

*Response to the Proposed  
licensing system for the  
New Employment Services  
Model*

*Discussion paper*



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New Employment Services Division  
Department of Education, Skills and Employment  
Canberra ACT

Submitted by email: [Future-Employment-Services@dese.gov.au](mailto:Future-Employment-Services@dese.gov.au)

My Pathway is a social and economic development organisation delivering services from the Torres Strait to Tasmania. We have been developing people, connecting them to opportunities and helping communities to grow since 2007.

My Pathway commenced the jobactive contract in 2015, providing services to job seekers and employers in the North and North Western Tasmania Employment Region. We are committed to continuous performance improvement and have placed more than 6,800 job seekers into work.

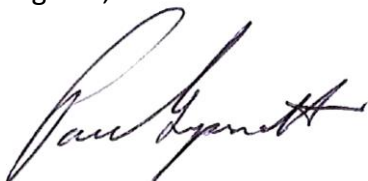
We have been an active contributor to discussions related to the New Employment Services Model (NESM) and appreciate ongoing consultations to finalise operational details. The proposed licensing system will hopefully be a step towards a simpler procurement system that provides greater certainty for providers.

We support principles of simplicity and transparency to build the industry's reputation and enable providers to spend more time helping job seekers on their pathway to sustainable work. Provider viability is a key factor in the programs' success, enabling ongoing and improved investment to outcomes for job seekers, employers and their communities.

Further queries about this submission can be directed to My Pathway Communications Manager, Rebecca Stone on 07 4033 3433 or [r.stone@mypathway.com.au](mailto:r.stone@mypathway.com.au).

We are hopeful that this discussion will provide the insight and feedback necessary to progress the NESM and deliver more benefits to the next generation of job seekers.

Regards,



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## Overview and objectives of the licensing system

We support the general objectives and design principles of the licensing system as outlined in the discussion paper. An emphasis on *Responding to local needs* and *Rewarding strong performance* will be particularly effective in cementing the New Employment Services Model (NESM) as a valuable benefit for job seekers and a viable business for licensed providers.

### Establishing a panel

A panel approach could be a more streamlined procurement method than the current tender process. It may also support improved diversity and choice in each Employment Region if there is a set number of licences issued and a reasonably equal distribution of market share.

In order for providers to assess their appetite to sit on national and sub-panels, the Department of Education, Skills and Employment (“the Department”) should issue specific regional information. This would include accurate caseload projections, the exact number of licences that will be allocated and precise market share distribution. Issuing guidance or a range of data fails to provide the certainty required for a provider to assess viability.

Generalist and specialist panels should sit separately, so performance and suitability can be assessed on a like-for-like basis. Analysis of the demand for specialist cohorts and workforce needs would assist in assessing viability for those organisations intending to specialise.

We expect the Department will provide detail regarding panel promotion and the issuance of licences. Providers will need to understand the circumstances such as insolvency or crisis that would trigger a refresh and the performance criteria that will determine the appointment to a panel.

The proposed six years is a reasonable time for panels to be in place, expecting that regional shifts will be ongoing depending on performance and needs. Existing panel members could be afforded a simple check to renew their status based on consistent performance, compliance and good governance.

We support opportunities for the panels to be accessed for broader uses. Unplanned events such as emergency response or major retrenchments could trigger panel consultations to develop local solutions. If new employment or training related programs are developed, panel members could be offered the first opportunity to apply, potentially simplifying and easing costs associated with procurement. We request the Department provide other proposed uses for the panel, including inter-Departmental opportunities.



## *Issuing contractual licences*

New business models can take some time to implement and refine, especially for newly licensed providers or those with a small starting base. This is being experienced in the current New Employment Services Trials (NEST), where performance is building gradually.

Rather than the proposed three-year licence with an option to extend, a better incentive may be offering a five-year licence that is reduced if a provider is consistently a low performer. The suggestion of short-term licensing would likely create more problems than solutions. Overall, a provider should be judged on their ability to improve their performance and outcomes for job seekers over a sustained period.

Any provider applying for a licence should be prepared to cover the entire Employment Region to avoid cherry-picking and inadequate service for small or isolated towns. This may be facilitated through sub-contracting or negotiation with other panel members in the region to service outreach locations. The Department would need to be an available escalation point if a decision not be reached between panel members.


