

## **ACKNOWLEDGMENT**

We acknowledge the work undertaken by the Department of Education, Skills & Employment (*'the Department'*) to date in formulating the proposed licensing system for the New Employment Services Model (*'NESM'*).

We welcome the opportunity to respond to the discussion paper released by the Department on 10 September 2020.

## **COMMENTS**

Our comments do not respond individually to each of the guiding questions provided within the discussion paper.

We have focused on key aspects of the proposed licensing system that in our view, the Department and NSEM stakeholders may wish to consider as mechanisms that will support the improved effectiveness of Providers under the NESM.

Our comments are not intended to be interpreted as exhaustive. We note the diversity of views, experience and tenure among stakeholders within the Employment Services sector. We have confidence in the Australian Government and DESE that those stakeholder characteristics will enable them to form a consolidated overview of factors that will positively impact the final licensing system.

## **KEY AREAS OF FOCUS**

### **Panel duration**

We support the initial duration of the national panel at six years, as expressed within the discussion paper.

We would strongly support an option to extend beyond the initial duration – effectively a rolling perpetual license - for High performing providers.

### **Sub-panels and relationship with the Request for Proposal**

We support the use of sub-panels to define panel members applicable to each Employment Region.

We strongly suggest that the Australian Government and DESE contemplate inclusion of an option within the Request for Proposal (RFP) for Providers to nominate a preference - by Employment Region/sub-panel - for:

- a) an immediate license (i.e immediate commencement of service delivery in the Employment Region); or
- b) Sub-panel membership where a future license would be sought, subject to (among other possible scenarios):
  - a. the occurrence of a licensed Provider within the region who is subsequently exited from the region due to sustained low performance; or
  - b. A change in labour market forces that may support an increase to the total number of Providers within a given Employment Region.

We further suggest that if an option to nominate for 'sub-panel membership only' was to be included within the RFP, then the Provider would include within their RFP submission a preferred date to be offered a license (e.g Q1, Q2, 1H, 2H FY24, FY25 etc).

We consider that this license/future license approach would enable Providers to approach the RFP via a more pragmatic approach to growth.

This may work to mitigate the traditional 'feast or famine' approach caused by well-intentioned, yet ultimately misguided gaps between Provider ambitions and capabilities. These gaps can often result in systemic over-promising and under-delivering by Providers within the sector, leading to overall loss of confidence by the public toward the sector.

### **Service coverage**

We do not support the notion that Providers would not be required to service an entire Employment Region. Such an approach would, in our view, introduce unnecessary and unconstructive complexity into the system design.

Employer confusion regarding Providers and services already exists, demonstrable via the lack of Employer awareness of the segmentation of Employment Services in the current marketplace (jobactive, CTA, TTW, DES-ESS, DES-DMS etc).

While the awareness of which Providers deliver each service within each Employment Region is well known to those within the sector, the target market (Employers) is confused and often does not understand why one Provider cannot deliver the entire suite of services. This can lead to disengagement from the entire sector by Employers.

With Employer Engagement a key challenge to be addressed by the sector at-large, it is important that we also consider the perspective of 'new market' of Employers that we are seeking to capture, and do not simply rely on the 'captured market' of Employers who have already engaged with the program(s).

### **How many licenses**

We support the capping of licenses in each Employment Region, noting the recent experience under the DES 2018 rollout. The number of licenses should be matched to the prevailing labour market characteristics, as oversupply of choice can and has been shown to be as unhelpful as undersupply of choice.

We suggest that the Australian Government and DESE consider commencing NESM with the existing number of Providers in each region, however selection of NESM licensees should be merit-based (via RFP) and not simply a transition of incumbent jobactive Providers.

### **License reviews**

We support the proposal for three (3) performance groupings as expressed within the discussion paper.

We support the licensing review frequency as expressed within the discussion paper.

We suggest that Provider performance should be publicly accessible

### **Cohort and Workforce Specialists**

We support the proposal to offer cohort and workforce specialists under the NESM.

We support the notion that cohort specialists would only be referred jobseekers from their targeted cohort.

We consider that there is sufficient demand for genuine workforce specialists within the NESM and support a specific set of contractual terms and conditions appropriate to the nature of the services delivered.

### **Market Share**

We support market share definition as the portion of business in a region over a certain time period. This approach is simple and minimises the impact of short-term volatilities that can lead to sub-optimal decision-making by providers.

We support tighter bandwidths of within 10 per cent. Providers being locked out of receiving new referrals can then focus on delivering services and outcomes to the existing caseload, without becoming distracted by chasing new referrals.

This should help to mitigate the average length of time in service for jobseekers, as tighter bandwidths should lead to a lower likelihood that longer-term unemployed persons are under-served on the Provider caseload.

### **Smaller organisations and Provider diversity**

We welcome the design principle that encourages diversity in the market. The propensity of extremely large Providers within the market has not been demonstrated to be advantageous compared to smaller and medium size Provider performance, despite the economies of scale advantages available to very large Providers.

### **Performance framework and cyber**

We note that the performance framework remains under development. As such, we consider it premature to opine regarding the Provider Performance Framework. We are supportive of the broad goals outlined within the discussion paper.

We are strongly supportive of the ISO27001-based Right Fit for Risk approach.

We strongly support the position expressed within the discussion paper regarding use of Third Party Employment Systems.