

**Senate Standing Committee on Education Employment and Workplace  
Relations**

**QUESTIONS ON NOTICE  
Budget Estimates 2012-2013**

**Outcome 3 – Employment**

**DEEWR Question No. EW0145\_13**

**Senator Xenophon provided in writing.**

**Question**

***Job Services Australia “Provider Brokered Outcomes”***

On 22 December 2011 the Hon Kate Ellis MP, Minister for Childcare and Minister for Employment Participation, announced that an inquiry into and audit of Job Services Australia “Provider Brokered Outcomes” was to be carried out by Robert Butterworth. The results of the inquiry and audit were released on 20 April 2012. I understand as a result, ten JSA providers were targeted for further audit.

- a) What is the current status of these audits?
- b) Have any of the JSA providers investigated been charged with fraud?
- c) If a JSA provider is found to have committed fraud, what ramifications will they face?
- d) Mr Butterworth made nine recommendations as a result of his inquiry – which of these recommendations have been acted on by the Department to date?
- e) When does the Department anticipate all of the recommendations to be actioned?

**Answer**

- a) The Minister for Employment Participation released the provisional findings of the audit on 20 April 2012. As the final step in the audit, the 14 providers were offered the opportunity to provide any further evidence on claims assessed by the Department as invalid before payments were recovered or further action taken. The Department is currently finalising the assessment of the further evidence.
- b) The Audit identified patterns of claiming among a small number of providers which appear to indicate an intention to create the basis for a false claim. At this stage, no Job Services Australia provider has been charged with fraud.
- c) In addition to any criminal penalties, the Department may exercise its contractual remedies for breach under the Employment Services Deed 2009-2012.
- d) The Department is acting on all of Mr Butterworth’s nine recommendations.

<b>Recommendation</b>	<b>Progress</b>
1: Remove the PBO fee as an element of JSA.	Complete
2: DEEWR take action to recover PBO fees where the	Underway

provider has indicated the outcome was not brokered; where the claim did not meet the requirements; or where it was not substantiated by the job seeker or the employer (subject to no further evidence being available from the provider).	
3: DEEWR consider follow up action against providers where sufficient evidence exists to support an allegation of potential fraud.	Underway
4: DEEWR consider whether further contract sanctions are required against individual providers.	Underway
5: DEEWR write to all JSA providers that were not subject to the audit and ask them to verify their claims from 1 July 2011 with the Department developing appropriate checks, consistent with the principles used in the initial PBO audit.	Underway
6: DEEWR undertake a strategic risk assessment of JSA program elements and review its risk management plan to ensure that all high risk areas are being addressed.	Ongoing
7: DEEWR assess new and existing contractual requirements to ensure that they are practical, tangible and measurable, and that compliance can be readily assessed both by providers and the department in a cost effective way.	Ongoing
8: DEEWR further develop strategic diagnostic tools that will allow trends in provider claims to be detected in a timely manner and include indicators to flag providers whose claiming patterns are departing from expected patterns.	Ongoing
9: DEEWR consider building on the current assessment of management and governance as an element of the tender process to include consideration of further internal audit and quality assurance safeguards by providers.	Ongoing

- e) As noted in (d) above, a number of the recommendations will be progressed on an ongoing basis.