Enabling targeted regional and local approaches that consider socio-economic factors, the employment environment and population spread will enable improved service quality across panel members.

We agree that a cap on licence numbers per region should be implemented according to demonstrated demand. It would support a providers' viability assessment and investment strategies to know caseload projections, the number of licences that will be issued and market share distribution for each region.

## *Licence reviews*

Assessing performance is a central element to a successful licensing system. It should be fair, consistent and transparent.

It would be appropriate the initial licence review occurs 15 – 18 months after the licence is issued and then annually. A high, moderate and low grouping system is sufficient to benchmark performance and award licence extensions. A two-year extension for high performers and one-year for moderate performers could offer more incentive to lift performance; however, these extensions would be at risk if performance drops to low.



Performance data should be distributed monthly and made publicly available, including licensed providers' trading names. Improved transparency will go some way to building trust in the NESM so that job seekers are more engaged, and employers are eager to work with providers. Public reporting would also reinforce the need for providers to continually improve their performance.

## *Specialist licences*

We suggest specialist licences are made available and capped according to Departmental administrative data released as part of the application process. We recognise the demand for particular cohorts or workplace specialisation will differ by region. Providers will rely on understanding real opportunities to determine their suitability and viability.

Cohort specialists should only receive referrals from their target cohort/s. Where a provider identifies they have the capability to generalise and specialise, they would apply for multiple licences. Some regions may require limited or no specialisations.

To ensure workforce specialists enhance the NESM, they could be expected and incentivised to collaborate with panel members. The payment offered for placing an Enhanced job seeker, as opposed to a Digital First job seeker, should be significantly higher. There may be cases, such as mass retrenchments or major projects, where the workforce specialist role may need to scale up for a period.


It is unclear which programs are considered complementary (e.g. Transition to Work, Work for the Dole, NEIS). We anticipate the Department will provide a list of complementary programs and consider opportunities for panel members to easily identify and apply for the programs they wish to facilitate in addition to employment services. Where new programs are created or market share becomes available, panel members could be preferred in the procurement process.

## *Market share*

We encourage job seeker choice as an effective driver of innovation and service improvement. However, to protect provider viability, the Department should supply an appropriate level of data for each region that will help providers determine the scope of their proposals.







We favour a moderately flexible market structure where the number of licensed providers in each region is capped and minimum market share is set. Market-share should be calculated on a provider's current caseload rather than total program referrals, so those who are achieving more outcomes for job seekers are not penalised. Each region's potential caseload, local employment opportunities and the availability of other related services will help providers to make an informed decision about where and how they operate.

## *Red tape reduction*

The licensing system, including panel membership and issuing contractual licences, could simplify the procurement process and provide greater certainty for providers. Existing providers who have a consistent record of high performance could be issued a licence for their current Employment Regions, provided they comply with information security and other relevant standards. This would avoid the time and resources required to facilitate a full application process. Only new providers or those looking to expand into new Employment Regions would need to submit a detailed application as part of the open tender process.

## *Performance framework and cyber security*


We understand the performance framework is under development and agree the broad goals are a reasonable starting point. A focus should be finding a way to recognise and incentivise progress for job seekers, especially long-term unemployed or those with significant barriers. The ability to fairly and consistently reward progress towards employment could benefit job seekers with the highest needs, reducing the push for immediate employment and building their likelihood to sustain work.

We acknowledge and accept that cyber security will be upheld through the Right Fit for Risk approach, based on the customisation of the ISO 27001 standard.

## *Next steps*

Providers will require adequate notification of their appointment to the panel/s and successful licence applications. Currently, outcomes are not shared until 31 March with a 1 July implementation date. We suggest this is extended, optimally providing a six-month preparation period for panel members and licensed providers.





A dedicated budget and resources should be allocated by the Department to ensure job seekers are well-informed of the difference between Digital First services and Enhanced Services, including who is responsible for service delivery.

My Pathway is supportive of this consultation process and eager to continue discussions regarding the provider payment structure, digital services, job seeker activation and the targeted compliance framework. Overall, the changes would respond to local needs and reward performance that strongly supports job seekers to achieve sustainable outcomes.

