

Proposed Licensing System for the New Employment Services Model

*Response to guiding questions
proposed
in the discussion paper*

21 October 2020



Jobs Australia



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Legend

Level of diversity of opinion: High/Medium/Low

- *High = very diverse opinions*
- *Medium = mixed opinions*
- *Low = very similar opinions*

Strength of opinions expressed:



- *Green is minimal strength of opinion*
- *Amber is mild to mid strength of opinion*
- *Red is significant strength of opinion*

Thank you for the opportunity to make this submission on behalf of Jobs Australia's Members.

Sincerely

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1. About Jobs Australia

Jobs Australia is the national peak body which helps not-for-profit employment and community services all over Australia to provide the best possible assistance to disadvantaged communities and people.

With our expertise in employment services, and because we are funded solely by our Members, we can advocate to government and others for what's right and best in helping unemployed people - with real insight and an independent voice.

We represent the largest network of not-for-profit employment-related community services in Australia - with Members ranging from small local community agencies to large national charities.

2. About this Submission

The views expressed in this submission are the views of Jobs Australia. While our views are informed by our consultations and meetings with our Members, they should not be taken to be the views of any provider or group of providers.

3. Introduction

Jobs Australia received the document "Proposed licensing system for the New Employment Services Model, discussion paper." The document provides an overview of the proposed Model and invites responses. The scope of the Model is provided and is directly from the provided document.

"A licensing system for employment services providers was recommended by the Employment Services Expert Advisory Panel. This independent panel of experts was established in January 2018. The panel's December 2018 report included several recommendations on improving the design of the provider market. This included the introduction of a licensing framework and greater competition and diversity between providers. Other recommendations were to account for more regional/local variation, and for providers who consistently do not meet benchmarks or quality standards to be exited.



The new approach seeks to:

- Reduce red tape
- Simplify the approach for providers to enter and exit the market
- Ensure high quality services for job seekers and employers
- Encourage diversity in the provider market
- Establish a market of suitable organisations that can flexibly and responsively meet the needs of the labour market

The Discussion paper proposes five sets of “Guiding Questions”; inviting Jobs Australia Member response.

4. Executive Summary

Jobs Australia represents and supports a diverse range of Not for Profit Member organisations. In the context provided by the discussion paper for a proposed New Licensing Model, opinion has been received from organisations from the following diverse profiles:

- Large client base in smaller markets
- Small client base in larger markets
- jobactive generalist providers
- jobactive specialist providers
- Organisations with multiple city/large town offices
- Organisations with one of just a few regional offices
- Specialist providers
- Organisations with corporate strategy to grow
- Organisations wanting to provide service in core market/s

The assembly and submission of a document which accurately represents all inputs provides a challenge, because in many instances the opinions are at odds, whilst reflecting the diversity of Jobs Australia Member organisations.

Some Members see the Panel as a useful device and are encouraged by the proposal. Those Members recognise opportunity for growth exists should there be a rationalisation of the Not for Profit Employment Services Channel. Views expressed by Members endorsing the proposals within the Discussion Paper included enthusiasm for fewer Service Providers in a market of relative consistency and agreement that red tape and the burden of management will be reduced.

Other Members do not agree with the concept of the Panel and feel that greatest effectiveness and results are achieved by smaller and perhaps less corporate Service Providers. Members in this informal group believe the greatest strength and results are achieved by compact independent Services Providers with substantial depth of local influence in community businesses, vacancies and relationships.

In all of the Jobs Australia engagement on this important opportunity, Members observed that more information from the Department would assist the further development and refinement of opinion and underlying rationale and therefore the level of insight back to the Department.

Irrespective of views expressed, all Members expressed enthusiasm and support for the way in which the Department sought opinion.

5. The inclusion of specialist and generalist organisations on the same Panel

Members have expressed a need to further understand the design and operating scope of the Panel.

Based upon information shared in the discussion paper Members response to the type of Service Providers to be included on the Panel was diverse.

Some Members do not agree with the proposal that a Panel is to be formed.

Other Members warmly endorsed the proposal that a Panel is to be formed.

Those endorsing the Panel felt that it should be representative of all Service Providers in any given market, thus and by inference, meaning the Panel should comprise of Specialist and Generalist providers. Some Members felt the Panel may represent opportunities to extend their current market share or extend to other regions.

Those endorsing the Panel supported a Panel that is representative of all providers, and therefore by inference do not support a Panel with only Specialist or only Generalist providers.

Members who did not endorse the Panel predominantly did so on their opinion that the Panel was further progress to the consolidation of the Not for Profit Employment Services Channel, perhaps at the expense of the effectiveness of the smaller, and smaller specialist providers.

Level of diversity of opinion: High

Strength of opinions expressed:



6. The duration of the Panel

Discussion with Jobs Australia Members indicated the range of opinion on the duration of the Panel was not as diverse.

Most agreed that the minimum term for a Panel on its 'first term' should not be more than 18 months and should not be less than 18 months.

