



**Senator the Hon Michaelia Cash**  
Minister for Employment, Skills, Small and Family Business

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Dear Ms Sinclair

Thank you for your letter of 4 September 2020 on behalf of NESA members, regarding the Australian Government's decision to introduce Online Employment Services (OES).

I would like to thank and acknowledge NESA and its members for the cooperative approach that you have taken in navigating the response to COVID-19 and the impact on employment services. I recognise the uncertainty created by the pandemic has meant that providers have had to be flexible in their operations and have been extremely responsive to the needs of job seekers, employers and the Government.

As you have acknowledged, we are dealing with unprecedented events. The Government took the decision to bring forward our investment in the digital platform and OES as a direct response to the extraordinary demand for employment services. The Government recognised that many of the job seekers who are entering employment services are job ready, recently employed, digitally literate and more likely to quickly return to employment as the economy recovers.

The Government believes many of these job seekers can self-manage their search for work. Almost 200,000 job seekers referred to the OES since the start of the pandemic have exited employment services without the assistance of a provider. Our post-placement monitoring data indicates that over 80 per cent of these job seekers exited for reasons strongly linked to employment and did so within six weeks of entering the OES. While the OES will retain many Stream A job seekers, the majority of Stream A job seekers (61 per cent) currently in *jobactive* have been referred to providers.

The Government is, however, determined to make sure job seekers in the OES are in the right service and can access the help they need. As part of our investment, the Government is funding enhancements to the services available to OES job seekers, including an expanded Digital Service Contact Centre and new safeguards that will help to identify job seekers for whom provider services may be more appropriate. As with the Online Employment Services Trial (OEST), job seekers can opt out of online services at any time if they prefer face-to-face services.

In regard to the temporarily adjusted funding model, I understand the rebalanced fees are expected to increase the overall funding available to the sector and will give providers more funding certainty at a time of significant uncertainty in the labour market. Paying higher Administration Fees is designed to counterbalance the fall in Outcome Payments, while retaining a strong incentive for providers to achieve outcomes where possible.

The provider caseload, of over one million job seekers, is 25 per cent higher than the largest caseload in the life of *jobactive* prior to the pandemic. This includes over 540,000 Stream A job seekers currently on provider caseloads. I also note that, at the time of writing, there are 100,000 job seekers on provider caseloads who are yet to commence. Given the size of the caseload and as the economy improves, I would expect that providers are unlikely to be disadvantaged, particularly as providers are able to place more job seekers into employment and claim Outcome Payments.

You have raised questions around the *jobactive* Deed. The Deed states that the Department provides no guarantee of the volume or type of business that providers will receive, including the number of referrals or participants. I have been advised that there has been no substantive decrease in the volume of business for providers in connection with the Department's management of the OES. The Department will continue to communicate with providers about developments in online servicing in the light of the Government's response to COVID-19.

You also made mention of the Department not working within the Commonwealth Procurement Rules. As there has not been a procurement process for OES these rules do not apply in this situation. In relation to competitive neutrality, the Department does not see itself as competing with employment services providers. The OES is not a government business activity subject to the competitive neutrality principles.

The Department is currently evaluating the OEST, and the evaluation is expected to be completed by the end of 2020. The report will be subject to standard consultation processes ahead of any public release. Early insights from the evaluation show participation in online services offers similar employment outcomes to provider servicing. OEST job seekers were as likely to exit from income support or employment services compared with job seekers in provider servicing.

Feedback from focus groups and interviews indicates OEST job seekers had generally positive views and experiences with online servicing. Most OEST job seekers who participated in the discussions were satisfied with the information provided to them about online servicing, reporting it was clear, self-explanatory and sufficient to understand what was required of them. Many job seekers who provided feedback indicated online servicing was more convenient than face-to-face servicing, resulted in a greater sense of empowerment and reduced the burden and costs associated with travelling to a provider site. OEST job seekers also indicated higher levels of confidence that the assistance they received through online servicing would help them secure employment.

I trust this information is of assistance.

Yours sincerely



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25/09/2020