



Australian Government

Department of Education, Employment and Workplace Relations

Secretary
Lisa Paul PSM

EXECUTIVE MINUTE

On

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT REPORT No.412

Job Network Services – Audit Report No.6, 2005-06 Implementation of Job Network Employment Services Contract 3 and Audit Report No.51, 2004-05, DEWR's Oversight of Job Network Services to Job Seekers; Audit Report No. 49, 2005-06, Job Placement and Matching Services.

General comments

Following the Joint Committee of Public Accounts and Audit consideration of the ANAO audit reports on the *Implementation of Employment Services Contract 3, DEWR's Oversight of Job Network Services to Job Seekers and Job Placement and Matching Services*, the Department of Education, Employment and Workplace Relations (DEEWR) has actively referenced the recommendations to inform and assist the Australian Government implement its new national framework for employment services, Jobs Services Australia (JSA), which commenced 1 July 2009.

With the commencement of JSA, there is significant change to the delivery of employment services. A key feature is the provision of services in accordance with a job seeker's level of disadvantage under four 'Streams'. Stream 1 represents the more 'job-ready' cohort and Stream 4 the most highly disadvantaged. Providers will receive an advance service fee for the initial thirteen weeks period of service of the job seeker, including the initial interview, and then for every additional 13 weeks of service. Fees vary by Stream, with higher fees payable for those with a greater level of disadvantage, recognising the greater costs and social benefits associated with achieving successful labour market outcomes for those job seekers. Providers receive fees for job and education outcomes achieved for the job seekers they assist.

Under JSA, providers work closely with job seekers to develop their skills and abilities and engage actively with employers, employment brokers and others to identify job and/or training opportunities which match those skills and abilities. This results in reduced red-tape with greater flexibility for providers to determine how and when to input resumé information and use Jobsearch search and matching functions.

Peak bodies and providers have publicly positively commented on the smooth and successful transition from the Job Network to JSA. Most importantly, over 99 percent of job seekers were engaged with their JSA provider on or ahead of schedule and over 160,000 job placements were recorded in the first six months of JSA.

Lisa Paul

24 May 2010

Response to the recommendations

Recommendation No.4 paragraph 3.25

The Committee recommends that DEEWR provide a breakdown of estimates and actual expenditure on service fees and outcome fees for the Job Network programme in its annual reports.

Agree

DEEWR will address this recommendation in determining its future reporting arrangements for Job Services Australia, which commenced in July 2009.

Recommendation No.5 paragraph 3.40

The Committee recommends that DEEWR provide an evaluation in its annual report of the progress against the transition objectives identified for the extension of the Third Employment Services contract.

DEEWR notes the Committee's recommendation and will address the recommendation for reporting on the transition to Job Services Australia in its next Annual Report.

In line with the ANAO Report No. 6 2005-06 : *Implementation of Job Network Employment Services Contract 3*, the extension of the Third Employment Services contract in 2006 was supported by transition objectives which, as the Committee notes, were promulgated to providers in February 2006. DEEWR also established an internal transition committee to oversee the contract extension transition. For the contract extension and implementation of the Welfare to Work policies at that time, DEEWR undertook post implementation reviews which included a focus on project management and reporting. DEEWR is pleased to report that these measures contributed to less impact on job outcomes performance, and fewer job seeker enquiries, than occurred in the 2003 transition process on which the Committee comments.

Job Services Australia commenced on 1 July 2009. Transition was a sub-project within the project planning for implementation. Transition principles were publicly notified in the Request for Tender for the employment services contract 2009 – 2012 in September 2008, nine months ahead of the commencement of new services. A Transition Reference Group was established for the timely engagement with a cross section of stakeholders including the National Employment Services Association, Jobs Australia and other key stakeholders. This group advised DEEWR on communications with and movement of job seekers; new arrangements for providers; and guidelines and other relevant materials.

The transition to Job Services Australia was very successful. Over 99 per cent of job seekers were engaged with their Job Services Australia on or ahead of schedule and over 160,000 job placements recorded in the first six months. While these figures indicate that the first six months of Job Services Australia has been very successful, DEEWR is committed to undertaking full evaluation of ongoing activity of Job Services Australia.

Recommendation No.6 paragraph 3.108

The Committee recommends that DEEWR undertake a comprehensive review of the existing Employment Services Contract prior to its expiry in 2009 and that the results of this review inform future renegotiations or extensions of the contract.

Agree

The Australian Government undertook a comprehensive review consultation process as part of the development of the new Job Services Australia employment services 2009-2012, which commenced on 1 July 2009.

In January 2008, the Hon Brendan O'Connor MP, then Minister for Employment Participation, wrote to employment services providers, employers, welfare organisations and other stakeholders, seeking their views on the future direction of employment services. The Minister asked stakeholders for suggestions on how to improve assistance to the unemployed. More than 260 submissions were received.

