

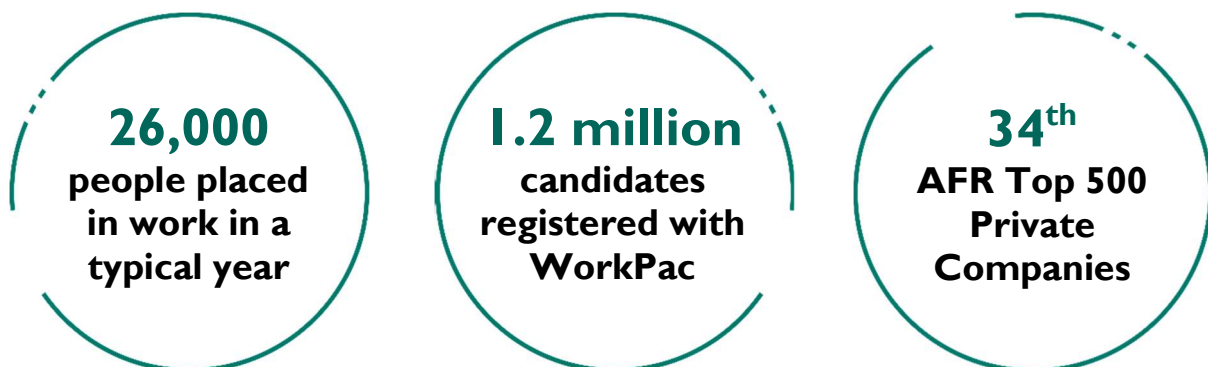
New Employment Services Model Licensing System Discussion Paper Submission of the WorkPac Group – 28 October 2020

The WorkPac Group is very pleased to submit this response to the New Employment Services Model Licensing System Discussion Paper (the “**Discussion Paper**”). We believe that the New Employment Services Model provides the opportunity build greater connections between employers and job seekers in a way that can assist job seekers to find the right job, to assist employers to find suitable candidates for work, and to enable the JobActive system to help get unemployed Australians working again sooner.

This submission sets out the WorkPac Group’s responses to the arrangements proposed in the Discussion Paper, as well as additional areas of focus for consideration that we believe will drive quality outcomes for job seekers and employers as part of the New Employment Services Model. We would welcome the opportunity to further explore the items raised in this paper with the Department of Education, Skills and Employment (the “**Department**”).

About WorkPac Group

The WorkPac Group is Australia’s largest privately owned workforce services business, delivering end-to-end solutions which encompass recruitment, placement, skills development and career development. With a national network of recruitment industry specialists spanning metropolitan and regional Australia, we facilitate the employment and career progression of over 26,000 people around the country each year through our strong client partnerships. Our direct engagement with the Australian workforce extends to over 1.25 million registered candidates, and we are accessible by the wider community through established industry and communication channels.



WorkPac’s Aspirations and Approach

The WorkPac Group’s aspirations and operations are closely aligned with the Australian Government’s focus on maximising employment for Australians during these challenging times.

Our businesses are recognised and proven partners for both employers and job seekers. Amongst WorkPac Group’s new starters, more than 35% are referred to WorkPac by their peers and 80% rank us 7 or higher on a scale of 10. These reflect both our people focus and leading candidate care. On the client side, WorkPac is trusted by some of Australia’s most prominent organisations to ensure that their workforce needs are being met.

Through a best practice approach to continuous improvement and innovation, we are committed to implementing the most effective systems and processes for the delivery of our services, especially where these also contribute to improved quality standards. WorkPac Technology is our in-house division committed to the identification, evaluation, implementation and maintenance of emerging and leading technologies which contribute to the WorkPac Group’s competitive edge.

Effective health, safety, environment and quality management is also of the utmost importance to the WorkPac Group as part of our independently certified management systems. Our teams strive for excellence in these areas, going well beyond simply meeting regulatory obligations and market expectations.



WorkPac is Socially Conscious

The WorkPac Group recognises and leverages our role as a leading employer to provide career progression opportunities, nurture diversity and representation within the workforce, and to support the communities where we operate.

