

Summary of feedback on the draft *jobactive provider services 18 month business reallocation Industry Information Paper*

Topic	Feedback	Department Response
General	The business reallocation process was clearly outlined and mandated in the Request for Tender (RFT). The principles outlined in the information paper are in clear accordance with both the RFT and the Deed and incorporate a welcome and explicit statement that the Department will take upward (and downward) trajectory and trend of Star Ratings into consideration. This is a process which has been implemented for several years across a number of employment services programs. As such, the rationale for the process and the principles underpinning it are well understood across the sector.	The Department has noted the general feedback on the approach to business reallocation.
	There are a number of Employment Regions that are potentially over-serviced. Any opportunity to consolidate the market by increasing the market share of existing higher performing jobactive providers would be welcomed.	This is consistent with the existing approach to business reallocation outlined in the Industry Paper. Decisions will be made by the Business Review Committee on which contracts and sites will lose business taking into consideration the trajectory of performance as well as other factors outlined in the Industry Information Paper.
Timing	Supported – consistent with timeframes as communicated via the RFT/Deed.	The Department has noted this feedback.
Indigenous Outcome Target	Overall there was an indication that jobactive providers are keen for the Indigenous Outcome Target Industry (IOT) Paper to be released so they can see how it will impact on Business Reallocation.	Further information on the IOT will be released to jobactive providers in early 2017.
Principles	Business reviews should take place at both site and contract level.	The Industry Information Paper outlines that both site and contract level ratings will be reviewed to determine which jobactive providers will be in-scope.
	Suggest that jobactive providers performing well at a contract level, with one poorer performing site that is on an upward trajectory, 'may' be in scope as opposed to 'will be in scope'.	While all contracts and sites with a 1 or 2 Star Rating will be in-scope for business reallocation, decisions will be made by the Business Review Committee on which contracts and sites (of those in-scope) will lose business taking into consideration the trajectory of performance as well as other factors outlined in the Industry Information Paper.
	Support Business Reallocation at the Employment Region level, noting that if a site is performing extremely poorly, and on a downward trajectory, it should be considered, regardless of the overall Employment Region Star Rating.	This is consistent with the existing approach to business reallocation outlined in the Industry Paper.
	Suggest a hard and fast rule for business reallocation principles – 1-Star sites/contracts lose all business and gap filling is undertaken and 2 Star sites have business reduced by 10 per cent.	The Department notes the suggestion. However, decisions on business reallocation need to allow flexibility to accommodate the complexities in each Employment Region or Site.
	Loss of Business Share should be calculated on a case by case basis.	This is consistent with the existing approach to business reallocation outlined in the process summary section of the Industry Information Paper.
Extenuating Circumstances	A mechanism should be established in circumstances where all jobactive providers in a region are not meeting the required performance levels. Where it can't be established through this mechanism, that it was within a jobactive provider's control to improve performance, then this should be factored into the assessment and reallocation process.	This is consistent with the existing approach to business reallocation outlined in the Industry Paper. Decisions will be made by the Business Review Committee on which contracts and sites will lose business taking into consideration the trajectory of performance as well as other factors outlined in the Industry Information Paper.
	Consider the Extenuating Circumstances of particularly complex sites where significant time investment is required to sufficiently develop the communities and relevant networks to make any labour market progress. These time-related factors are not inherently part of the Star Rating analysis.	
	In addition to allowing jobactive providers to submit extenuating circumstances, jobactive providers should be able to submit performance improvement business cases to demonstrate how they will work to improve in future Performance Periods.	As part of the periodic performance discussions, poor performing jobactive providers are already required to submit performance improvement plans to outline how they will improve in relevant areas. We do not propose to add a further step given the number of factors already taken into consideration as part of the assessment process.
Maximum Time with Provider	More detail about this policy should be made available to jobactive providers.	Further information about the Maximum Time with Provider policy will be published in the first quarter of 2017.
Novations/ Transfers of Business	Feedback supported that Novations and Transfers of Business do not count as an Extenuating Circumstance.	The Department has noted this feedback.

