ability and specific area of focus. Cohort specialists will spend more time and have a deeper understanding of clients within that specific cohort. Asking a cohort specialist to also manage clients from outside of their niche area will only detract from the effort able to be applied to their specialisation.

Which cohort types should have specialists?

We have no fixed opinion on the types of cohort specialists but firmly believe there is a definite need for cohort specialists. Rather than defining a cohort as a prescribed set, we would prefer to see any group of people over represented in unemployment numbers, in any region, availed a cohort specialist to assist them.

What factors should determine where specialists are located?

Specialists should be located in any region where *any* group of people are over represented in unemployment numbers. For example: single parents (male or female), women, LGBTQI+, mature workers.

How should the new model interact with complementary programs (e.g. Transition to Work, Work for the Dole)?

Under the new model, Employment Services Providers should have KPIs for collaboration with complementary services in building programs that deliver mutual benefit for Employers and Job Seekers alike. One example might be; providing pre-employment upskilling training programs through collaboration between TTW and Employment Services Providers aligned with local industry, which are willing to employ school leavers (the wine industry is a prime example where this works to the benefit of both employers and job seekers).

How should workforce specialists operate?

Workforce Specialist should:

- have demonstrable experience centred on a specific industry, region and/ or discipline
- be able to scale up in response to industry or an Employer need within their elected workforce specialisation
- be able to apply for a licence in any region in response to a known term specialist requirement of industry or employer Eg. In South Australia, a Workforce Specialist Provider may partner with TTW and Defence Contractors to facilitate apprenticeship attraction, screening and onboarding for ship building

Workforce specialists should be funded under a separate and unique schedule of fees, which is different from every other type of Provider. The fee schedule could include:

- higher monetary reward for employment outcomes
- monetary reward for soliciting and demonstrating collaboration with other Employment Services Providers
- a minimum monthly service fee to be paid for the duration of each approved industry or employer request for a Workforce Specialist Provider

This type of fee schedule would mean Workforce Specialists receive no funding if they have no current programs or people reaching employment milestones.

Chapter 6

How should market share operate?

It is our opinion that market share should be defined as the proportion of the current caseload. Providers who achieve employment outcomes should receive more referrals than Providers who do not achieve outcomes. In fact, in adopting this model, low performers could receive zero referrals for some period until they increase the number of employment outcomes they are generating. This model incentivises high performance.

How should tolerance work?

We believe wider bandwidths together with the above model of determining market share provides further incentive for Providers to operate at a high level.

Should a portion of market share remain unallocated?

Yes. Leaving a portion of the market share unallocated provides job seekers with an option to choose a high performing Provider as opposed to being allocated to any Provider. This model would also further incentivise Providers to operate at a high level.

Chapter 7

How can the licensing system help cut red tape?

A closely monitored licencing system can only contribute to reducing administrative burden for the Department and for successful Job Services Providers.

What would assist smaller organisations to enter the provider market?

Factors that could attract smaller organisations to consider participation in the tender process to enter the Provider market may include:

- improved, streamlined, online tender response portal
- opportunity across the tender response for smaller organisations to demonstrate their capacity and capability to achieve employment outcomes in areas that may be smaller than an employment region, or larger than one employment region but specific to a particular workforce or cohort specialisation
- an opportunity for smaller organisations not wanting to be a workforce specialist, to be afforded an option to have a fee structure with higher monthly or quarterly service fees and lower revenue reward on job outcomes

Chapter 8

What measures could be included in the Provider Performance Framework?

The Performance Framework should be focussed on job seekers and employers. Making performance outcomes publicly available will ensure that Providers are focussing on both the needs of the job seeker and the employer. Performance Measures should include:

- achieving employment outcomes for job seekers
- quality of service given to job seekers and employers
- a system to measure qualitative performance measures such as satisfaction of both job seekers and employers
- achievement of results for designated cohort Providers
- achievement of results for designated workforce specialist
- progressing job seekers toward employment when:

- an approved market survey has been completed by the Provider to demonstrate the type of training required by employers
- and a Provider has written endorsement from an employer or Workforce Specialist that includes the number of employment outcomes expected

What features in the Provider Performance Framework would support the classification of high, medium and low performance?

In addition to those identified in the Discussion Paper, other performance measures may include:

- tracking the ratio of referred job seekers to employment outcomes
- tracking the ratio of training provided to employment outcomes
- tracking the satisfaction levels of employers against the ratio of caseload versus employment outcomes, ensuring employers perceive real value in engaging with Employment Service Providers
- tracking the satisfaction levels of job seekers against the ratio of caseload versus employment outcomes, ensuring job seekers are satisfied with their employment outcome

How can the Department ensure job seekers and employers are receiving a quality service?

Implementing some of the measures detailed above; more regular reviews, clear KPIs with specific conformance measures, tighter licence review outcomes, in addition to revenues more aligned to employment outcomes will provide increased transparency and ensure greater accountability for quality service to both job seekers and employers alike, across the licenced period.

How can providers' cyber security be improved in the new model?

Rapid and wholesale improvements to the existing ESS Web based system that enables more functionality within the system to capture, track and report on data would significantly reduce the risk of job seeker personal data being compromised. As an example, currently one type of Provider cannot see and make referrals to another Provider's vacancies. As such, to enable a referral of a job seeker to a vacancy belonging to another Provider, the job seeker's information is shared via email or other systems outside of ESS Web. This represents significant risk of data privacy and integrity because of the shortcomings of ESS Web. The largest contributor to manual administrative functions for businesses that engage with ESS Web is ESS Web.

Noting that organisations like Apple, Microsoft, Anti-Virus companies and Google Play release consumer enhancements and software upgrades regularly, the slow changes to ESS Web are not in line with a system that has multiple millions of users.

Chapter 9

What would ensure an effective transition from jobactive to the new model?

What lessons can be learnt from previous program transitions?

In response to the two questions posed above –

To support a smooth transition, it would be beneficial for successful tenderers to have a minimum runway of three months, funded, prior to the contract commencement where the Provider and the Department are able to:

- commence utilising the systems to achieve desired outcomes in a Bata / test environment
- engage with the Contract Managers and Account Managers for the Department
- run trial reporting
- ensure all Provider employees have access to the system prior to the contract commencing (there has been instance where this was not in place)
- ensure a structured and manageable training regime is in place with new Providers for systems, reporting, and review processes
- have the opportunity for the varying types of Employment Services Providers to engage and develop relationships prior to contract commencement