Upon a review of the Panel at the end of the first term 18 months, most Members expressed support for a minimum Panel term of three years extending to a possible five years.

Members also expressed the strong view that there be a capacity for individual or whole of Panel refresh at any time and further Members expressed an interest in the publishing of a constitution, reference standards or other code of operation for the Panel.

Level of diversity of opinion: High

Strength of opinions expressed:



7. Panel refresh

Members were mostly in agreement that the Panel might be refreshed from time to time. Members observed that the term "refresh" may be used to represent both 'whole-of-panel' or 'part-of-panel'. This was seen by Members in two separate and causal events:

- 1) Triggered by a specific event requiring refresh, or
- 2) By a program of cycling representative providers through the Panel

Some Members agreed that a review of the Panel might be considered after the first 18 months of its operation.

A number of Members also considered that 50% of the Panel could be refreshed each 30 months, providing a term of 2.5 years. Those Members reflecting this opinion felt this would be to the benefit of the quality of contribution to be made by the Panel.

Other Members were confident that the Panel be refreshed every 60 months or five years.

Level of diversity of opinion: High

Strength of opinions expressed:



8. How else could the panel be used?

Member opinion on uses for the Panel is reasonably diverse, and some suggested the question was hypothetical without advice from the Department.

All Members felt the Panel could be used to provide Department with suggestions and advice or responses to specific or broad issues impacting the successful production of sector wide outcomes/ performance results.

Level of diversity of opinion: Low

Strength of opinions expressed:



9. Term of initial license

Member opinion on the length of term for the initial Licence to be issued with the new licensing agreement was reasonably consistent, and without controversy. Members felt that sector wide stability was an essential component of generating strong and positive performance and outcomes.

Some Members observed the Department was not equipped to have short-cycle, Licence-management obligations and that once the new system was implemented, a period of 'settling' would be important.

Some Members recommended three years. Others up to and including six years.

Level of diversity of opinion: High

Strength of opinions expressed:





10. Operational foot-print within areas smaller than designated employment region

Members agree that License holders could be able to provide services in areas smaller than designated employment regions when events required that kind of response.

Members observed that during periods of crisis – including bushfire and floods, pandemic or possibly cyclones – that it would be important to enable the capacity to deploy additional resource into a designated employment region to provide jobseekers with requisite support.

Level of diversity of opinion: Low

Strength of opinions expressed:



11. Should the number of licences be capped in each employment region?

Some Members sought further discussion on whether the allocation of licenses was directly connected to the active use of them.

Most Members felt the number of Licenses in an area should be capped.

Influencing considerations might include:

- Cost of servicing remote regions
- Population densities
- Region unemployment rates
- Employment
- Opportunity distribution
- Market share

Level of diversity of opinion: Low

Strength of opinions expressed:



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

Most Members expressed concern that cohort specialists should be referred job seekers who may need support but are beyond the scope of the specialist cohort.

If specialist providers are to continue to provide target cohort support, they need to have sufficient general job seeker in order to continue to deliver specialty services. The exclusive provision of specialist services may not provide sufficient income to enable that provision to continue.

Members provided this observation in particular reference to small and regional areas where small providers exist and may meet the needs of many diverse job seekers.

Level of diversity of opinion: Medium

Strength of opinions expressed:



13. What cohort's types should have specialists?

Members felt the following cohorts should continue to have specialist providers:

- Transitions to Work
- Disability Employment Services
- Community Development Program
- Parents Next
- Work for Dole

Some Members also contributed opinion that occasionally there may be an opportunity to invite specialist cohort providers to continue to deliver a multiple specialist cohort programs.

Level of diversity of opinion: High

Strength of opinions expressed:



14. What factors should determine where specialists are located?

Members were clear that Licence region and market forces/demographics should determine distribution of specialist cohort Providers.

Level of diversity of opinion: Low

Strength of opinions expressed:



15. How should the new model interact with complementary programs?

Member opinion was diverse. Some Members felt that large Generalist providers could absorb smaller specialist providers. Members also felt that providers could and should refer job seekers to complementary programs as needs identified.

Level of diversity of opinion: High

Strength of opinions expressed:



16. How should workforce specialists operate?

Some Members felt more information was required in order to provide considered response. Other Members felt the way they currently operate is appropriate and does not require structural change to suit the new licencing model.

Level of diversity of opinion: Medium

Strength of opinions expressed:



17. How should market share operate?

Members opinion was mostly congruent. Irrespective of industry, diversity is a key factor in shaping an effective channel performance.

Some Members anticipated that no more than 10% of the share of any region should be with any License holder. Others were not as specific and felt market share would be best calculated on a national basis (irrespective of geo-location) and not exceed 8-10% allocation with any license holder.

Irrespective of market share figure discussion, some Members felt that consolidate the consolidation and (what some Members described as) further corporatizing of the Not-for-Profit Employment Services channel would be to the risk of diversification and competition within the providers.

Level of diversity of opinion: High

Strength of opinions expressed:



18. How should tolerance work?

Members requested more information be provided.