Through our own skills capabilities (including training and vocational education), and established partnerships with industry, WorkPac Group is developing vital skills for the future and providing career development opportunities in a broad range of fields. Ultimately, these programs are delivering capability to industry in areas where skills shortages currently exist, or are anticipated to occur in the future.

Diversity and inclusion is a key focus area for the WorkPac Group, and we have demonstrated our ability to achieve participation rates that are above industry averages by undertaking a holistic approach. For example, our Murrumbidgee in the Mines program has been recognised by the Department of the Prime Minister and Cabinet for achieving Indigenous trainee completion rates in excess of 87%. This was made possible through a considered approach to community engagement, support networks, raising cultural awareness and industry partnerships.

Meaningful community engagement is achieved through targeted programs such as GiveBack and Positive Energy Programs. GiveBack is the means by which we recognise community contributions by our team and foster a culture of community involvement. The program is designed so that our staff can contribute in ways which are meaningful to them and their community. Positive Energy Programs are client partnerships where a portion of WorkPac Group’s revenue is contributed to worthwhile local community causes. Together, these programs create positive energy in the wider community and environment through volunteering, sponsorships, donations and family, youth and sporting initiatives.

Responses to Discussion Paper chapters

The WorkPac Group provides responses below to each of the chapters contained in the Discussion Paper, as well as additional comments on the New Employment Services Model.

Chapter 2: Establishing a panel

The establishment of a national panel is strongly supported. We see a panel arrangement as providing two main benefits.

- **Qualified providers:** Firstly, a panel could act a pre-qualification to identify suitable providers who can participate in the New Employment Services Model. By having a pool of pre-qualified providers, licences can be awarded in a more streamlined and efficient process, and the model itself can react more dynamically to issues, needs and opportunities that arise.
- **Forum for consultation:** Secondly, the panel provides a forum for ongoing feedback and continued refinement of the New Employment Services Model from those directly engaged in the system. This will help to ensure quality outcomes for job seekers and employers in the implementation of the New Employment Services Model and to adapt to changing employment and economic circumstances in Australia.

Specific questions:

- ***Should generalist and specialist organisations be included on the same panel?***
 - Yes. Having a diverse group of providers on the panel who can share feedback will enable appropriate refinement of the New Employment Services Model as it is implemented.
- ***How long should the panel be in place for?***
 - The panel should continue indefinitely, and the panel process should act as a pre-qualification for the awarding of regional licences and as stakeholders in reviewing the New Employment Services Model. The panel should be large enough to have a diversity of perspectives and experiences, but small enough to be workable. It should also be open to new membership and periodic refreshing – possibly every 2 years. This will ensure appropriate levels of competition and allow newer entrants to be considered for licences and to continuously improve performance within the New Employment Services Model.
- ***In what circumstances should a panel refresh occur?***
 - The panel should be assessed periodically to ensure there are an appropriate number of potential providers when licences are being issued or renewed. Because licence renewals will be staggered rather than occurring at the same time (as a result of potential extensions based on performance), the panel should facilitate some ongoing refreshment. Consideration should be given to linking panel membership with licence tenders to ensure the panel consists of current providers.
- ***How else could the panel be used?***
 - The panel could also serve as a link with employers to ensure appropriate connection with industry. Formal engagement with the largest employers of JobActive job seekers should occur to ensure appropriate levels of feedback and refinement of the New Employment Services Model.

Chapter 3: Issuing contractual licences

Contractual licence tenders should be conducted among panel members, with additional entrants being provided the opportunity to participate through future panel refreshments. In addition, we believe that delivering outcomes should be a key factor for licence holders. As such, the linking of licence renewals and extensions to performance and outcomes is strongly supported.