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Compliance Indicator	<p>Consider the impact of the Compliance Indicator on the business reallocation processes and whether it is utilised.</p> <p>Reconsider the inclusion of Star Ratings adjustments due to poor performance against the Compliance Indicator because:</p> <ul style="list-style-type: none"> • Compliance Indicator Advice was published in July 2016 with limited industry insight into methodology, weightings and interaction with Star Ratings; • The first Compliance Indicator was received shortly after the release of this advice limiting understanding of the current level of performance against this new measure of performance; and • The timing of Rolling Random Sample (RRS) requests, sampling periods and provision of findings has been challenging to inform, educate and make changes to impact results of further RRS requests. <p>Suggest using a regression model similar to that of Star Ratings. If a jobactive provider's Compliance Indicator is lower in the December Star Ratings than it was in the June Star Ratings, the June Star Ratings should be used. If it is higher in the December Star Ratings period, the December Star Ratings should be used.</p> <p>There needs to be consideration of the time difference between when the findings of the RRS audits are available and when they are reflected in the Compliance Indicator, therefore potentially impacting on Star Ratings.</p> <p>It is unfair to use a Compliance Indicator score from December 2016, when jobactive providers do not know what areas they need to improve on based on RRS quarter 4 results.</p>	<p>While the technical detail of the calculation of the Compliance Indicator was released in 2016, it was set out in the Request for Tender and in the jobactive Performance Framework Guideline from the start that jobactive provider Star Ratings may be reduced based on their Compliance Indicator score. The introduction of the Compliance Indicator was raised with providers at the National jobactive forums in 2015.</p> <p>The Department considers that there has been significant forewarning about the intent of the use of the Compliance Indicator in the Star Rating calculation. The Compliance Indicator results are statistically reliable, subject to standard statistical parameters. The indicator was developed in consultation with an independent actuary firm and is subject to ongoing review.</p> <p>Rolling Random Sample results are only included in the Compliance Indicator once the whole process, including the opportunity for jobactive providers to dispute and show cause, has been completed.</p>
Gap Filling	<p>If the Department anticipates that a select tender is undertaken for gap filling purposes, more time should be provided for the process.</p> <p>Further clarification about whether gap filling opportunities would be at the invitation of the Department, noting, that this could potentially disadvantage some higher performing jobactive providers not offered the opportunity to enter the Employment Region.</p>	<p>The Industry Information Paper outlines that the Department may consider a range of options to obtain additional service coverage and that decisions on this will be made by the Department at its discretion having regard to value for money and the public interest.</p>
Star Ratings	<p>The undertaking by the department to consider Star Ratings regression model in determining business reallocation has been welcomed.</p> <p>Consider the spread of the Star Ratings without any standardisation measures being applied – this may change the presentation of sites and regions for some jobactive providers.</p> <p>Consider the impact of retrospectively applying the proposed revisions to the Star's regression analysis as suggested jobactive CEO's forum, with the important caveat that it only impacts the decisions on sites which are positively impacted.</p> <p>Highly desirable that the Department decides to take into account non-standardised ratings when making business reallocation (or other decisions), these Star Ratings should be published and made available publicly.</p> <p>Clarification about exactly how differently calculated Star Ratings are to be taken into account in the reallocation process and any subsequent decision-making which includes consideration of Star Ratings.</p>	<p>The Industry Information Paper has been updated to include how alternative methods of Star Ratings calculations will be considered for the Business Reallocation process.</p>
Taylor Fry report	<p>Report and recommendations should be made available to jobactive providers to enable an understanding of the findings and implications.</p>	<p>The Department undertakes continuous improvement in the technical operation of the Star Ratings Model via its own reviews and external reviews.</p> <p>The most important information for jobactive providers such as the policy settings of the Star Ratings is set out in the Performance Framework Guideline which is updated as required.</p> <p>Following the release of the December 2016 Star Ratings, information on the alternative Star Ratings methodologies will be available to providers upon request through their Account Manager.</p>