

## **Response to Proposed Licensing System for NEST**

### Chapter 2

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

Yes – It not only simplifies the panel member and licence selection process but also provides the flexibility for providers that are interested in delivering New Enhanced Services in both the generalist and specialist area.

#### 2.2 How long should the panel be in place for?

We would recommend a minimum 5 year term or longer until the fundamental changes are required for the New Enhanced Services in the view of Government as the licence review / rewards/sanctions and new licence process will ensure the quality of services will be delivered ongoing.

#### 2.3 In what circumstances should a panel refresh occur?

We believe that this should occur when there is a shortage of panel members in service coverage or a provider that has lost their licence due to poor performance. This poor performing provider shall be removed from the sub panel of the Employment Region they are operating in and shall also be removed from the national panel if they have lost the licences in all Employment Regions they are operating. As an example was the change of providers in WA in 2017.

#### 2.4 How else could the panel be used?

Ideally the panel should be set up that the Government issues licence for all the Employment Service programs including DES, Parents Next, TTW. It could also be used for additional government funded programs such as targeted employment preparation programs designed to meet the needs of employers in each Employment Region where required.

### Chapter 3 –

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#### 3.1 How long should licences be issued for initially?

The duration of licences should be the same length as the panel with licence (performance) reviews conducted every two years. This not only creates business stability for good performing providers but also ensure the poor performing providers be excluded from Enhanced Services by loss of licence.

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

Yes considering many ERs cover such vast areas and even the labour market is so different in the same ER. The big and small providers could work well together to cover the entire ER.

We have operated on a small scale area in a very large Employment Region and believe that an organisation can compete on a level playing field with larger providers where your organisation has many great employer and community connections in a specific area of a large Employment Region.

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

Our organisation agrees with the mythology of utilising a panel of providers for each Employment Region, although we hope that each region will be capped to a sustainable level of providers.

The previous experience of too many providers in one Employment Region for Disability Employment Services has highlighted the issues of very low market share for many providers causing financial viability issues and in some cases caseloads of less than 20 job seekers per provider making fulltime & part-time sites less common and some providers working from their vehicles or local libraries, thus making group engagement work less common in many circumstances.

We believe that the current number of providers in each jobactive Employment Region is a fair and equitable number to cover customer choice, capability to cover the whole of an Employment Region ..

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Licences should be capped in each Employment Region, the obvious reasons being that not only the financial viability cannot be guaranteed but also providers are forced to engage the unnecessary battle for attracting jobseekers. As stated before the evidence of too many providers is evident in the current DES program with some providers having minimal caseloads to survive and also from our experience being part of the NEST where eligible job seeker flows have dropped by over 50% compared to Jobactive resulting in most of our sites needing to half their size.

### 3.4 When should new licences be added to a region?

New licences should only be added if there is a problem as per service coverage. If a provider has voluntarily asked to be removed from a region it could be there are too many providers to make their business viable in that particular region.

### 3.5 In what circumstances should short-term licences be issued?

In the cases like COVID-19 pandemic (significant increased caseloads in short term), natural disaster, the skill shortage in a particular industry in a particular ER (Specialist provider is required) or even when more than expected numbers of licences lost and time is required to issue new licences

## Chapter 4 –

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### 4.1 How many performance groupings should there be?

3 groupings:

- High – meeting performance benchmarks – share the uncapped business market share (e.g 20%) of each Employment Region
- Average – not meeting performance benchmarks but not 25% below the performance benchmark and could still lose licence if not meeting benchmarks in two consecutive reviews.

- Poor – the performance is more than 25% below the performance benchmark.

#### 4.2 How frequently should Licence Reviews occur?

Every 2 years.

#### 4.3 How often should providers receive performance data?

Weekly - even with the introduction of performance benchmark, the denominators, if used, are hard for providers to calculate accurately.

#### 4.4 Should provider performance be publicly accessible?

Yes, but to be fair and give the poor starting providers an opportunity to improve, the performance should be public after 12 months. Otherwise the improvement for these providers will be even harder if there are a lack of quality referral from Centrelink due to the poor early published.

#### 4.5 When should the first Licence Review occur?

Two and half years from the start of Employment Service under the new model (licence) considering it takes on average a minimum of 6 months to achieve 26 week outcomes performance.

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

Consideration needs to given to any new providers that just joined the industry.

### Chapter 5 –

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

From our experience over the last 20 years we have not seen large improvements from having specialist providers, we have run Homeless, Indigenous and Disability specialist contracts before and have not noticed a significant difference in outcomes between those and on our generalist contracts. If the generalist provider is working well in their Employment Region using their skilled staff with experience in specialist (targeted) groups and local area collaboration with other key stakeholders the difference would be minimal.