Specific questions:

- ***How long should licences be issued for initially?***
 - The initial licence duration of three years is supported. The link between delivering quality outcomes and licence duration is also supported. Greater certainty on licence duration as a result of high performance allows longer-term investments to be made to continue delivering high quality services.
- ***Should an organisation be allowed to service areas smaller than an Employment Region?***
 - In theory, this is supported on a case-by-case basis. We would note that the appropriate use of technology and outreach sites could allow the servicing of an entire Employment Region from a smaller number of permanent physical locations – though this will depend on job seeker needs and demographics and geography of each region.
- ***Should the number of licences be capped in each Employment Region?***
 - Yes, in principal. Though the maximum number will depend on the demographics, employment opportunities and geographic spread in a particular region. The cap limit should be sufficient enough to foster a competitive market amongst those providers.
- ***When should new licences be added to a region?***
 - New licences should be added to a region based on underlying demographic and economic changes. Licences should also be added or replaced based on provider performance and/or the overall performance of the region (i.e. the collective performance of appointed providers).
- ***In what circumstances should short-term licences be issued?***
 - Short-term licences could be issued in response to particular economic or employment events, such as a recession or the closure in a regional area of a large employer. Such licences could assist with dislocation from these types of events, while also supporting additional needs of job seekers in these regions, such as training and skills development. There is also a role for specialist licence holders to assist in these circumstances also without the need for additional licences.

Chapter 4: Licence reviews

Annual reviews of licences are supported, provided that appropriate data is provided periodically in between such reviews. Transparency of provider performance will be an important part of ensuring quality outcomes for job seekers and employers, and facilitating benchmarking and continuous improvement of services provided within the New Employment Services Model.

Specific questions:

- ***How many performance groupings should there be?***
 - The proposed performance groupings of High, Medium and Low are supported. However, the use of five performance groupings would also be supported if this approach was determined to be more appropriate by the Department.
- ***How frequently should Licence Reviews occur?***
 - Licence reviews should occur annually.
- ***How often should providers receive performance data?***
 - Ongoing performance data should be provided no less than monthly or in real time (depending on the nature of the data). Licence holders should be provided with sufficient information to understand and assess performance on a regular basis to ensure quality outcomes for job seekers and employers.
- ***Should provider performance be publicly accessible?***
 - Accountability in the New Employment Services Model is critical. Performance information should be shared amongst all Panel Members, and an appropriate amount of information provided publicly to ensure accountability and that objectives are being achieved.
- ***When should the first Licence Review occur?***
 - Recognising that the New Employment Services Model will result in change and may require refinement, the first licence review should occur at six months and again at twelve months.
- ***Should the first Licence Review be any different to later reviews?***
 - Yes. The first licence reviews should be focused on understanding and addressing any teething issues with the implementation of the New Employment Services Model and the performance during the initial period and how any refinements can be made. Subsequent reviews should then revert to the steady-state review that will be taken going forward.

Chapter 5: Specialist licences

The WorkPac Group supports the granting of specialist licences, both for specific cohorts who would benefit additional support as well as for specialist providers. We believe the New Employment Services Model provides the opportunity to facilitate greater connection between job seekers looking to connect with jobs and employers looking for the right people for their businesses. The current JobActive system provides limited opportunity for employers to search for available candidates from among current JobActive participants. In addition, while employers can build relationships with current JobActive providers, the candidates available are limited to those being managed by that particular provider. The information available on candidates is also not standardised and is limited by the systems and processes utilised by the JobActive provider. We believe that facilitating greater connection between employers and job seekers utilising technology and appropriate incentives would, if implemented correctly, drive improved outcomes for job seekers and would lead to a reduction in the number of Australians requiring unemployment income support.

As identified earlier, the core business of job agencies like WorkPac (also referred to as labour hire companies) is to connect job seekers with job opportunities. Job agencies employ people and assign them to work for clients in almost every industry. As such, job agencies have excellent capability to assess potential employees, and have excellent connections with businesses and work opportunities. The industry currently employs approximately 360,000 Australians. People employed by job agencies are professionals, tradespeople, skilled and semi-skilled from a range of cohorts. More than half of the 360,000 employed work in industries including professional, scientific and technical, financing and banking, construction and healthcare. The job agency industry is also able to assist in rapid employment during a downturn. Research undertaken by FTI Consulting indicates that the industry has found jobs for more than 100,000 people since the beginning of the COVID crisis. As revealed in the Australian Government's *Next General of Employment Services Discussion Paper*, fourteen (14) of the top twenty (20) largest employers of unemployed job seekers on income support are job agencies. These account for 65.7 percent of the total job placements of the top 20 employers and 3.9% of all JobActive job placements. Despite this, many of these companies play no formal role in the current JobActive system and have no way to identify and hire unemployed job seekers other than through traditional channels. The New Employment Services Model has the potential to harness these opportunities further.