Level of diversity of opinion: Low

Strength of opinions expressed:



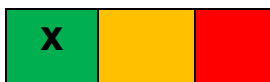
19. Should a portion of market share remain without allocation?

Members did not see any advantage in leaving market share without allocation. Unemployed people requiring assistance and support in their efforts to gain employment will need allocation to a provider – or will need to be allocated as self-managing via the expanding Digital Self-Management platform.

Some Members identified the question as to whether a job seeker using the digital platform should be 'pre-allocated' to a caseload and identified as 'self-managing' is an important proposition to resolve.

Level of diversity of opinion: Low

Strength of opinions expressed:



20. When should new licenses be included into a region?

Members predominantly responded with three broad observations:

- 1) Market conditions should determine the profile and number of licenses in a particular region.
- 2) Licenses might be introduced to assist with load sharing – following bush fire or flood/natural disaster, or in other situations where additional resources are required urgently for short term periods
- 3) Some Members felt licenses could be withdrawn from a region and without presumption that license would be immediately replaced

Level of diversity of opinion: Medium

Strength of opinions expressed:





21. In what circumstances should short term licenses be issued?

Members predominantly responded with three broad observations.

As for the previous question - market conditions and provider performance should determine the profile and number of licenses in a particular region.

- 1) Licenses might be introduced to assist with load sharing – following bush fire or flood/natural disaster, or in other situations where additional resources are required urgently for short term periods
- 2) An existing license holder identifies they require additional support not able to be locally sourced
- 3) An existing license holder performance is profiled to be lower than accepted and a decision to provide additional job-seeker support is provided

Level of diversity of opinion: Low

Strength of opinions expressed:



22. How many performance groupings should there be?

In general discussion Members did not appear to have substantially strong views on the number of performance groupings. Members were not clear on whether the number of performance groupings influenced quantity of administrative red tape.

- 1) A small number indicated three levels of performance groupings would be appropriate. Irrespective of the naming of these levels – the indication would refer to less than acceptable, acceptable and more than acceptable
- 2) Members observed that the number of performance groupings was not as important as the remedies that may be applied and the timing allocated by those remedies to change a performance position
- 3) Some Members felt five was appropriate – also making the observation that anything below unacceptable was unable to be categorised

Level of diversity of opinion: High

Strength of opinions expressed:



23. How frequently should Licence reviews occur?

Members are interested in understanding more information on the Licence reviews. Discussion with Members included observations that Licence reviews might take place on the any of the following circumstances:

- 1) When the current licence for a well/acceptable/high performing Provider matures and a review forms part of the allocation of a new license
- 2) When the performance of a current licence holder has been observed to be less than acceptable for a measured period of time
- 3) At Licence holder request

Members felt that in all cases the application of a Licence review must follow clear, accepted and published guidelines.

Level of diversity of opinion: Low

Strength of opinions expressed:



24. How often should Providers receive performance data?

Members believe that the timely and consistent provision of accurate performance data is essential to the sense of stability, direction and forward focus of the channel.

Ideally, optimum capability to maximise performance is achieved when performance data is available on 'next day' basis. Members are emphatic that accurate performance data is available in the shortest possible time.

Level of diversity of opinion: Low

Strength of opinions expressed:



25. Should performance data be publicly available?

Members opinion was divided on this matter. Some Members felt that performance data was commercial-in-confidence and should not be published beyond the responsible owner organisation.

Other Members expressed support for the broader accessibility of Provider performance data.

Perhaps interesting to note - smaller and specialist Members tended to support privacy of performance data. Larger and generalist Members were supportive of more open access.

Level of diversity of opinion: High

Strength of opinions expressed:



26. When should first licence review occur?

Members were clear that the first licence review could occur no less than three years following commencement and once every five years thereafter – unless an intervention even warrants early review.

Level of diversity of opinion: Low

Strength of opinions expressed:



27. Should the first licence review be any different to the later reviews?

Members expressed desire for more detailed information to support the additional development of their opinion.

Based on current information, Members felt that the first Licence review, no closer to commencement of the new agreement than three years would enable a timely and appropriate review.

There was no strong opposition to the first review being different to subsequent reviews, and a desire for consistency of reviews was supported.

Level of diversity of opinion: Low

Strength of opinions expressed:



28. How can the licensing system help cut 'red tape'?

Members anticipated that more information on the efficiency objectives, targets and measures would assist form opinion on 'red tape'.

Some Members observed that there are perhaps three core areas where 'red tape' could be examined and reviewed:

- The point where job-seeker interfaces with program
- The service provider interface with Department
- The management effort applied by the Department

Level of diversity of opinion: Low

Strength of opinions expressed:





29. What would assist smaller organisations to enter the provider market?

Some Members observed that the new licencing model appeared (to them) to be geared to favour a consolidation of the Employment Services Provider market, leading to larger organisations growing larger, and smaller organisations either growing, being absorbed or exiting the Employment Services Market.

All consulted Members felt more information to be advantageous.

Level of diversity of opinion: High

Strength of opinions expressed:

