

Response to The Australian's article, "Failing job sites branded a mess"

The National Employment Services Association (NESA) considers the article "Failing job sites branded a mess" to contain inaccuracies and information presented out of context. NESA is the Peak body representing the breadth of Australian employment services and our extensive membership is inclusive of not for profit and for profit organisations contracted to deliver services.

Most importantly, this article is a slap in the face for the 30,000 dedicated and skilled frontline workers in the sector who daily support some of Australia's most vulnerable citizens to achieve employment inclusion. Job seekers and employers have diverse support needs and the sector attracts a similarly diverse skilled and experienced workforce and invests heavily in professional development. Claims the workforce is predominantly high school qualified are unfounded.

The Facts:

jobactive recorded in excess of 370,000 job placements in the 2016 -2017 financial year. This result is 21% higher than achieved under the previous Job Services Australia programme 2012-2015.

There are over 1700 jobactive sites across Australia assisting over 730,000 job seekers at any point in time in significantly depressed through to vibrant labour markets. The article chooses to criticize jobactive because overall fewer than 40 per cent of clients find long-term work. It failed however to inform readers that jobactive exceeded sustainable employment targets set by the Department of Employment, based on robust analysis of economic conditions and identified needs of job seekers requiring assistance.

jobactive is achieving a cost per outcome of \$1,453 exceeding efficiency targets and delivering significant value for money to taxpayers. NESA notes, in the years prior to the establishment of contracted employment services in 1998 for every person who found employmentⁱ the Government spent an estimated \$5000 - \$16,000 of taxpayers' money.

The reference to "taxpayer - bonuses worth thousands of dollars" are in fact, outcome payments. Outcome payments are based on independent assessment of job seeker disadvantage. The maximum payment of \$13,750 quoted in the article relates to assisting those job seekers most highly disadvantaged to prepare, find and retain employment for six months. jobactive has an outcome focused payment model with only a small proportion of fees paid up front and which do not cover the costs involved delivering the necessary and mandated support to job seekers to prepare them for and assist them to find employment.

The article incorrectly claimed, "\$1.7bn the department spends on the program each year goes on administration". For 2016-17, jobactive expenditure was \$1.3 billion, this included administration fees,

outcome payments and other jobactive payments related to services for the 730,000+ job seekers supported by the program at any point in time.

The article claimed, “Agencies are handed incentive payments” without thoroughly investigating the robust evidentiary requirements imposed by the Department of Employment on providers to ensure the integrity of the program. The article referred to the Australian uncovering evidence of providers seeking pay slips from job seekers to claim ‘taxpayer - bonuses’ implying improper behaviour. In fact, providers request pay slips from job seekers to meet evidentiary requirements for outcomes they are entitled to claim.

The article highlighted the risk of fraud including those cited by the Australian National Audit Office (ANAO). NESAs and we assume taxpayers would be more concerned if the Department was not attuned, like any effectively governed business, to the real and ever-present risk of fraud. Identifying risk is essential to prevention but does not mean it has occurred. The article failed to note the ANAO found the Departments monitoring approach has resulted in a reasonable level of assurance that the program is delivered as required.

The article suggests the Department has reason to believe that “5000 claims for financial reimbursement from private companies each quarter are invalid”. Firstly, NESAs notes that this figure was extrapolated by the ANAO from a small sample of all providers not only private companies, and it is worth mentioning that approximately 65% of contracted providers are from the non-profit sector. Putting aside questions about the accuracy, providers process thousands of transactions in the employment services system daily for reimbursement for money spent on allowable support to job seekers such as transport to attend interviews. NESAs estimates that 5000 claims per quarter would represent an error rate of less than 1%.

The article also referred to analysis by The Australian of the five-year programme, which contained inaccuracies. As at June 2017:

- There were 1704 sites across Australia not 1648
- Of these 581 sites not 569 are performing below 3 Stars which is the benchmark for satisfactory performance
- Western Australian providers did not fail ‘service standards’, these are very different and separately assessed requirements to star rating performance benchmarks.
- 25 providers have received a business share reduction in one or more contracts not 12 as stated in the article

Falling below 3 Stars places a provider in scope for business reallocation which may result in partial or full loss of business share – not as the article states requires that business be immediately subject to a

sanction by the Department of Employment. As would be expected in any conscionable contractual arrangement, the Department undertakes a comprehensive show cause process to enable consideration of extenuating circumstances prior to a determination to impose a performance sanction. NESAs also notes that the performance framework uses sophisticated and complex comparative measures of performance. Very simply put this process ranks every local contract on performance and as such, there will always be providers across the spectrum of high to low performance including a proportion falling below 3 Stars.

Australian employment services have been subject to constant review and reform since implemented in 1998. This includes investigation by noted international experts such as the OECD who regularly hold up Australia's system as world's best standard. NESAs does not claim jobactive is perfect and we are in ongoing consultation with all stakeholders regarding opportunities for improvement to better support job seekers and employers. NESAs is confident that Government will take a considered and evidenced based approach to future reform and hopes that future articles by The Australian will reflect the same

ⁱ Research Paper no. 15 2007–08 A review of developments in the Job Network