The current JobActive system places the focus on candidates searching and applying for available job opportunities. However, the system does not facilitate the targeted hiring by employers of available workforces from within the JobActive system. This could be achieved by the granting of specialist licences to larger employers who wish to participate. These employers could have access to details of available job seekers with required skills and experience from all the categories within the New Employment Services Model (i.e. digital first, digital plus and enhanced services). This would mean that these employers are able to access job seekers without needing to separately deal directly with disparate and siloed JobActive providers who each have only a subset of available candidates. Details of job seekers and their employment history, skill sets and employment preferences could also be harnessed in digital systems utilised by the government which will be utilised as part of the New Employment Services Model. Employers with a specialist licence could be provided with access to these job seekers and be incentivised through various mechanisms, including wage subsidies or hiring credits, to employ these job seekers. This approach would support the rapid hiring of both digital first and digital plus job seekers (who will not be allocated to providers under the New Employment Services Model), as well as those job seekers receiving enhanced services.

The WorkPac Group would welcome the opportunity to explore the opportunity for workforce specialists further with the Department.

Specific questions:

- ***Should cohort specialists only be referred job seekers from their target cohort?***
 - This depends on the particular circumstances of the provider and their license and the needs of the job seeker. Regardless of the approach, all candidates should be provided with the opportunity to choose a provider that will best suit their needs and circumstances.
- ***Which cohort types should have specialists?***
 - Cohort specialities should focus on groups where it can be demonstrated that additional focus and understanding about the needs and challenges faced by these job seekers requires a more specialist approach. Cohorts may include Indigenous Australians, women returning to the workforce after having children, young people getting their first job and mature aged Australians changing careers.
- ***What factors should determine where specialists are located?***
 - The primary factors should be need and competency of the licence holder proposing to target a cohort.
- ***How should the new model interact with complementary programs (e.g. Transition to Work, Work for the Dole)?***
 - Complementary programs should continue to support and operate along side the JobActive system. In addition, cohort specialists should be provided with the opportunity to develop and pilot additional programs which drive improved outcomes for job seekers in their cohort (and potentially more broadly).
- ***How should workforce specialists operate?***
 - As flagged above, a greater opportunity exists for employers to work more closely with the New Employment Services Model. At the end of the day, it is employers that create employment outcomes. We see two particular opportunities available for workforce specialists.
 - **Bring employers into the process:** Firstly, greater connections should be created between the largest employers of job seekers from the JobActive system and job seekers. This could be facilitated by enabling such employers access to pools of candidates within the JobActive system. This would enable employers to identify appropriate candidates for available jobs. Appropriate incentives, such as wage subsidies, could be offered as an encouragement to employ a job seeker within the New Employment Services Model.
 - **Leverage the specialist expertise of job agencies:** Secondly, in addition to participation for licences to provide enhanced services, employers such as job agencies (also referred to as labour hire companies) could play a meaningful role in connecting job seekers within the New Employment Services Model with work opportunities. Job agencies currently employ 3.9% of total JobActive placements. In Germany, in comparison, job agencies employ 30% of unemployed job seekers. Through the facilitation of greater connection between employers (like job agencies) and job seekers, those within the JobActive system could find work faster, and employers could find the right people for their business.

Chapter 6: Market share

An appropriate balance must be struck between incentivising investment by licence holders and ensuring quality outcomes for job seekers and healthy competition and continuous improvement by providers. The principles of allocating market share based on current caseloads (to incentivise performance) and allowing job seekers the option to select a provider of their choice are both strongly supported.

