

Senate Standing Committee on Education and Employment

QUESTIONS ON NOTICE Budget Estimates 2014-2015

Outcome 1 - Employment

Department of Employment Question No. EM0746_15

Senator Xenophon provided in writing.

Question

Performance of Job Services Australia providers

"The Australian Government has recently reviewed the performance of Job Services Australia providers. This review is meant to ensure job seekers have the best support and assistance possible to prepare for, achieve and maintain employment. As a result of the review, from 23 June 2014, there will be changes to some of the current Job Services Australia providers who are currently delivering employment services through Job Services Australia system. In some areas, current providers will cease delivering Job Services Australia employment services and will be replaced by 'higher' performing providers.

1. Can you please advise what factors were taken into account when determining whether a provider was "low" or "high" performing?
2. Where a provider was found to be a "low" performer, was it necessary for the Department to terminate contracts with them prematurely?
3. If so, was it necessary for the Department to pay compensation for the early termination of the contracts? How much?
4. How will the Department ensure that providers who find their client bases increase dramatically will still offer high quality services to their customers?
5. Will the Department be conducting regular audits of the remaining Job Services Australia providers to ensure they are meeting employment benchmarks and that payments are not being claimed by the provider incorrectly? If so, how frequently will these audits be conducted?
6. Where a provider is found to have incorrectly claimed a payment, what actions with the Department take in response?
7. How many complaints has the Department received in relation to Job Services Australia providers during the past financial year? What areas do these complaints cover?"

Answer

1. Can you please advise what factors were taken into account when determining whether a provider was “low” or “high” performing?

The Job Services Australia mid-term business review and reallocation process was based on the December 2013 Star-Ratings results. Providers were in-scope for reallocation if they were rated 2-Stars or below or if they had insufficient data for a rating at an Employment Services Level.

2. Where a provider was found to be a “low” performer, was it necessary for the Department to terminate contracts with them prematurely?

Job Services Australia (JSA) providers are contracted under the terms of the Employment Services Deed 2012–2015 (the Deed) to deliver employment services under the JSA program until 30 June 2015. Clause 31 of the Deed describes in some detail the mid-term performance assessment and actions arising.

The reallocation of business took into consideration the proximity of high performing providers who have a proven track record of delivering better outcomes for job seekers. Market share was moved from low providers who had only achieved two stars or less over the past 18 months to high performing providers where that option existed, consistent with the provisions described in the Deed.

The department meets with all providers to review their performance and strategies to address poor performance every 6 months.

3. If so, was it necessary for the Department to pay compensation for the early termination of the contracts? How much?

The Employment Services Deed 2012–2015 states that any decrease of ESA Business Share under clause 31 is not a reduction of scope or termination for which compensation is payable.

4. How will the Department ensure that providers who find their client bases increase dramatically will still offer high quality services to their customers?

The ability of providers to take additional caseload as part of a business reallocation process is carefully considered before final decisions are made. To ensure a smooth transition, the Department utilises its risk based approach to ensure that any aspects of concern regarding the delivery of high quality services are addressed. The risk and contract management frameworks react to changes in market shares. A provider acquiring a larger business share in an area, will typically see increased monitoring.

5. Will the Department be conducting regular audits of the remaining Job Services Australia providers to ensure they are meeting employment benchmarks and that payments are not being claimed by the provider incorrectly? If so, how frequently will these audits be conducted?

The department employs a range of approaches to ensure the integrity of its employment services programmes. Continuous monitoring of service delivery includes: an ongoing audit processes, data matching, monitoring of compliance with

key provisions of the Employment Services Deed 2012–2015 and provider visits. Together with job seeker surveys and complaint, feedback and tip-off services, this provides ongoing monitoring of the service delivery and compliance of Job Services Australia providers.

6. Where a provider is found to have incorrectly claimed a payment, what actions with the Department take in response?

When a provider has been found to have incorrectly claimed a payment the department will recover that payment consistent with its obligations under the Financial Management Accountability Act 1997. The department can also consider actions depending on the nature of the non compliance identified, ranging from educating the provider on correct processes, to more severe penalties such as business reduction or referral of cases of potential criminal behaviour to the department's Investigations Branch for investigation.

7. How many complaints has the Department received in relation to Job Services Australia providers during the past financial year? What areas do these complaints cover?"

As at 19 June 2014, the Department has recorded 7,294 complaints relating to Job Services Australia providers from 1 July 2013 to 31 May 2014.

It is important to note that this statistic includes calls where a job seeker is complaining about their Job Services Australia provider requiring them to comply with agreed obligations as outlined in their Employment Pathway Plan.

Complaints were recorded against numerous topics. However, the majority of complaints were about quality of service delivery, professionalism of Job Services Australia providers' staff, Employment Pathway Fund expenditure and job seeker participation requirements.