Through a range of meetings and further consultation, the Minister sought the views of employment services providers, employers and employer associations, unions, state and federal parliamentarians and program participants. Job seeker satisfaction surveys, program evaluations and reports of the Auditor-General have also informed the review.

Following the review, DEEWR conducted consultation sessions nationally in conjunction with the release in May 2008 of the discussion paper: *The Future of Employment Services in Australia*. The purpose of the discussion paper was to seek further input on the future framework for employment services and how best to implement it. Over 190 submissions were received.

Following this process, DEEWR released an Exposure Draft of the proposed purchasing arrangements for the new contract period. The purpose of this Exposure Draft was to ensure there was widespread understanding of proposed new arrangements, as well as seeking further input prior to the publication of the Request for Tender which was informed by the abovementioned extensive consultation process.

Recommendation No.7 paragraph 3.108

The Committee recommends that DEEWR regularly assess the effectiveness of its risk management, monitoring, and penalty regimes in ensuring the highest standard of service from Job Network providers.

Agree

DEEWR has an ongoing strategy and framework to continually assess and evaluate the guidelines and procedures around risk management, monitoring, and the exercise of actions available under the employment services contracting arrangement.

In 2008, the ANAO tabled Audit Report No. 38, 2007-08 on *Administration of Job Network Service Fees*. In that audit ANAO found that DEEWR adequately managed risks through contract management and monitoring activities and did not make any recommendations in the audit¹.

On 28 January 2008, the ANAO tabled its Audit No. 17 2008-09, *Administration of Job Network Outcome Payments*. The audit conclusion recognised that DEEWR's administration of outcomes was sound overall, and that the controls used by DEEWR to administer outcome payments provide sufficient assurance that outcome payments are made in accordance contractual obligations².

DEEWR continues to actively assess and monitor the risks identified for Job Services Australia. In addition, DEEWR has in place program assurance processes to ensure the effectiveness and efficient delivery of services through Job Services Australia.

Recommendation No.22 paragraph 14.22

The Committee recommends that DEEWR establish a process which determines the adequacy of complaints handling by JPOs. A reporting system should be established to ensure that complaints are handled in an appropriate and timely manner by JPOs and that this information is communicated to DEEWR for assessment purposes.

DEEWR agrees that complaints handling is an important element of employment services. This recommendation has been implemented through the inclusion of complaint matters in the new Quality Framework for Job Services Australia.

The Committee should note that from 1 July 2009 stand alone Job Placement Licences no longer exist. For Job Services Australia, organisations that successfully tendered for the suite of employment services provide job placement services and will be paid job placement fees in line with the contract. These organisations will no longer need a Job Placement Licence in order to claim a placement fee.

Recommendation No.23 paragraph 14.37

The Committee recommends that DEEWR expressly informs job seekers of the 'unsubscribe' facility within the Department's SMS job-matching facility to comply more fully with the Spam Act 2003.

With the introduction of Job Services Australia (from 1 July 2009) the automated SMS job matching to job seekers ceased. The department did, however, have legal advice that the provisions of the Spam Act 2003 did not apply to messages sent to job seekers.

¹ *Administration of Job Network Service Fees*, Audit Report No. 38, 2007-08, p. 16.

² *Administration of Job Network Outcome Payments*

Recommendation No.24 paragraph 14.40

The Committee recommends that DEEWR implements Recommendations 2(b) and (c) of the ANAO's report. ANAO Audit Report No. 49, 2005-06, 'Job Placement and Matching Services' recommended that... (2) in order to strengthen assurance about the management of electronic matching services, DEWR should: ... (b) assess the end-to-end resource requirements for JNMs to deliver new referral interview services; and (c) monitor and assess the cost of auto-matching operations.

Agree

The end-to-end resource requirements for new referral interview services and the cost of auto-matching were considered as part of the review of employment services and the development of arrangements for Job Services Australia which commenced 1 July 2009. As a result of that review, requirements for initial interviews and referral services were reformed and overnight auto-matching was discontinued. However, other JobSearch search and matching functions drawing on resumé data will continue. The National Employment Services Association and individual employment services providers were consulted on these proposed changes during the development of Job Services Australia.

Recommendation No.25 paragraph 14.44

The Committee recommends that DEEWR consider the appropriateness of ongoing government ownership of the JobSearch website and also the results of its review of the website be reported to the Committee

Agree

The Department contracted KPMG to review the costs and benefits of Government ownership of JobSearch and KPMG delivered its report in July 2008. That report was considered as part of the development of Job Services Australia, with the result that the JobSearch website was retained by Government which continues to provide free labour exchange services for all job seekers and employers.