Specific questions:

- ***How should market share operate?***
 - Licence holders should be provided with sufficient job seekers to ensure that they can make appropriate investments required to support these individuals. However, candidate choice and provider quality should also play a significant role in the licence system. Providers who consistently demonstrate successful outcomes – i.e. finding the right work opportunities for job seekers – should be provided with the opportunity to increase the number of referrals. In addition, job seekers should be provided with the opportunity to choose a provider that best suits their needs and that will provide them with the best outcomes. Allocating market share as a proportion of current caseload allows higher performing licence holders with incentive to continue to deliver successful outcomes. As such, this alternative approach is enthusiastically supported.
- ***How should tolerance work?***
 - Some tolerance should be provided. However, this should be coupled initially by leaving a portion of market share unallocated. Such unallocated market share could either be allocated within existing tolerance limits, or awarded in subsequent licence reviews or renewals based on provider performance.
- ***Should a portion of a market share remain in allocated?***
 - Yes. See above.

Chapter 7: Red tape reduction

Initiatives that will reduce red tape are supported. These include a reduction in the need for regular tendering, and instead leveraging a panel arrangement and linking licence duration to performance. The appropriate use of digital systems for job seekers is also supported as this will allow greater efficiency in providing services to candidates and facilitates greater opportunities for employer connection with job seekers.

Specific questions:

- ***How can the licensing system help cut red tape?***
 - Unnecessary red tape could be removed through the following:
 - The use of panel arrangements to pre-screen suitable licence holders.
 - Linking licence allocation and duration to performance outcomes.
 - Making better use of technology for job seekers coming into the JobActive system. For example, initial registration with Centrelink could capture details about employment history, existing skills, employment preferences and other relevant data that would assist providers and potential employers.
 - Better integrating employers into the JobActive system, including allowing specialist licence holders to access job seeker data above to match and identify suitable workers.

- ***What would assist smaller organisations to enter the provider market?***
 - The panel process should facilitate appropriate renewal to allow newer entrants to join and participate in licence processes. Smaller organisations should be able to participate. However, the focus needs to be, as always, on the ability to provide quality outcomes for job seekers and employers.

Chapter 8: Performance framework and cyber security

The development of a performance framework that provides meaningful data and review of provider performance is supported. If data provided is measurable, it can be assessed against benchmarks for performance and assessed against and between providers.

Given elevated risks for cyber security, the integrity of provider networks and risk management is important. Requirements based on appropriately modified ISO standards are supported.

- ***What measures could be included in the Provider Performance Framework?***
 - The general goals identified in the Discussion Paper are supported. However, we believe strong focus should be placed on delivering outcomes for job seekers. This should not be limited to just attaining any employment. It should also assess other component of this, such as the time period it takes for employment placement, the duration of employment achieved following placement and satisfaction of job seekers and employers. This will provide appropriate feedback about how successfully the candidate is in finding the right job rather than just a job, and the role played by the provider in facilitating this outcome.
- ***What features in the Provider Performance Framework would support the classification of high, medium and low performance?***
 - In considering appropriate performance standards, we believe that appropriate and transparent benchmarking should be considered. This should be benchmarked against objective criteria, as well as overall performance on metrics assessed against all other service providers.
- ***How can the Department ensure job seekers and employers are receiving a quality service?***
 - The Department should consider using regular quantitative and qualitative measures for both job seekers and employers. Quantitative should include measures, such as net promotor scores for job seekers and employers – matched with objective assessments for outcomes, such as duration prior to placement and employment duration.
- ***How can providers' cyber security be improved in the new model?***
 - WorkPac supports the government's adaptive approach to risk-based controls. Our own standards and guidelines are based off the ISO 27001 framework and the ASD's Information Security Manual, combined with security best practices from our major vendors and partners. Strategies and technology utilised by providers should take a security-first focus and be continuously reviewed and revised in a cycle of continuous improvement, with assistance from trusted external, impartial partners for regular auditing and testing.