History through Jobnetwork & JSA contracts, specialist contracts have proven that this is not the best model, the Department could research the previous history to look at the overall reasons

Our experience has also shown that some specialist cohort f job seekers do not want to be with a specialist but are more happy to be receiving services from a generalist so as not to be tagged with a label

If there are to be specialists, from our experience it is better for specialists to receive the referrals outside the targeted cohort as long as within the market share (MS).

#### 5.2 Which cohort types should have specialists?

Only ex-offenders or refugees / humanitarian.

5.3 What factors should determine where specialists are located?

Demographics of the caseload and historical data that shows low outcome rates for those cohorts in particular areas

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

Regular communication between providers is crucial including facilitated opportunities for the providers of complementary programs to advertise and advocate for their services – both to job seekers and other providers in their local areas.

5.5 How should workforce specialists operate?

This would depend on the employment opportunities within the region. There would need to be a need for large scale recruitment with employers for it to work. They could work across several regions in order for it to be viable, and would be working in conjunction with existing providers and not in competition with them – would have to be a win/ win situation for both the provider and the specialist and employer.

## Chapter 6 –

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6.1 How should market share operate?

There should be average of five providers in each Employment Region with the fixed business market share (MS) of 16%. This leaves 20% of “unallocated” business MS called “performance based business MS to be shared by “good” performance grouping providers in the Employment Region.

6.2 How should tolerance work?

Only the “good” performance grouping providers can enjoy the positive tolerance level with the performance based business MS. The surviving or poor performance grouping providers may not have the positive tolerance level.

6.3 Should a portion of market share remain unallocated?

Yes. 20% of unallocated MS shall be shared among “good” performance grouping providers in the Employment Regions.

## Chapter 7 –

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7.1 How can the licensing system help cut red tape?

Performance bench mark based licensing systems will not only simplify the licence review and market share reallocation process but also made extremely simple and easy for the providers to assess their performance and set up performance targets and goals.

By using digital technology to remove manual administration services and reducing the prescription of layers of evidence an administration required to record job seeker activity, engagement and employment fund claims.

## 7.2 What would assist smaller organisations to enter the provider market?

The smaller businesses could be allowed to enter the licence to deliver the Employer Service in one ER or even part of ER. The service coverage level is not one of the criteria to assess the smaller organisation suitability for service delivery.

## Chapter 8 –

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### 8.1 What measures could be included in the Provider Performance Framework?

Performance Bench Mark (BM) must be introduced to replace Star Rating system so that the providers are able to fully assess their performance at any stage of the licensing period and also able to set the targets and effective strategies and plans for improvement.

If two year rolling system stays, BM performance should be 50% based on performance of the past two year but 50% based on Contract to day performance. It is because of that, that the caseload gets harder to work with normally after the excellent performance period (most of the reasonably job ready jobseekers that want to work have been placed and exited).

The BM should be designed so that the providers can calculate their BM performance purely based the outcomes and caseloads stats without any hidden measures involved.

Measures always need to be based on employment outcomes but there should be more recognition given to partial outcomes and the 12 week outcome than what is provided in the current performance framework model.

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

#### Performance BM

Transparent and fair valuation of the labour market and demography in setting BM for each Employment Region or locations in the region.

Performance framework still needs to factor in the demographic of the caseload, with areas that have higher unemployment rates and lower socio-economic factors to have higher weighting attributed to the outcomes achieved. Outcomes achieved from the very long term unemployed job seekers should have a much higher weighting attribute to them.

### 8.3 How can the department ensure job seekers and employers are receiving a quality service?

Brokered placements shall receive the bonus for BM performance;

A BM for the Jobseeker engagement shall be introduced together with Outcome BM as the main criteria for licence review.

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

We believe it is sufficient at the present level of ISO27001.

## Chapter 9 –

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

Early release of the request for service and criteria for successful panel member's inclusion and licence selection.

If the Jobactive Star Rating performance method will be used as one of the main criteria for panel inclusion and licence selection, we would recommended to use the prior-COVID stats. It is because during the Pandemic, the impact of COVID is so different from Employment Region to Employment Region and also the approach or the strategies to deal with COVID are different from provider to provider. There is no equitable system in place to ensure SR results are still fair, reasonable and appropriate during or post COVID period.

### 9.2 What lessons can be learnt from previous program transitions?

Make sure the TCF is applicable during the transition period either under JA before the transition is completed or under the new model once transitioned.